



City of Santa Clara

Joint Meeting Agenda

Council and Authorities Concurrent

Santa Clara Stadium Authority

Tuesday, January 26, 2021

4:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- **Via Zoom:**

- o <https://santaclaraca.zoom.us/j/99706759306>

Meeting ID: 997-0675-9306 or

- o Phone: 1(669) 900-6833

- **Via the City's eComment (now available during the meeting)**

- **Via email to PublicComment@santaclaraca.gov**

As always, the public may view the meetings on SantaClaraCA.gov, Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City's YouTube channel or Facebook page.

4:00 PM CLOSED SESSION

Call to Order

Roll Call

Public Comment

The public may provide comments regarding the Closed Session item(s) just prior to the Council beginning the Closed Session. Closed Sessions are not open to the public.

- 21-167** [Conference with Legal Counsel-Existing Litigation \(CC\)](#)
[Pursuant to Gov. Code § 54956.9\(d\)\(1\)](#)
[City of Santa Clara v. Yumori Kaku, et al., California Sixth](#)
[District Court of Appeal Case No. H046105](#)

Convene to Closed Session

4:30 COUNCIL/STADIUM AUTHORITY REGULAR MEETING

**Regular Meeting to begin at 4:30 PM or shortly thereafter*

Pledge of Allegiance and Statement of Values

REPORTS OF ACTION TAKEN IN CLOSED SESSION MATTERS

CONTINUANCES/EXCEPTIONS/RECONSIDERATIONS

SPECIAL ORDER OF BUSINESS

- 1.A 21-156** [Recognize Resident Esperanza Castellanos on her 107th](#)
[Birthday](#)
- 1.B 21-168** [Recognize Local Youth Author Aarna Agrawal](#)
- 1.C 21-1270** [Update on Worker Cooperative Initiative](#)
- 1.D 21-147** [Verbal Report from City Manager regarding COVID-19](#)
[Pandemic](#)

CONSENT CALENDAR

[Items listed on the CONSENT CALENDAR are considered routine and will be adopted by one motion. There will be no separate discussion of the items on the CONSENT CALENDAR unless discussion is requested by a member of the Council, staff, or public. If so requested, that item will be removed from the CONSENT CALENDAR and considered under CONSENT ITEMS PULLED FOR DISCUSSION.]

- 2.A 21-29** [Action on the Special City Council/Stadium Authorities, Council](#)
[& Authorities Concurrent, and Special City Council Meeting](#)
[Minutes](#)

Recommendation: Approve the Meeting Minutes:
Special City Council & Stadium Authority Meeting
Minutes of December 1, 2020
Council & Authorities Concurrent Meeting Minutes of
December 8, 2020
Special City Council Meeting Minutes of December 9,
2020

2.B 21-03 [Board, Commissions and Committee Minutes](#)

Recommendation: Note and file the Minutes of:
Santa Clara Tourism Improvement District Advisory Board - July 10, 2019
Santa Clara Tourism Improvement District Advisory Board - August 9, 2019
Santa Clara Tourism Improvement District Advisory Board - September 10, 2019
Audit Committee - September 24, 2020
Cultural Commission - December 7, 2020
Board of Library Trustees - September 14, 2020
Board of Library Trustees - October 5, 2020
Board of Library Trustees - November 2, 2020
Task Force on Diversity, Equity, and Inclusion Meeting Minutes - November 9, 2020
Task Force on Diversity, Equity, and Inclusion Meeting Minutes - December 2, 2020
Task Force on Diversity, Equity, and Inclusion Meeting Minutes - December 9, 2020
Task Force on Diversity, Equity, and Inclusion Meeting Minutes - December 16, 2020
Youth Commission - December 8, 2020
Historical and Landmarks Commission - November 5, 2020

2.C 21-1282 [Action on Monthly Financial Status and Investment Reports for November 2020 and Approve Related Budget Amendments](#)

Recommendation: Note and file the Monthly Financial Status and Investment Reports for November 2020 as Presented and Approve Related Budget Amendments.

2.D 21-1191 [Action on Amendment No. 3 to the Facility Use Agreement between Santa Clara Swim Club, Inc. and the City of Santa Clara to address COVID19 Impacts to Programs & Revenue](#)

Recommendation: Authorize the City Manager to execute Amendment No. 3 to the facility use agreement with the Santa Clara Swim Club, Inc. for the operation and maintenance of the George F. Haines, International Swim Center and delegate authority to make minor modifications to the Agreement as needed.

2.E 21-1136 [Approval of the Annual Investment Policy Statement for the City of Santa Clara, its Agencies and Corporations](#)

Recommendation:

Approve the Investment Policy for the City of Santa Clara, its agencies and corporations.

2.F 21-1198 [Action on Award of Contract for the Pruneridge Avenue-Lawrence Expressway Bicycle Lane Improvements Project \(CE 17-18-09\)](#)

Recommendation:

1. Award the Public Works Contract for the Pruneridge Avenue-Lawrence Expressway Bicycle Lane Improvements Project (CE 17-18-09) to the lowest responsive and responsible bidder, ASG Builders, in the amount of \$364,096 and authorize the City Manager to execute any and all documents associated with, and necessary for the award, completion, and acceptance of this Project; and
2. Authorize the City Manager to execute change orders up to approximately 10 percent of the original contract price, or \$36,504 for a total not to exceed amount of \$400,600.

2.G 21-1308 [Action on Amendment No. 2 to an Agreement for Services with Guidehouse, Inc. for Consulting Services for North American Electric Reliability Corporation \(NERC\) Compliance Support](#)

Recommendation:

1. Authorize the City Manager to execute Amendment No. 2 to the Agreement for Services with Guidehouse, Inc. to increase the maximum compensation from \$149,000 to \$274,000; and
2. Authorize the City Manager to add or delete services consistent with the scope of the agreements and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

2.H 21-1223 [Action on an Agreement with EOA, Inc. for Professional Consulting Services Related to Compliance with Stormwater Runoff and Discharge Regulations](#)

- Recommendation:**
1. Approve and authorize the City Manager to finalize and execute an agreement with EOA, Inc. for professional consulting services related to compliance with stormwater runoff and discharge regulations for \$200,000 over the five-year term, subject to the appropriation of funds; and
 2. Authorize the City Manager to make minor modifications to the agreement, including time extensions, as necessary.

2.I 21-1317 [Action on the FY 2020/21 California Library Literacy Services Grant Award and Related Budget Amendment](#)

- Recommendation:**
1. Accept the California Library Literacy Services grant award of \$78,924 for Read Santa Clara; and
 2. Approve the related FY 2020/21 budget amendment in the Library Operating Grant Trust Fund to recognize grant revenue in the amount of \$38,924 and increase the FY 2020/21 Adult Literacy Program appropriation by \$38,924 (**five affirmative Council votes required for revenue actions only Pursuant to Santa Clara Charter Section 1305 Budget - Appropriations**)

2.J 21-1218 [Action on Final Map Tract 10524 at 1900 Warburton Avenue](#)

- Recommendation:**
1. Approve Final Map for Tract 10524;
 2. Authorize the City Manager to make minor modifications, if necessary, prior to recordation; and,
 3. Authorize the recordation of Final Map Tract 10524, located at 1900 Warburton Avenue [APN 224-20-027 (2020-21)].

- 2.K 21-1285** [Adopt the following City of Santa Clara and related agencies' Resolutions Amending the Conflict of Interest Codes for Designated Positions as Required by the Political Reform Act and Regulations of the Fair Political Practices Commission:](#)

- [1. City of Santa Clara](#)
- [2. Santa Clara Stadium Authority](#)
- [3. Bayshore North Project Enhancement](#)
- [4. Public Facilities Financing Corporation](#)
- [5. Sports and Open Space Authority](#)
- [6. Housing Authority](#)

Recommendation: Adopt the Resolutions amending the Conflict of Interest Code required by the Political Reform Act and Regulations of the Fair Political Practices Commission:

1. City of Santa Clara
2. Santa Clara Stadium Authority
3. Bayshore North Project Enhancement
4. Public Facilities Financing Corporation
5. Sports and Open Space Authority
6. Housing Authority

- 2.L 21-1288** [Action on Adopting a Resolution to Amend Council Policy 020 \("Proclamations"\)](#)

Recommendation: Adopt a resolution to amend Council Policy 020 as recommended by the Governance and Ethics Committee.

- 2.M 21-1387** [Action on Appointments to City Committees and Area Wide/Outside Agency Committees for the 2021 Calendar Year](#)

Recommendation: Approve the appointments to the City and Area Wide/Outside Agency Committees.

- 2.N 21-68** [Action on Annual Appointment of Vice Mayor and Chaplain](#)

Recommendation: Appoint Councilmember Raj Chahal as Vice Mayor and appoint Vice Mayor Karen Hardy as Chaplain for approximately one year until the appointment of a successor Vice Mayor and successor Chaplain in January 2022.

2.O 21-114 [Informational Report on COVID-19 Legislative Updates from Townsend Public Affairs for January 1-14, 2021](#)

Recommendation: Note and file this Informational Report on COVID-19 Legislative Updates from Townsend Public Affairs for January 1-14, 2021.

2.P 21-1273 [Action on Amendment No. 1 with Townsend Public Affairs, Inc. for Legislative Advocacy Services](#)

Recommendation: Authorize the City Manager to execute Amendment No. 1 to the Agreement with Townsend Public Affairs, Inc. to extend the term of the agreement through January 29, 2023 and increase the total not-to-exceed amount from \$90,000 to \$252,000.

2.Q 21-108 [Response to Written Petition from Mr. Sam Liu Regarding a Proposed CMU Wall at 3200 Scott Boulevard](#)

Recommendation: 1. Note and file this report.

2.R 21-149 [Action on Adoption of an Ordinance No. 2027 Approving the Update of the Fairway Glen Park Master Plan to include a Restroom in Accordance with City Charter Section 714.1](#)

Recommendation: Adopt Ordinance No. 2027 Approving the Update of the Fairway Glen Park Master Plan to include a Restroom in Accordance with City Charter Section 714.1

2.S 21-151 [Action on Adoption of an Ordinance No. 2028 Approving the Central Park All-Inclusive Playground Schematic Design in Accordance with City Charter Section 714.1](#)

Recommendation: Adopt Ordinance No. 2028 Approving the Central Park All-Inclusive Playground Schematic Design in Accordance with City Charter Section 714.1

STADIUM AUTHORITY CONSENT CALENDAR ITEMS

2.T 21-1291 [Action on Stadium Authority Bills and Claims for the Month of October 2020](#)

Recommendation: Approve the list of Stadium Authority Bills and Claims for October 2020.

2.U Report and Action on the Stadium Manager's Request for Authority to Execute Agreements with FedEx and USPS to Mail Stadium Builder License (1) Notice of Default and/or Notice of Termination for 2020 and (2) Request for Payment for 2021 Invoices

- A. 21-163 [Request from the Stadium Manager for Authority to Execute Agreements with FedEx and USPS to Mail Stadium Builder License \(1\) Notice of Default and/or Notice of Termination for 2020 and \(2\) Request for Payment for 2021 Invoices](#)
- B. 21-131 [Report from the Stadium Authority Regarding the Stadium Manager's Request for Delegated Authority to Execute Agreements with FedEx and USPS for Mailing Stadium Builder License \(1\) Notice of Default and/or Notice of Termination and \(2\) Request for Payment for 2021 Invoices](#)

Recommendation: Alternatives 1 and 4:

1. Approve the Stadium Manager's request to execute agreements with FedEx and USPS for mailing up to 1,200 SBL notices of defaults and termination in a total amount not-to-exceed \$16,400 and authorize the Executive Director to approve and process the reimbursement of such costs upon receiving final invoices and supporting documentation from the Stadium Manager; and
4. Deny retroactive approval of the costs associated with postage, printing and mailing the 2021 SBL invoices, in an amount not-to-exceed \$10,100, and delegate approval to the Executive Director upon receipt of invoices and all supporting documentation from the Stadium Manager.

PUBLIC PRESENTATIONS

[This item is reserved for persons to address the Council or authorities on any matter not on the agenda that is within the subject matter jurisdiction of the City or Authorities. The law does not permit action on, or extended discussion of, any item not on the agenda except under special circumstances. The governing body, or staff, may briefly respond to statements made or questions posed, and appropriate body may request staff to report back at a subsequent meeting. Although not required, please submit to the City Clerk your name and subject matter on the speaker card available in the Council Chambers.]

CONSENT ITEMS PULLED FOR DISCUSSION

PUBLIC HEARING/GENERAL BUSINESS

STADIUM AUTHORITY GENERAL BUSINESS ITEM

3. 21-1292 [Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending September 30, 2020](#)

Recommendation: Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending September 30, 2020.

COUNCIL GENERAL BUSINESS ITEMS

4. 21-3589 [Discussion and Direction on the Conversion of the Santa Clara Tourism Improvement District \(TID\) Established Under the Parking and Business Improvement Area Law of 1989 to a TID Established under the Property and Business Improvement District Law of 1994.](#)

Recommendation: Alternatives 1 and 3:

1. Provide direction to proceed with the conversion of the Santa Clara Tourism Improvement District (TID) established under the Parking and Business Improvement Area Law of 1989 to a TID established under the Property and Business Improvement District Law of 1994; and
3. Provide direction to proceed with an initial District assessment formula of 1.5% of gross room revenue and increasing to 2% in Year Two.

5. 21-101 [Action on a Written Petition Submitted by Councilmember Jain Requesting a Discussion on the Vote on the Sale of the Loyaltan Ranch Property](#)

Recommendation: Staff has no recommendation and is seeking Council direction.

6. 21-109 [Action on a Written Petition Submitted by Councilmember Jain Requesting a Discussion and Vote of Revising the Terms of Franklin Mall Maintenance District Number 122](#)

Recommendation: Staff has no recommendation and is seeking Council direction.

REPORTS OF MEMBERS AND SPECIAL COMMITTEES

CITY MANAGER/EXECUTIVE DIRECTOR REPORT

21-94 [Update on City Council and Stadium Authority Staff Referrals](#)

21-38 [Tentative Meeting Agenda Calendar \(TMAC\)](#)

ADJOURNMENT

The next regular scheduled meeting is on Tuesday evening, February 9, 2021.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by the City in an appropriate alternative format. Contact the City Clerk's Office at 1 408-615-2220 with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
[@SantaClaraCity](https://twitter.com/SantaClaraCity)

Agenda Report

21-167

Agenda Date: 1/26/2021

SUBJECT

Conference with Legal Counsel-Existing Litigation (CC)

Pursuant to Gov. Code § 54956.9(d)(1)

City of Santa Clara v. Yumori Kaku, et al., California Sixth District Court of Appeal Case No. H046105



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
[@SantaClaraCity](https://twitter.com/SantaClaraCity)

Agenda Report

21-156

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Recognize Resident Esperanza Castellanos on her 107th Birthday

BACKGROUND

Esperanza Castellanos has lived in Santa Clara since 1945. In January 2021, she celebrated her 107th birthday.

DISCUSSION

As a Special Order of Business, the Santa Clara City Council will present a proclamation in honor of Ms. Castellanos's 107th birthday, which will be accepted by Ms. Castellanos and her family.

ENVIRONMENTAL REVIEW

This is an information report only and no action is being taken by the City Council; no environmental review under the California Environmental Quality Act ("CEQA") is required.

FISCAL IMPACT

There is no fiscal impact to the City other than staff time.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

Reviewed by: Julie Minot, Executive Assistant to the Mayor and City Council

Approved by: Deanna J. Santana, City Manager



Agenda Report

21-168

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Recognize Local Youth Author Aarna Agrawal

BACKGROUND

In December 2020, Aarna Agrawal, a third-grade student at Don Callejon School, had her first book published by Amazon Books. *The Magic Bracelet*, which she wrote and illustrated, is about a girl named Sarah who finds a magic bracelet and discovers that it can take her to exciting adventures and magical places.

DISCUSSION

As a Special Order of Business on January 26, 2021, the Santa Clara City Council will recognize this exceptional student achievement by presenting Aarna with a Certificate of Special Mayoral Recognition, which will be accepted by Aarna and her family.

ENVIRONMENTAL REVIEW

This is an information report only and no action is being taken by the City Council and no environmental review under the California Environmental Quality Act ("CEQA") is required.

FISCAL IMPACT

There is no fiscal impact to the City other than staff time.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

Reviewed by: Julie Minot, Executive Assistant to the Mayor and City Council

Approved by: Deanna J. Santana, City Manager



Agenda Report

21-1270

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Update on Worker Cooperative Initiative

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

The Worker Cooperative, or Employee Ownership, business model is values-driven and puts worker and community benefit at the core of its purpose. The two central characteristics of worker cooperatives are: 1) workers own the business and they participate in its financial success on the basis of their labor contribution to the cooperative and 2) workers have representation on and vote for the board of directors, adhering to the principle of one worker, one vote. Traditional economic development strategies rarely look at succession planning let alone providing resources to educate businesses about what options exist. Employee Ownership is an option that allows owners to retire well while keeping the business locally rooted. A majority of businesses in Santa Clara are small businesses and are the backbone of our community. This initiative will provide another tool in our toolkit to assist our businesses with succession planning with the hope of keeping them rooted and thriving in Santa Clara.

In July 2019 the City Council held a Study Session on the Worker Cooperative Business Model and referred the item to the Economic Development, Communications and Marketing (EDCM) Committee for review (Attachment 1 and 2). In November 2019, at the recommendation of the EDCM Committee, City Council allocated \$100,000 toward the effort (Attachment 3).

The City adopted a Resolution No. 20-8823 in Support of Worker Cooperatives (Attachment 4) in March 2020 and over the Summer of 2020 entered into a contract with Project Equity to conduct a Business Landscape Analysis to help the City understand the risk to business retention among established companies, the potential future impact on jobs, business tax base, priority industry sectors, and economic development goals. Further, Project Equity will execute a program to help the City retain interested businesses through an Employee Ownership (EO) transition or connect businesses to resources that support family succession or a locally committed buyer.

The City also released a Statement of Qualifications (SOQ) on September 30, 2020. The SOQ sought firms with direct experience educating and providing technical expertise to municipalities and businesses on the worker cooperative business model. The City received one proposal from Democracy at Work Institute (DAWI) and entered into a contract in December 2020. DAWI is an important partner in this initiative and will partner with Project Equity to help educate our businesses on available resources and help the City build a sustainable Worker Cooperative program. To help fulfill its scope of work, DAWI will work closely with its partners at Sustainable Economies Law Center

(SELC), which provide essential legal tools - education, research, advice, and advocacy - that support resilience and grassroots economic empowerment, and the US Federation of Worker Cooperatives (USFWC), the national membership organization for worker cooperatives, which has trained its members to act as ambassadors and advisors to share their experiences and tools with those contemplating worker ownership.

DISCUSSION

Staff will provide a brief introduction of the Worker Cooperative consulting team and Project Equity will briefly present the findings from its Business Landscape Analysis.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of a California Environmental Quality Act (“CEQA”) pursuant to the CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is no fiscal impact associated with this item other than Staff time.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

Reviewed by: Ruth Mizobe Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. RTC 19-680 - Worker Cooperative Study Session
2. Post Meeting Material - Worker Cooperative Study Session
3. RTC 19-1208 - Referral from EDCM to City Council
4. Resolution No. 20-8823



Agenda Report

19-680

Agenda Date: 7/9/2019

REPORT TO COUNCIL

SUBJECT

Presentation on the Worker Cooperative Business Model

BACKGROUND

At the March 20, 2019 Economic Development, Communications and Marketing Committee (Committee) meeting, the Committee heard a presentation by Kirk Vartan on the Worker Cooperative Business Model. Following the presentation, the Committee directed staff to agendize a Study Session for this topic, similar to how other topic experts have been invited to present to City Council. The presentation will be coordinated and conducted by Mr. Vartan as the subject matter expert.

DISCUSSION

At this study session, Kirk Vartan, founder of the A Slice of New York Worker Cooperative, will provide an overview of the Worker Cooperative business model and how employee ownership can help alleviate some of the challenges faced by small businesses. The study session will also provide information on how other cities have tackled the issue of increased business closures and what tools the City of Santa Clara can use to help support businesses interested in converting to this business model.

Correspondence received regarding this item has been compiled in Attachment 1.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

Reviewed by: Nadine Nader, Assistant City Manager and Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Correspondence Received - Worker Cooperative Business Model Study Session



**City of
Santa Clara**
The Center of What's Possible

AGENDA ITEM #: 1

AGENDA REPORT

Date: July 9, 2019

To: City Manager

From: Acting Executive Assistant to the Mayor & City Council

Subject: Correspondence received regarding Item #1 on July 9, 2019 City Council Meeting Agenda

From Wednesday, June 26, 2019, at 12:00 p.m., through Tuesday evening, July 9, 2019, at 5:00 p.m., the Mayor and City Council Offices received the attached communications regarding Item #1 – Presentation on the Worker Cooperative Business Model.

A handwritten signature in black ink, appearing to read "Genevieve Yip", written over a horizontal line.

Genevieve Yip
Acting Executive Assistant to the
Mayor & City Council

Documents Related to this Report:

- 1) *Communications received*

L:\Agenda Reports & Memos\Communications Received Memos\07-09-2019\Item1

POST MEETING MATERIAL

7/9/2019

ITEM 1

Genevieve Yip

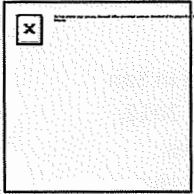
From: Elizabeth Sarmiento <smartyardscoop@gmail.com>
Sent: Monday, July 8, 2019 3:08 PM
To: Mayor and Council; Manager; cityclerk@santaclaraca.gov; coop@asliceofny.com
Subject: Letter of support for the Cooperatives Study Session, July 9
Attachments: Smart Yards Co-op Letter of Support for Santa Clara City Council 09072019.pdf
Categories: POST MEETING MATERIAL

Dear Mayor Gillmor and city colleagues,

Please see the attached letter of support for the Study Session regarding the cooperative business model planned for tomorrow, July 9th.

I look forward to working with you soon!

In Cooperation,
Elizabeth



Elizabeth Sarmiento

Founder & Manager

Smart Yards Co-op

A Sustainable Landscaping Cooperative

Email: smartyardscoop@gmail.com

Phone: (650) 704-3462

544 Snyder Ave. Suite 101, San José, CA 95125



SMART YARDS CO-OP

A Sustainable Landscaping Cooperative

544 Snyder Avenue
San José, CA 95125

Phone (408) 883-5936
smartyardscoop.com

ADVISORY BOARD

Rev. Dale Bracey

Susan Harman

Richard Hobbs

P.J. Iyer

Gerald Hunt

Karita Hummer

Lorna Jones

Jayant Mehta

Debbie Mytels

Doug Rabert

Rev. Chuck Rawlings

Bill Ribble

Dr. Liliana Rossmann

Gene T. Wodajo

Rob Yanagida

July 5, 2019

Mayor and City Council
1500 Warburton Ave
Santa Clara, CA 95050

RE: **Worker Owned Cooperative City Council Study Session**

Hon. Mayor Gillmor, Councilmembers, and City Manager

Imagine creating a fair share economic system for those who work on reducing water, energy and pollution to curb climate change by transforming our yards into beautiful outdoor living spaces for families, community, native flora and fauna and future generations to enjoy.

I'm founding member of Smart Yards: A Sustainable Landscaping Cooperative based in San José; board member of the Santa Clara County League of Conservation Voters since 2012, member of the Santa Clara Valley Water District Environmental and Water Resources Committee since 2014; and member of the Santa Clara Valley Cooperative Collaborative under the leadership of Richard Hobbs.

It's my honor to be part of these sustainable and economic empowering solutions and to be in action with the possibility of living in a culture of cooperative business models in Santa Clara County. It is inspiring to work with leaders and members of the community like Kirk Vartan, who is willing to share his business, and his vision with the workers by converting A Slice of New York into a worker-owned cooperative.

Congratulations! You are about to follow in the footsteps of the City of Berkeley and to make history in the issue of Cooperative business models. We are excited that you're hosting a Council Study Session about worker-owned cooperatives in July and are happy to support Kirk Vartan and everyone involved, including Project Equity, SELC, TeamWorks and Human Agenda in sharing the various benefits of worker-owned cooperatives.

The Smart Yards Co-op team and Smart Yards Co-op Education team is looking forward to attending the session on Tuesday July 9th and to working with you and the community at large on these efforts. Please reach out to me if we can help in any way and thank you for your leadership!

Cooperatively,

Elizabeth Sarmiento
Founder and Manager, Smart Yards Co-op
Email: smartyardscoop@gmail.com
Phone: (408) 883-5936

7/9/2019

ITEM 1

Genevieve Yip

From: Mo Manklang <mo@usworker.coop>
Sent: Monday, July 8, 2019 2:55 PM
To: Mayor and Council; Manager; cityclerk@santaclaraca.gov; coop@asliceofny.com
Subject: In support of the Santa Clara Worker Cooperative Study Session
Attachments: USFWC-Santa Clara Letter of Support.pdf

Categories: POST MEETING MATERIAL

Dear Mayor Gillmor, Councilmembers, and City Manager Santana,

On behalf of the U.S. Federation of Worker Cooperatives and its membership, I'm writing in support of the study session on worker co-ops that will take place tomorrow. We applaud your efforts to learn about the worker cooperative model, and are happy to be a resource to the government in Santa Clara, as the national network of worker cooperatives and democratic businesses.

While still growing in the national dialogue, worker ownership is a vital solution for small businesses like A Slice of New York and others in the Santa Clara region, and we hope to work with you in the future to educate and develop resources on worker co-ops.

Attached is our full letter of support — again, thank you for your time tomorrow. Our board president, Ricardo Nuñez, as well as several of our members will be in attendance, and we look forward to hearing about the event afterwards!

Best,

Mo

--

Mo Manklang

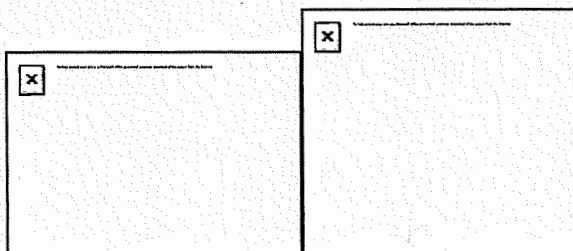
Director of Communications | Director Comunicaciones
US Federation of Worker Cooperatives

mo@usworker.coop

office: 415.392.7277 x 6

mobile: 215.703.7325

follow: @usfwc | @momanklang | www.usworker.coop



Coming up:

July 20 - Western Worker Cooperative Convening in the Bay Area

October 18-20 - Eastern Conference for Workplace Democracy in Baltimore

Próximos Eventos:

20 de julio - El Encuentro Occidental de Cooperativas de Trabajadores en el área de la Bahía

18-20 de octubre - La Conferencia Este para la Democracia en el Trabajo



BOARD OF DIRECTORS

Maru Bautista
Center for Family Life, NY
Pablo Benson-Silva
NYC Network of Worker
Cooperatives, NY
Anna Boyer | Treasurer
C4 Tech, LA
María Alexandra Garcia
Caracol Language
Cooperative, NY
Hillary Johnson | Secretary
Equal Exchange, MN
Ricardo Nuñez | President
Sustainable Economies
Law Center, CA
Daniella Preisler | Vice-President
Home Green Home SF, CA
Flequer Vera
Cincinnati Union
Cooperative Initiative, OH

STAFF

Esteban Kelly
Executive Director
Ana Martina Rivas
Membership Director
Mo Manklang
Communications Director
Morgan Crawford
Programs Manager
Daniel Arrañaga
TA Program Manager
Laura Smoot
Operations Manager
Kate Barut
Membership Coordinator
Daniel Park
Administrative Assistant
Operations Manager

July 5, 2019
Mayor and City Council
1500 Warburton Ave
Santa Clara, CA 95050

Dear Mayor Gillmor, Councilmembers, and City Manager:

On behalf of the U.S. Federation of Worker Cooperatives (USFWC), the grassroots national membership organization supporting worker cooperatives, we enthusiastically support and applaud the City of Santa Clara in its exploration of the worker cooperative model as an economic development strategy. Our Federation represents more than 200 business and organizational members representing 6,000+ workers across the country. We organize through local cooperative networks, like the network you'll meet on July 9th, while building power with national and international partners to advance an agenda for economic justice rooted in community-based, shared ownership.

As we know you have now heard, our country is facing an important moment in the future of our small businesses. The "silver tsunami", a wave of thousands of baby boomers selling their businesses as they prepare to retire, is swiftly approaching, and we know that worker ownership is a strong and tested way of continuing these businesses that are the bedrock of Santa Clara.

In recent years we have seen an uprising in interest, from our grassroots community partners to policy-makers at all levels of government. One of the greatest hallmarks of this rising tide of worker ownership was the passing of the first ever federal level bill to focus on worker cooperatives: the Main Street Employee Ownership Act, which passed in August of 2018. This bill directs our government's Small Business Administration to educate their centers about worker cooperatives and to research effective ways to fund them. This bill was historic, and we hope that Santa Clara joins the first wave of local governments to lead the nation in educating, training, and providing funding toward worker co-op development.

Now in our 15th year, the USFWC has had a front row seat to see breadth and longevity of worker owned businesses. We know that there is a growing public desire for systematic economic change, and that cooperatives are a key solution to saving small businesses and local jobs, particularly in the low-wage retail and food sectors which employ some of our most insecure, high-turnover positions.

Worker cooperatives provide better-than-average wages, with the typical worker owner making \$15.82 an hour, not including patronage. Our recent study of the worker cooperative experience shows that the average worker has stayed at their job for 6 years, and are unlikely to seek another job in the near future. In an economy where CEOs typically make 303 times as much as their lowest paid employees, we aim to battle those inequalities with worker cooperativism, which typically has a 2-to-1 ratio in its top-to-bottom pay ratio.

As the lead of the USFWC's policy efforts, I am pleased to share that cities and states across the country are awakening to the many benefits of worker cooperatives. From Berkeley's recent dedication of \$100,000 toward worker cooperative development, to the \$3.609 million dollars allocated in New York City, there are many initiatives and projects already in motion, and now is the time to become a leader in this work.



BOARD OF DIRECTORS

Maru Bautista
Center for Family Life, NY
Pablo Benson-Silva
NYC Network of Worker
Cooperatives, NY
Anna Boyer | Treasurer
C4 Tech, LA
María Alexandra García
Caracol Language
Cooperative, NY
Hillary Johnson | Secretary
Equal Exchange, MN
Ricardo Nuñez | President
Sustainable Economies
Law Center, CA
Daniella Preisler | Vice-President
Home Green Home SF, CA
Flequer Vera
Cincinnati Union
Cooperative Initiative, OH

STAFF

Esteban Kelly
Executive Director
Ana Martina Rivas
Membership Director
Mo Manklang
Communications Director
Morgan Crawford
Programs Manager
Daniel Arrañaga
TA Program Manager
Laura Smoot
Operations Manager
Kate Barut
Membership Coordinator
Daniel Park
Administrative Assistant
Operations Manager

The USFWC is here to help - we look forward to partnering with the City of Santa Clara, and are prepared to offer assistance and perspective from our national lens to aid the work on the ground. We fully support A Slice of New York, our nonprofit partner Democracy at Work Institute, as well as our many members who we know will be present on July 9, including the Sustainable Economies Law Center, Niles Pie Company, and Teamworks, Arizmendi Association, the Network of Bay Area Worker Cooperatives.

We have staff dedicated to working with our local networks to ensure that we both support and celebrate the leadership of cities like Santa Clara in their efforts to support of worker co-ops. We trust that the July 9th study session is in the capable hands of our trusted partners, and are pleased to have provided advice, reports, and resources to be shared.

Worker ownership provides "future proofing" for the independent spirit and thinking that embodies small businesses in the U.S., and allows selling owners to protect their legacy while continuing to nurture new talent and ideas. The USFWC is here to support Santa Clara, its government, and its cooperative community in the long term, as we work together to support workers and the value that they create for the community.

Please do not hesitate to reach out to the USFWC - we are here to help.

Sincerely,

Mo Manklang
Communications Director
U.S. Federation of Worker Cooperatives
mo@usworker.coop
215-703-7325

7/1/2019

ITEM 1

Genevieve Yip

From: Cortese, Dave <Dave.Cortese@BOS.SCCGOV.ORG>
Sent: Wednesday, July 3, 2019 11:59 AM
To: Mayor and Council
Cc: cityclerk@santaclaraca.gov; Manager; coop@asliceofny.com
Subject: Worker-owned Cooperative

Categories: POST MEETING MATERIAL

Dear Mayor Gillmor, Councilmembers and City Manager:

I have known Kirk Vartan for many years and have followed the successful conversion of his Santa Clara business into a worker-owned cooperative. It is great to see this business headquartered in Santa Clara; I was surprised to learn that this pizza shop was the only retail worker cooperative in the County of Santa Clara! I am familiar with the worker cooperative structure and was excited to hear of your intent to hold a Council Study Session on July 9th to further educate the public on this topic.

I am extremely supportive of this effort. Please let me know how we can help your efforts for employee ownership options. Perhaps you could share information after your session with my team so we can see how to best utilize this information at the County level. Worker cooperatives are a well-established business model that date back to the beginnings of the American labor movement. Worker rights and equity are very important to me, so anything we can do to further educate our businesses is a great thing.

Please know you have my full support and endorsement in further educating the community on worker cooperatives and how they can provide additional solutions to the looming threat of our retiring baby boomers, the loss of our small businesses, and the growing inequalities in our workforce. These are challenging times and we need to inform our local businesses on the many options they have.

Please reach out to me if I can help in any way. Thank you for your leadership!

Dave

Dave Cortese
Supervisor, Third District
County of Santa Clara
70 W. Hedding Street, 10th Floor
San Jose, CA 95110
T 408-299-5030 | F 408-298-6637
dave.cortese@bos.sccgov.org
www.supervisorcortese.org

7/9/2019

ITEM 1

Genevieve Yip

From: Carolyn Berke <carolyn@nilesapie.com>
Sent: Monday, July 1, 2019 6:57 PM
To: coop@asliceofny.com; Mayor and Council; Manager; cityclerk@santaclaraca.gov
Subject: In support of the July 9th worker cooperative study session
Attachments: SantaClara-letterofsupport.docx

Categories: POST MEETING MATERIAL

July 1, 2019

Mayor and City Council
1500 Warburton Ave
Santa Clara, CA 95050

Dear Mayor Gillmor, Councilmembers, and City Manager,

I am the founding owner and current General Manager of Niles Pie Company, a worker-owned cooperative in Union City. In fact, our business got to know ASONY when we worked with Project Equity in 2017 as we converted from a sole proprietorship to worker-ownership.

I started Niles Pie in 2010 as many sole proprietor "mom-and-pop" businesses do – with a ton of hard work, fantastic community support, and a whole lot of luck. I worked long hours, called in favors that I wasn't owed, and did everything I could to get our little pie shop off the ground. We grew quickly and over the first 5 years had wonderful success. But I knew that our growth wouldn't be sustainable over the long haul without more management and more support.

What has made us an on-going viable business is that we were able to bring our staff together, provide training and support, and create a worker-owned cooperative. The vast majority of small businesses, in the low-wage retail and food sectors, can't possibly sell their businesses to their workers - because those low-wage workers just don't make enough money to afford to buy the business. Small business owners can't retire without closing shop. But together, workers form a knowledgeable base, with experience and exactly the right skills, and they can become a cooperative that they are particularly suited to manage. Niles Pie Company became a worker-owned cooperative because it just made the most sense for our business.

The Bay Area is at a cross-roads. Any small retail business owner will tell you horror stories of trying to hire and retain staff, because people just cannot afford to work in small retail businesses in our current economic climate. How do we retain the small businesses that are the cornerstones of our communities? How do we avoid giving way to un-rooted chains that have no personal ties to the neighborhood? One answer in the difficult search for solutions is worker-ownership. Our staff - our owners - learn financial and management skills that make them assets to the community. Their families become more embedded in the neighborhood. As a business, Niles Pie is on more secure footing with skilled worker-owners. And personally, I am very proud to be part of a team that is taking over management and ownership of the business I began.

I am excited at the work Kirk and Marguerite are doing, and very much looking forward to the July 9th study session. I'm very happy that the city of Santa Clara is investigating ways to participate in the innovative solutions to the business and economic challenges our Bay Area faces today.

Best Regards,

Carolyn G. Berke, Founding Owner

Niles Pie Company

www.nilespie.com

32990 Alvarado-Niles Road, suite 960

in the Dowe Business Park

Union City, CA 94587

510-324-4743

Like us on [Facebook!](#)

Follow us on [Instagram!](#)

Shop hours: Mon-Fri 7:30 a.m. – 7 p.m.

Saturdays 8 a.m.-4 p.m.

July 1, 2019

Mayor and City Council
1500 Warburton Ave
Santa Clara, CA 95050

Dear Mayor Gillmor, Councilmembers, and City Manager,

I am the founding owner and current General Manager of Niles Pie Company, a worker-owned cooperative in Union City. In fact our business got to know ASONY when we worked with Project Equity in 2017 as we converted from a sole proprietorship to worker-ownership.

I started Niles Pie in 2010 as many sole proprietor "mom-and-pop" businesses do – with a ton of hard work, fantastic community support, and a whole lot of luck. I worked long hours, called in favors that I wasn't owed, and did everything I could to get our little pie shop off the ground. We grew quickly and over the first 5 years had wonderful success. But I knew that our growth wouldn't be sustainable over the long haul without more management and more support.

What has made us an on-going viable business is that we were able to bring our staff together, provide training and support, and create a worker-owned cooperative. The vast majority of small businesses, in the low-wage retail and food sectors, can't possibly sell their businesses to their workers - because those low-wage workers just don't make enough money to afford to buy the business. Small business owners can't retire without closing shop. But together, workers form a knowledgeable base, with experience and exactly the right skills, and they can become a cooperative that they are particularly suited to manage. Niles Pie Company became a worker-owned cooperative because it just made the most sense for our business.

The Bay Area is at a cross-roads. Any small retail business owner will tell you horror stories of trying to hire and retain staff, because people just cannot afford to work in small retail businesses in our current economic climate. How do we retain the small businesses that are the cornerstones of our communities? How do we avoid giving way to un-rooted chains that have no personal ties to the neighborhood? One answer in the difficult search for solutions is worker-ownership. Our staff - our owners - learn financial and management skills that make them assets to the community. Their families become more embedded in the neighborhood. As a business, Niles Pie is on more secure footing with skilled worker-owners. And personally, I am very proud to be part of a team that is taking over management and ownership of the business I began.

I am excited at the work Kirk and Marguerite are doing, and very much looking forward to the July 9th study session. I'm very happy that the city of Santa Clara is investigating ways to participate in the innovative solutions to the business and economic challenges our Bay Area faces today.

Best Regards,

Carolyn G. Berke

Founding Owner, Niles Pie Company

www.nilespie.com

EMAIL:

mayorandcouncil@santaclaraca.gov

manager@santaclaraca.gov

cityclerk@santaclaraca.gov

coop@asliceofny.com

7/9/2019

ITEM 1

Genevieve Yip

From: richardryanhobbs@gmail.com
Sent: Monday, July 1, 2019 7:13 PM
To: Mayor and Council
Subject: Cooperative Study Session Letter of Support from Human Agenda
Attachments: Human Agenda - Cooperatives Letter of Support Santa Clara City Council.pdf
Categories: POST MEETING MATERIAL



1376 N. 4th Street Suite 100 San Jose, CA 95112 Tel. 408-460-2999
humanagendausa@gmail.com www.humanagenda.net

July 1, 2019

Santa Clara Mayor and City Council
1500 Warburton Avenue
Santa Clara, CA 95050

RE: Worker Owned Cooperative City Council Study Session

Hon. Mayor Gillmor, Councilmembers, and City Manager:

If the arc of history bends towards justice, the economy of the United States will bend toward more democratically run one-member-one vote worker-owned cooperatives.

Human Agenda applauds your decision to hold a one-hour study session on July 9, 2019 as well as community efforts to transform the local economy into a more cooperative profile.

I am the Executive Director of Human Agenda and the former Director of the Office of Human Relations of Santa Clara County. I also run my own business, the Law Office of Richard Hobbs, which I am working to convert to a worker-owned law practice this coming year.

We are living in the era of the most grotesque inequality in the history of the world. Eight human beings hold assets equivalent to what half of humanity owns. Taking baby steps to address this, among other activities, in the last few years Human Agenda

- Convened the Santa Clara Valley Cooperative Collaborative
- Helped incubate the Smart Yards Cooperative, a worker-owned cooperative converting water-guzzling lawns into native California gardens
- Converted its deportation defense legal collective, CLARO, into a cooperatively run and operated project of Human Agenda
- Received a small grant this coming year to develop a worker-owned cooperative of *promotoras* (Latina health educators) in Santa Clara and San Benito Counties
- Collaborated with TeamWorks and META, two large local Latina co-ops, and of course with A Slice of New York, an exemplary model co-op conversion

We fully support the efforts of Kirk Vartan, Project Equity, SELC, TeamWorks, and other agents to create stable local jobs, democratic practices, and enhanced economic security through employee ownership. As a model city in this valley please consider following the lead of New York City, Madison, Richmond, Berkeley and other jurisdictions that have dedicated time and resources to co-op development.

Sincerely yours,
Richard Hobbs, Esq.
Executive Director, Human Agenda

7/9/2019

ITEM 1

Genevieve Yip

From: Rod <rod.cotton@att.net>
Sent: Monday, July 1, 2019 7:41 PM
To: Mayor and Council; Manager; cityclerk@santaclaraca.gov
Cc: coop@asliceofny.com; santaclara@snapfitness.com; Patty Viafara; 'Hilary Abell'; rod.cotton@att.net
Subject: Support for Workers CO-OPS in City of Santa Clara!
Attachments: Snap Fitness 24-7 CO-OP letter-of-support-July-2019.docx

Categories: POST MEETING MATERIAL

Mayor and City Council
1500 Warburton Ave
Santa Clara, CA 95050

July 1, 2019

Dear Mayor Gillmor, Councilmembers, and City Manager:

I am with Snap Fitness 24-7 a Santa Clara business that puts its employees first.

Snap Fitness 24-7 in Santa Clara is dedicated to making a positive difference in our members and employee's lives. We do this in an atmosphere of support and fun that allows for an improved quality of life. We change lives by creating community, offering high quality health and fitness education and goal attainment assistance. We endeavor to do this in a prosperous, and joyful way.

Our organization has been following the conversion of Santa Clara's A Slice of New York for some time now. It is exciting to think that beyond the spirit of how we already run our business that the employees can also be partnered into a ownership stake that lets them be honored for their hard work. We look forward to creating the possibility for our staff to become worker owners.

A big opportunity lies ahead for cities that support retiring baby boomers who may have successful small business without a simple retirement transition plan that allows for the success of the company to continue after the founder/principle retires. The well-run City of Santa Clara has a chance to be proactive with its businesses to create an additional financial resource channel for transitioning of individually owned businesses to employee owned worker cooperatives, saving a city tax resource.

Snap Fitness 24-7 is extremely supportive of this effort. Please let me know how we can help your efforts for employee ownership options. We look forward to sharing this session with the larger community and other cities in the country.

We look forward to attending and participating in the session on July 9th, and please know you have our full support and endorsement in further educating the community on worker cooperatives and how they can provide additional solutions to the looming threat of our retiring baby boomers, the loss of our small businesses, and the growing inequalities in our workforce. These are challenging times, and we need to inform our local businesses on the many options they have, and the worker cooperative business model is a good one!

Please reach out to me if we can help in any way and thank you for your leadership!

Rod Cotton, Owner
Snap Fitness 24/7 60 N. Winchester Blvd. Santa Clara, Ca. 95050
408-260-1111 Club 408-655-6388 Cell rod.cotton@att.net
www.snapfitness.com/santaclara

EMAIL:

mayorandcouncil@santaclaraca.gov

manager@santaclaraca.gov

cityclerk@santaclaraca.gov

coop@asliceofny.com

Hilary Abell hilary@project-equity.org

Patty Viafara patty@project-equity.org

Rod Cotton, Meditation Coach/Owner, Snap Fitness 24/7 60 N. Winchester Blvd. Santa Clara, Ca. 95050 408-260-1111

Club 408-655-6388 Cell rod.cotton@att.net www.snapfitness.com/santaclara



Mayor and City Council
1500 Warburton Ave
Santa Clara, CA 95050

July 1, 2019

Dear Mayor Gillmor, Councilmembers, and City Manager:

I am with Snap Fitness 24-7 a Santa Clara business that puts its employees first.

Snap Fitness 24-7 in Santa Clara is dedicated to making a positive difference in our members and employee's lives. We do this in an atmosphere of support and fun that allows for an improved quality of life. We change lives by creating community, offering high quality health and fitness education and goal attainment assistance. We endeavor to do this in a prosperous, and joyful way.

Our organization has been following the conversion of Santa Clara's A Slice of New York for some time now. It is exciting to think that beyond the spirit of how we already run our business that the employees can also be partnered into a ownership stake that lets them be honored for their hard work. We look forward to creating the possibility for our staff to become worker owners.

A big opportunity lies ahead for cities that support retiring baby boomers who may have successful small business without a simple retirement transition plan that allows for the success of the company to continue after the founder/principle retires. The well-run City of Santa Clara has a chance to be proactive with its businesses to create an additional financial resource channel for transitioning of individually owned businesses to employee owned worker cooperatives, saving a city tax resource.

Snap Fitness 24-7 is extremely supportive of this effort. Please let me know how we can help your efforts for employee ownership options. We look forward to sharing this session with the larger community and other cities in the country.

We look forward to attending and participating in the session on July 9th, and please know you have our full support and endorsement in further educating the community on worker cooperatives and how they can provide additional solutions to the looming threat of our retiring baby boomers, the loss of our small businesses, and the growing inequalities in our workforce. These are challenging times, and we need to inform our local businesses on the many options they have, and the worker cooperative business model is a good one!

Please reach out to me if we can help in any way and thank you for your leadership!

Rod Cotton, Owner
Snap Fitness 24/7 60 N. Winchester Blvd. Santa Clara, Ca. 95050
408-260-1111 Club 408-655-6388 Cell rod.cotton@att.net
www.snapfitness.com/santaclara

EMAIL:

mayorandcouncil@santaclaraca.gov
manager@santaclaraca.gov
cityclerk@santaclaraca.gov
coop@asliceofny.com

7/9/2019

ITEM 1

Genevieve Yip

To: Mayor and Council
Subject: Letter of Support for Workers Coop Study Session

From: Nick Kaspar <nick.kaspar@santaclarachamber.com>
Sent: Wednesday, June 26, 2019 12:59 PM
To: Mayor and Council <MAYORANDCOUNCIL@SantaClaraCA.gov>
Subject: Letter of Support for Workers Coop Study Session

Hello Mayor and Council,
Please find the letter of support for the study session on Workers Coops held on July 9th. I look forward to attending and participating at the meeting.
Thank you,

Nick Kaspar | President/CEO

Silicon Valley Central Chamber of Commerce
Phone: (408) 940-5147 Email: nick.kaspar@santaclarachamber.com



UCSC Silicon Valley Extension

KAISER PERMANENTE

O₂ Micro[®]
Breathing Life Into Mobility

RELATED



ActionCOACH of Santa Clara
The World's #1 Business Coaching Firm

ESSEX
PROPERTY TRUST, INC.



Southwest

IRVINE COMPANY
Since 1864

Alaska
AIRLINES

California's
Great America

Hilton
SANTA CLARA

3005
DEMOCRACY WAY
SANTA CLARA

MENLO EQUITIES

HYATT
REGENCY
SANTA CLARA

Roche

HAYGER LAND COMPANY



Advocate • Educate • Connect

Mayor and City Council
City Hall
1500 Warburton Ave
Santa Clara, CA 95050

Re: Study Session on Worker Cooperatives

Dear Mayor Gillmor and Councilmembers,

On behalf of the Silicon Valley Central Chamber of Commerce, formerly the Santa Clara Chamber of Commerce, we are proud to SUPPORT the Study Session on the worker cooperatives structure as a business structure.

While we realize this is one option out of many successful business structures, worker cooperatives are uncommon and often unknown in this region making education on worker cooperatives ever so important. We appreciate the City of Santa Clara leveraging its reach to inform businesses on alternative business structures and we would encourage more collaboration to further inform the public on business matters.

Please know that you have our support in further educating the community on worker cooperatives and how they can provide additional solutions for business owners looking to step away from their business without closing their doors.

We look forward to attending on July 9th and participating in the study session.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Kaspar".

Nick Kaspar
President/CEO
Silicon Valley Central Chamber of Commerce

7-9-19

Item
1







POST MEETING MATERIAL

A bit about coops in general:

Consumer cooperative
Buying together

Producer cooperative
Selling together

Worker cooperative
Working together

Member Controlled

Coops are run by the democratic principle of "one member, one vote."

Member-owned cooperative:
One member = One vote
(Typically) Led by member-elected board of directors

Investor-owned company (public company):
More shares = more votes
Led by outside shareholder appointed management

Co-ops – A New (Old) Approach

Co-ops are just like any other business:

- They have managers
- They focus on profit
- General operations are the same

Key differences:

- Members participate in company governance (finance, strategy, etc.)
- Members are entitled to profits, based on work equity
- Member (owner) benefit is the priority; transparency

NOT FRINGE!!

Hilary Abell



**project
(EQUITY)**

Co-founder, Project Equity



Challenge/Opportunity

Silver Tsunami



"Trillions of dollars of business value are going to change hands in the next 10 to 20 years."

Image: Brad Ryder, The Economist
Quote: Bob Sullivan, Headwaters MB, a Denver-based investment bank



Local Implications

About 10% business owners plan to sell their business in the next decade.
As most retire, our local business landscape is about to go through a dramatic shift.

ONLY 15%
of businesses succeed to the next generation.



BABY BOOMERS OWN ALMOST HALF OF ALL PRIVATELY-HELD BUSINESSES IN THE BAY AREA.

**project
(EQUITY)**



The Coop Conversion Solution

Adams & Chittenden Scientific Glass

CALIFORNIA SOLAR

F.E.E.D. SONOMA

NILES PIE CO.

The Galley

New Era Windows Cooperative

HAPPY EARTH CLEANING SERVICES

Why do businesses choose to convert?

Four core reasons:

1. As an **exit strategy** for the owner, whether leaving for retirement or other reasons
2. As a **component of the business' mission**, recognizing the employees as an important stakeholder group
3. To create **wealth-building opportunities** for employees, especially in lower-wage sectors
4. Because **it's good business**: employee-owned businesses have demonstrated their ability to be **more financially successful** than their peers, and to weather economic storms more effectively

project (EQUITY)

Carolyn Berke


Founder, Niles Pie Company








CITIES ADDRESSING THE RACIAL WEALTH GAP




CLEVELAND

Cleveland used strong relationships with anchor hospitals and universities to generate procurement contracts for larger cooperatives in low income neighborhoods.



DURHAM

Durham is working to preserve legacy black businesses through a transition to employee ownership as part of a broader offering of supports to ensure shared prosperity for all citizens.



MADISON

Madison funded a multi-year worker cooperative development program and revolving loan fund through a university partner.

Democracy at Work Institute | www.dawork.org

CITIES ADDRESSING IMMIGRANT EMPLOYMENT



NEW YORK

New York is in the fourth year of funding an initiative that stimulates the creation of new worker cooperatives, especially with low income and immigrant workforces.



PHILADELPHIA

Philadelphia is training commercial corridor managers to speak with vulnerable small businesses about selling to their employees as an exit.



MINNEAPOLIS

Minneapolis funded an inventory of existing cooperatives and works with a fellowship of cooperative entrepreneurs who are immigrants and people of color. A local organization is also working with a national partner on a conversion strategy across the Twin Cities.

Democracy at Work Institute | www.dawork.org

EFFECTIVE CITY TOOLS

1. MARKET RESEARCH OF LEGACY BUSINESSES
2. AMENDING LOAN PROGRAMS TO FINANCE CONVERSIONS
3. TECHNICAL ASSISTANCE GRANTS
4. REDUCE BARRIERS TO CITY SERVICES AND PROGRAMS

Democracy at Work Institute | www.dawork.org

Sue Lopez



Founding member/owner of 9th Ave Arizmendi Bakery (est 2000 in SF)
Development Support Cooperative in Arizmendi Association (since 2016)





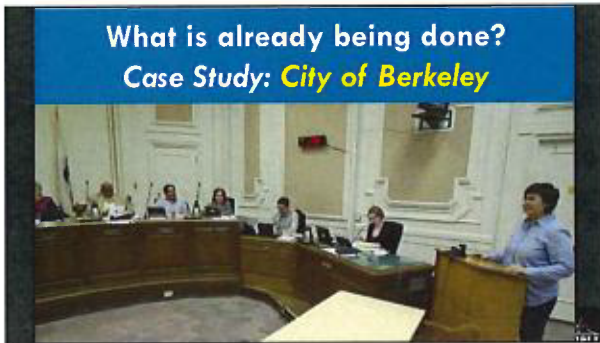
Ricardo Nuñez



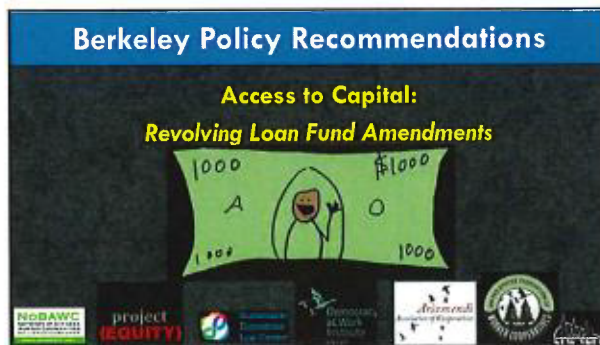
Sustainable
Economies
Law Center

Director of Economic Democracy, Sustainable Economies Law Center
Board President, US Federation of Worker Cooperatives
Board Member, California Center for Cooperative Development















Berkeley Policy Recommendations

Budget Allocation for Consistent Technical Assistance














Berkeley Policy Recommendations

Accountability & Reporting

Here Comes the New Economy!



City of Berkeley Timeline



June 2019

City of Berkeley Commits
\$100,000 to Worker
Cooperative Development












Main Street Employee Ownership Act of 2018

H.R. 5236

To equalize opportunities available to employee-owned business owners through Small Business Administration loan programs and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

A BILL

To equalize opportunities available to employee-owned business owners through Small Business Administration loan programs and for other purposes.

1 Be it enacted by the Senate and House of Representatives
2 of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE.
4 This Act may be cited as the "Main Street Employee
5 Ownership Act of 2018".



Provides directives to the SBA

- Finance the transition of existing businesses to worker-owned companies.
- Training and education around worker cooperatives.
- Tracking lending and support provided to employee-owned businesses.

Rendell (Ren) Boguiren




Founding Co-op Member/Owner, ASONY
Board Secretary/Company Officer, ASONY



Community Asks

Direct the City Manager to study these options, speak with local, regional, and national experts, and make recommendations for how the City could support employee ownership.

Examples: Education, Outreach, Technical Assistance, and Finance

- Council resolution supporting Worker Cooperatives
- Conduct outreach and education; engage business owners interested in conversion
- Market research and identification of legacy businesses: <10, 10-20, 20+ yrs old
- Work with co-op community to submit a grant application with matching funds
- Add a 2020 budget item to Economic Development for Worker Cooperative activities for \$150K+ (let's top Berkeley!)
 - Technical assistance grants for succession planning outreach and conversion support



Available Resources (just a few)

- Co-opLaw.org (a product of SELC)
- Think Outside the Boss Manual
- Democracy at Work Institute
- California Cooperative Development Center
- Sustainable Economies Law Center (SELC)
- National Cooperative Business Association
- US Federation of Worker Cooperatives
- US Solidarity Economy Network
- ICA Group
- Project Equity



© SELC

Additional Resources

- A lot of documents, resources, and information
<https://drive.google.com/drive/folders/167Q8hDdA6v3Uas1f2uQ3kn3WA7HauQVX> (<http://bit.ly/coop-info>)
- Berkeley Cooperative Funding:
<https://www.thaselc.org/berkeley-commits-two-years-of-funds-to-worker-coops>
- A Slice of New York (Santa Clara's own) - asany.com
- Project Equity - project-equity.org
- US Federation of Worker Cooperatives - usworker.coop
- Democracy at Work Institute - institute.coop
- Sustainable Economies Law Center - thaselc.org
- City of Berkeley - cityofberkeley.info



Backup Info



How Did ASONY Convert?



ASONY Process (high level)

1. Identified an internal Business Development team (culture)
2. Engaged Project Equity for conversion
3. Secured co-op legal and accounting resources
4. Created our company constitution (Operating Agreement)
5. Valued the company
6. Drew up legal documents, including a promissory note
7. Executed the transaction
8. Signed on new members

This is a very collaborative, transparent, and inclusive process



How Does It Work?



1. The sale is financed through company profits (leveraged buyout)
2. Owner holds 5 year note (can be private or financed)
3. Employees apply to become members (criteria)
4. Members elect a board for governance
5. Members and non-members work along side each other
6. Profit sharing (patronage) is "by right" → % contribution
7. Existing legal structures (e.g., LLC) are used



Co-op Challenges



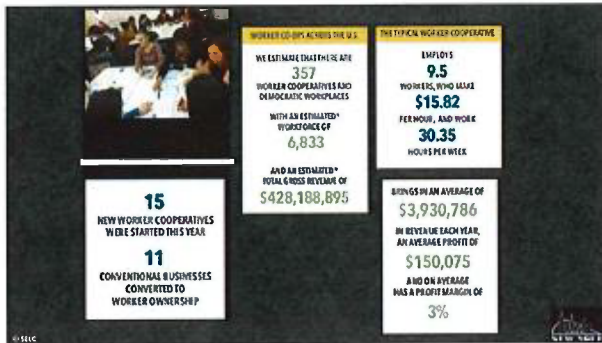
1. Awareness (what's a co-op?)
2. Local resources/support (who do you turn to?)
3. Time to convert (it took us a year...goal of <6 months)
4. Cost to convert (expect \$5-40K – ultimately a % of value)
5. The majority of businesses do not understand co-ops yet
6. Traditional requirements not compatible (leases, CC)



ASONY Member Requirements

1. Been an employee of ASONY for a **minimum of 12 months**
2. Worked a **minimum of 1,200 hours**
3. On the schedule for at least **25 hours per week**
4. \$750 deposit (**\$3,000 total** membership fee)
5. Willing to work outside of shop hours (e.g., meetings, committees, etc.)
6. **Two year commitment**











Agenda Report

19-1208

Agenda Date: 10/29/2019

REPORT TO COUNCIL

SUBJECT

Action on Referrals from the September 18, 2019 Economic Development, Communications and Marketing Committee Meeting

[EDCM Committee referral 9/18/19: Items 19-990 -Termination of Billboard Agreement and 19-988 - Next Steps for Worker Cooperatives]

BACKGROUND

The Economic Development, Communications and Marketing Committee (Committee) met on September 18, 2019. During the meeting the Committee referred two items to staff for further action.

Referral # 1

The Committee recommended staff forward a request to the City Council to terminate the billboard agreement with All Vision, LLC.

Referral #2

The Committee referred the next steps on the Worker Cooperative to the City Council for review and approval, which includes directing staff to review the resolution and the process and procedures that the City of Berkeley used for their Worker Cooperative Program, and to have the Council consider allocating \$100,000 in the budget for this effort.

DISCUSSION

Referral # 1: Terminate the All Vision Billboard agreement and recommend the termination be forwarded to the City Council for approval.

The All Vision, LLC Agreement is set to expire in March 2020. Staff is conducting additional research regarding work done under the agreement to ensure no financial liability exists with terminating the agreement. Staff expects to bring forward an item responsive to the Committee's referral to terminate the agreement with All Vision, LLC before the end of the calendar year.

Referral # 2: Refer the next steps on the Worker Cooperative to the City Council for review and approval, which includes directing staff to review the resolution and the process and procedures that the City of Berkeley used for their Worker Cooperative Program, and to have the Council consider allocating \$100,000 in the budget for this effort.

At the meeting, staff presented proposed next steps for Worker Cooperatives in a phased approach.

Phase 1 includes the following steps:

1. Develop a Resolution supporting Worker Cooperatives in Santa Clara.
2. Develop a Worker Cooperative resource webpage on the City's website.
3. Work with the Chamber (or other 3rd party organization) to identify legacy businesses and develop an outreach strategy.
4. Outsource training on worker cooperatives with outside agency.

Phase 2 includes the following steps:

1. Research options for technical assistance and conversion funding

Workload Assessment

Phase 1

Timing: In the event the City Council approves the EDCM Committee Referral, staff will begin researching the City of Berkeley's Resolution and bring forward a resolution in the December 2019 timeframe. In addition, if the referral is approved, staff will incorporate an appropriation of \$100,000 as part of the Budgetary Year-End Report on November 5, 2019.

The remaining two items will take additional time to plan and coordinate and will need to be weighed against other priorities. Staff will report on progress of Phase 1 efforts to the EDCM Committee at the next meeting on December 2, 2019.

Tradeoffs: The City does not currently have dedicated Economic Development staff to manage this program. Staff that has supported economic development functions also hold responsibility for several other high-profile projects; therefore, staff currently working on other work such as Charter Review Committee next steps, CityPlace project management, special events, cannabis policy development and overall City Council Policy updates will assume this workload.

Phase 2

Timing: 1 year

Tradeoffs: This next phase will require in depth research to fully understand, and potentially recommend a sound funding mechanism that can be maintained over time. Issues surrounding the City as a potential lender or any federal funding reporting requirements will require the City to look closely at whether additional staff or budget is needed to support this item. Also, staff currently working on other items as noted above will need to take on these additional tasks which may result in some delays on other projects.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

Referral #2 has a fiscal impact of \$100,000; A separate action to appropriate this funding will be

recommended to the City Council as part of the Budgetary Year-End Report on November 5, 2019.

COORDINATION

This report has been coordinated with the City Attorney's office and the Finance Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

ALTERNATIVES

1. Approve the referrals;
2. Disapprove the referrals;
3. Approve one of the referrals; or
4. Modify referrals as deemed appropriate by Council.

RECOMMENDATION

Staff makes no recommendation.

Reviewed by: Nadine Nader, Assistant City Manager and Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

RESOLUTION NO. 20-8823

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA
SUPPORTING THE DEVELOPMENT AND GROWTH OF WORKER
COOPERATIVES IN THE CITY**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the City of Santa Clara has identified economic development as a priority;

WHEREAS, small businesses are an important part of the local economy;

WHEREAS, a significant percentage of small business owners nationwide do not have a succession plan in place and are at risk of closure;

WHEREAS, worker cooperatives are a tool to help businesses remain locally owned for the long term; and,

WHEREAS, worker cooperatives are owned and democratically governed by their members, provide wages and benefits above industry average, develop important leadership and management skills, and build wealth for low to moderate income residents.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. That the City of Santa Clara affirms its support of worker cooperatives.
2. That the City of Santa Clara will pursue the establishment of a worker cooperative initiative.
3. That the City of Santa Clara will pursue the phased workplan approved by City Council, and adjust as necessary as work progresses, to allow for the greatest flexibility in pursuing this initiative.

//

//

//

//

//

4. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED
AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A SPECIAL MEETING
THEREOF HELD ON THE 24TH DAY OF MARCH, 2020, BY THE FOLLOWING VOTE:

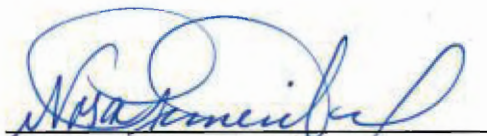
AYES:	COUNCILORS:	Chahal, Davis, Hardy, O'Neill, and Watanabe and Mayor Gillmor
-------	-------------	--

NOES:	COUNCILORS:	None
-------	-------------	------

ABSENT:	COUNCILORS:	None
---------	-------------	------

ABSTAINED:	COUNCILORS:	None
------------	-------------	------

ATTEST:



NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference: None



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
[@SantaClaraCity](https://twitter.com/SantaClaraCity)

Agenda Report

21-147

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Verbal Report from City Manager regarding COVID-19 Pandemic

COUNCIL PILLAR

Enhance Community Engagement and Transparency



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
[@SantaClaraCity](https://twitter.com/SantaClaraCity)

Agenda Report

21-29

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on the Special City Council/Stadium Authorities, Council & Authorities Concurrent, and Special City Council Meeting Minutes

COUNCIL PILLAR

Enhance Community Engagement and Transparency

RECOMMENDATION

Approve the Meeting Minutes:

Special City Council & Stadium Authority Meeting Minutes of December 1, 2020

Council & Authorities Concurrent Meeting Minutes of December 8, 2020

Special City Council Meeting Minutes of December 9, 2020



City of Santa Clara

Draft

Special Meeting Minutes

City Council

Santa Clara Stadium Authority

12/01/2020

3:30 PM

Virtual Meeting held via Zoom
Zoom link available on the Agenda

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- **Via Zoom:**

- o <https://santaclaraca.zoom.us/j/99706759306>

Meeting ID: 997-0675-9306 or

- o Phone: 1(669) 900-6833

- **Via the City's eComment (now available during the meeting)**

- **Via email to PublicComment@santaclaraca.gov**

As always, the public may view the meetings on SantaClaraCA.gov, Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City's YouTube channel or Facebook page.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of California Government Code §54956 ("The Brown Act") and Section 708 of the Santa Clara City Charter, the Mayor/Chairperson calls for a Special Meeting of the City Council of the City of Santa Clara and the Governing Board of the Stadium Authority to commence and convene on December 1, 2020, at 3:30 PM for a Special Meeting to be held virtually via Zoom, to consider the following matter(s) and to potentially take action with respect to them.

3:30 PM CLOSED SESSION

Call to Order

Assistant City Clerk Pimentel noted at 3:30 PM that the Closed Session has been canceled and that the Special Stadium Authority Meeting would begin at 4:00 PM.

Public Comment

None.

[20-1231](#)

Conference with Real Property Negotiators (CC)
Pursuant to Gov. Code § 54956.8
Property: Pond A18, APN: 015-32-042, 015-32-043
City/Authority Negotiator: Deanna J. Santana, City Manager/Executive Director (or designee)
Negotiating Parties: City of San Jose, City of Santa Clara, and Santa Clara Valley Water District
Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment)

4:00 PM SPECIAL MEETING

Call to Order

Mayor/Chair Gillmor called the meeting to order at 4:02 PM.

Pledge of Allegiance and Statement of Values

Council/Board recited the Pledge of Allegiance.

Council/Boardmember Davis recited the Statement of Values.

Roll Call

Present: 6 - Council/Boardmember Raj Chahal, Council/Boardmember Teresa O'Neill, Vice Mayor/Chair Karen Hardy, Council/Boardmember Debi Davis, Mayor/Chair Lisa M. Gillmor, and Council/Boardmember Kathy Watanabe

Assistant City Clerk Pimentel recited the AB23 Announcement.

REPORTS OF ACTION TAKEN IN CLOSED SESSION MATTERS

None. (Closed Session Item was canceled)

CONTINUANCES/EXCEPTIONS/RECONSIDERATIONS

A motion was made by Councilmember Davis, seconded by Vice Mayor Hardy, to add the COVID-19 Update to the agenda.

Aye: 6 - Vice Mayor Hardy, Councilmember O'Neill, Councilmember Davis, Watanabe, Councilmember Chahal, and Mayor Gillmor

Chief Emergency Services Officer Schoenthal provided an update on the Confirmed COVID-19 cases and reviewed the new directives from Santa Clara County.

Chief Emergency Services Officer Schoenthal addressed Council questions.

PUBLIC PRESENTATIONS

None.

PUBLIC HEARING/GENERAL BUSINESS

1. [20-756](#) Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending June 30, 2020

Recommendation: Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending June 30, 2020.

Stadium Authority Treasurer Lee gave a PowerPoint Presentation.

Stadium Authority Treasurer Lee, Stadium Authority Counsel Doyle, and **Executive Director Santana** addressed Board questions.

A motion was made by Boardmember Davis, seconded by Boardmember O'Neill, to note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending June 30, 2020.

Aye: 6 - Vice Mayor/Chair Hardy, Council/Boardmember O'Neill, Council/Boardmember Davis, Council/Boardmember Watanabe, Council/Boardmember Chahal, and Mayor/Chair Gillmor

2. [20-1129](#) Accept the Report on the Santa Clara Stadium Authority's Non-NFL Events' Documents by JS Held, LLC and Possible Action by the Stadium Authority Board

Recommendation: Accept the Report on the Santa Clara Stadium Authority's Non-NFL Events' Documents by JS Held, LLC and Possible Action by the Stadium Authority Board

Executive Director Santana and Timothy Gillihan - Forensic Auditor (Senior Vice President, JS Held, LLC) gave PowerPoint Presentation.

Stadium Authority Counsel Doyle, Executive Director Santana, Stadium Authority Treasurer Lee, and Forensic Auditor Consultant Gillihan addressed Board questions.

A motion was made by Boardmember O'Neill, seconded by Boardmember Davis, to (1) authorize the Executive Director to amend the agreement with JS Held, LLC., to incorporate the recommendations as presented during their presentation to return to the Stadium Authority Board to continue their analytical compliance review of the financial records from the non-NFL events at Levi's Stadium, including fiscal year 2016 and subsequent years following 2017, and (2) invite ManCo to a future Stadium Authority Board meeting to share how they will enhance transparency and visibility in its stadium operations, like the new accounting system.

Aye: 6 - Vice Chair Hardy, Boardmember O'Neill, Boardmember Davis, Boardmember Watanabe, Council/Boardmember Chahal, and Mayor/Chair Gillmor

REPORTS OF MEMBERS AND SPECIAL COMMITTEES

None.

CITY MANAGER/EXECUTIVE DIRECTOR REPORT

Executive Director Santana expressed her gratitude to staff and JS Held, LLC for their assistance in providing Report (Item 20-1129) to the Stadium Authority Board.

ADJOURNMENT

The meeting was adjourned at 8:57 p.m.

A motion was made by Council/Boardmember Davis, seconded by Council/Boardmember O'Neill, to adjourn the meeting.

Aye: 6 - Vice Mayor/Chair Hardy, Council/Boardmember O'Neill, Council/Boardmember Davis, Council/Boardmember Watanabe, Council/Boardmember Chahal, and Mayor/Chair Gillmor

[20-1249](#)

Adjournment of the December 1, 2020 City Council and Stadium Authority Meeting Post Meeting Material

The next regular scheduled meeting is on Tuesday evening, December 8, 2020 in the City Hall Council Chambers.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."



City of Santa Clara

Meeting Minutes

Council and Authorities Concurrent Meeting

12/08/2020

5:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- **Via Zoom:**

- o <https://santaclaraca.zoom.us/j/99706759306>

Meeting ID: 997-0675-9306 or

- o Phone: 1(669) 900-6833

- **Via the City's eComment (now available during the meeting)**

- **Via email to PublicComment@santaclaraca.gov**

As always, the public may view the meetings on SantaClaraCA.gov, Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City's YouTube channel or Facebook page.

5:00 PM COUNCIL REGULAR MEETING

Call to Order

Mayor Gillmor called the meeting to order at 5:15 PM.

Pledge of Allegiance and Statement of Values

Mayor/Council recited the Pledge of Allegiance.

Councilmember Davis recited the Statement of Values.

Assistant City Clerk Pimentel recited the AB23 Announcement and Behavioral Standards.

Roll Call

Present: 6 - Vice Mayor Karen Hardy, Councilmember Teresa O'Neill, Councilmember Debi Davis, Councilmember Kathy Watanabe, Councilmember Raj Chahal, and Mayor Lisa M. Gillmor

CONTINUANCES/EXCEPTIONS/RECONSIDERATIONS

None.

SPECIAL ORDER OF BUSINESS

1. [20-1180](#) Verbal Report from City Manager regarding COVID-19 Pandemic

City Manager Santana gave a PowerPoint Presentation and provide the following update:
 - Santa Clara County implemented the State's Regional State at Home Order effective December 6, 2020 at 10:00 PM;
 - California anticipates receiving Pfizer Vaccine on or before December 17, 2020;
 - Providing bi-weekly COVID-19 Vaccinations at Central Park Library;
 - Provided an update on City Services closed to the Public and City Services being provided online or on a hybrid model;
 - December 12, 2020 the City will be hosting a virtual Comic-Con and Story Time with Elsa;
 - December 9, 2020 will have the City's first Graduates from the Working Scholars Program.
Chief Emergency Services Officer Schoenthal provided a verbal updated on the COVID-19 Pandemic data for the City of Santa Clara and the County of Santa Clara.
2. [20-1248](#) Action on Resignation Letters from Sudhanshu Jain and Anthony Becker from the Planning Commission

Recommendation: Accept the resignations of Anthony Becker and Sudhanshu Jain from the Planning Commission.

A motion was made by Vice Mayor Hardy, seconded by Councilmember O'Neill, to accept the resignation letters from Planning Commissioners Sudhanshu Jain and Anthony Becker.

Aye: 6 - Vice Mayor Hardy, Councilmember O'Neill, Councilmember Davis, Councilmember Watanabe, Councilmember Chahal, and Mayor Gillmor

PUBLIC PRESENTATIONS

None.

PUBLIC HEARING/GENERAL BUSINESS

3. [20-716](#) Adopt a Resolution Declaring the Results of the Canvass of Returns of the Consolidated Municipal Election held on November 3, 2020 with the Statewide Presidential Election

Recommendation: Adopt a resolution reciting the facts of the Consolidated Municipal Election held on November 3, 2020 with the Statewide Presidential Election and declare the following candidates elected: Kathy Watanabe for Councilmember in Council District 1, Kevin Nara Park for Councilmember in Council District 4, Sudhanshu “Suds” Jain for Councilmember in Council District 5, Anthony J. Becker for Councilmember in Council District 6, Hosam Haggag for City Clerk and Pat Nikolai for Chief of Police each for a four-year term ending 2024.

City Clerk Haggag gave a verbal presentation on the November 3, 2020 Election Results.

A motion was made by Councilmember Davis, seconded by Councilmember O'Neill, to adopt Resolution No. 20-8916 reciting the facts of the Consolidated Municipal Election held on November 3, 2020 with the Statewide Presidential Election and declare the following candidates elected: Kathy Watanabe for Councilmember in Council District 1, Kevin Nara Park for Councilmember in Council District 4, Sudhanshu “Suds” Jain for Councilmember in Council District 5, Anthony J. Becker for Councilmember in Council District 6, Hosam Haggag for City Clerk and Pat Nikolai for Chief of Police each for a four-year term ending 2024.

Aye: 6 - Vice Mayor Hardy, Councilmember O'Neill, Councilmember Davis, Councilmember Watanabe, Councilmember Chahal, and Mayor Gillmor

4. Recognition & Remarks from Outgoing Elected Officials

- a. District 4 Councilmember Teresa O'Neill
- b. District 6 Councilmember Debi Davis

Mayor Gillmor and **Congressman Ro Khanna** provided verbal comments in Recognition of outgoing **Councilmember O'Neill** and **Councilmember Davis**.

Councilmember O'Neill gave her outgoing statements as her final meeting as **Councilmember District 4**.

Councilmember Davis gave her outgoing statements as her final meeting as **Councilmember District 6**.

Councilmember O'Neill and **Councilmember Davis** left the virtual dais.

5. Ceremonial Oaths administered to Incoming Elected Officials as follows:

- a. Administration of Oath to Elected City Clerk Hosam Haggag
- b. Administration of Oath to Elected Chief of Police Pat Nikolai
- c. Administration of Oath to Elected Councilmember for District 1 Kathy Watanabe
- d. Administration of Oath to Elected Councilmember for District 4 Kevin Park
- e. Administration of Oath to Elected Councilmember for District 5 Suds Jain
- f. Administration of Oath to Elected Councilmember for District 6 Anthony Becker

Fatima Rahman (Wife of Hosam Haggag) and Daughters administered the Oath of Office for **Hosam Haggag, City Clerk Elect.**

City Clerk Haggag administered the Oath of Office for **Pat Nikolai, Chief of Police Elect. Allison Nikolai (Daughter of Pat Nikolai)**, proceeded with the Pinning of the Chief's Badge.

Congressman Khanna gave a verbal presentation congratulating the **newly Elected Councilmembers** and proceeded to express congratulatory remarks for **Councilmember Watanabe, District 1 Councilmember Elect. Congressman Khanna** administered the Oath of Office for **Kathy Watanabe, District 1 Councilmember Elect. Councilmember Watanabe** was seated as **District 1 Councilmember.**

Stephanie Chan (Music Director for Voice of the Valley Choir) administered the Oath of Office for **Kevin N. Park, District 4 Councilmember Elect. Councilmember Park** was seated as **District 4 Councilmember.**

City Clerk Haggag administered the Oath of Office for **Sudhanshu "Suds" Jain, District 5 Councilmember Elect. Councilmember Jain** was seated as **District 5 Councilmember.**

John McLemore (Former City of Santa Clara Councilmember) administered the Oath of Office for **Anthony J. Becker, District 6 Councilmember Elect. Councilmember Becker** was seated as **District 6 Councilmember.**

6. Remarks by Incoming Elected Officials

- a. Elected City Clerk Hosam Haggag
- b. Elected Chief of Police Pat Nikolai
- c. Elected Councilmember for District 1 Kathy Watanabe
- d. Elected Councilmember for District 4 Kevin Park
- e. Elected Councilmember for District 5 Suds Jain
- f. Elected Councilmember for District 6 Anthony Becker

City Clerk Haggag gave verbal Remarks as **City Clerk**.

Chief of Police Nikolai gave verbal Remarks as **Chief of Police**.

Councilmember Becker gave verbal Remarks as **District 6 Councilmember**.

Councilmember Jain gave verbal Remarks as **District 5 Councilmember**.

Councilmember Park gave verbal Remarks as **District 4 Councilmember**.

Councilmember Watanabe gave verbal Remarks as **District 1 Councilmember**.

Public Speaker(s): Alex Shoor

7. [20-1267](#) Action on Written Petition submitted by Councilmember Chahal
Requesting a Discussion on the CVRA Appeal Case

Recommendation: Staff has no recommendation and is seeking Council direction.

Councilmember Chahal gave a verbal presentation on his Written
Petition Request. **City Attorney Doyle** addressed Council questions.

Public Speaker(s): Betsy Megas
MR
Benjamin Cooley
Debi Davis
Harbir Bhatia
Sam Liu
Wesley Mukoyama
#1494

**A motion was made by Councilmember Park, seconded by
Councilmember Jain, to direct the City Attorney to work with
Councilmember Chahal to propose an agenda item for a future
Closed Session meeting either on or before December 15, 2020.**

Aye: 7 - Vice Mayor Hardy, Councilmember Watanabe, Councilmember
Chahal, Mayor Gillmor, Councilmember Park, Councilmember Becker,
and Councilmember Jain

REPORTS OF MEMBERS AND SPECIAL COMMITTEES

None.

CITY MANAGER/EXECUTIVE DIRECTOR REPORT

None.

ADJOURNMENT

The meeting was adjourned at 9:56 PM.

**A motion was made by Councilmember Becker, seconded by
Councilmember Jain, to adjourn the meeting.**

Aye: 7 - Vice Mayor Hardy, Councilmember Watanabe, Councilmember
Chahal, Mayor Gillmor, Councilmember Park, Councilmember Becker,
and Councilmember Jain

The next regular scheduled meeting is on Tuesday evening, December 15, 2020 in the City Hall Council Chambers.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."



City of Santa Clara

Special Meeting Minutes

City Council

12/09/2020

3:30 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- **Via Zoom:**

- o <https://santaclaraca.zoom.us/j/99706759306>

Meeting ID: 997-0675-9306 or

- o Phone: 1(669) 900-6833

- **Via the City's eComment (now available during the meeting)**

- **Via email to PublicComment@santaclaraca.gov**

As always, the public may view the meetings on SantaClaraCA.gov, Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City's YouTube channel or Facebook page.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of California Government Code §54956 ("The Brown Act") and Section 708 of the Santa Clara City Charter, the Mayor calls for a Special Meeting of the City Council of the City of Santa Clara to commence and convene on December 9, 2020, at 3:30 pm for a Special Meeting held virtually via Zoom Webinar, to consider the following matter(s) and to potentially take action with respect to them.

3:30 PM SPECIAL MEETING

Call to Order

Mayor Gillmor called the meeting to order at 3:36 PM.

Pledge of Allegiance and Statement of Values

Mayor/Council recited the Pledge of Allegiance.

Councilmember Watanabe recited the Statement of Values.

Assistant City Clerk Pimentel recited the Behavioral Standards.

Roll Call

Present: 7 - Vice Mayor Karen Hardy, Councilmember Raj Chahal, Mayor Lisa M. Gillmor, Councilmember Anthony Becker, Councilmember Kevin Park, Councilmember Suds Jain, and Councilmember Kathy Watanabe

PUBLIC PRESENTATIONS

None.

CLOSED SESSION

1. [20-1284](#) Conference with Labor Negotiators (CC)
Pursuant to Gov. Code § 54957.6
City representative: Deanna J. Santana, City Manager (or designee)
Employee Organization(s):
Unit #1-Santa Clara Firefighters Association, IAFF, Local 1171
Unit #2-Santa Clara Police Officer's Association
Unit #3-IBEW Local 1245 (International Brotherhood of Electrical Workers)
Unit #4-City of Santa Clara Professional Engineers
Units #5, 7 & 8-City of Santa Clara Employees Association
Unit #6-AFSCME Local 101 (American Federation of State, County and Municipal Employees)
Unit #9-Miscellaneous Unclassified Management Employees
Unit #9A-Unclassified Police Management Employees
Unit #9B-Unclassified Fire Management Employees
Unit #10-PSNSEA (Public Safety Non-Sworn Employees Association)

Public Comment

None.

Convene to Closed Session (Council Conference Room)

Council convened to Closed Session at 3:39 PM and reconvened to Open Session at 4:53 PM.

REPORTS OF ACTION TAKEN IN CLOSED SESSION MATTERS

City Attorney Doyle noted that there was no reportable action from Closed Session.

ADJOURNMENT

The meeting adjourned at 4:55 PM.

A motion was made by Councilmember Watanabe, seconded by Councilmember Jain, to adjourn the meeting.

Aye: 7 - Vice Mayor Hardy, Councilmember Chahal, Mayor Gillmor, Councilmember Becker, Councilmember Park, Councilmember Jain, and Councilmember Watanabe

The next regular scheduled meeting is on Tuesday evening, December 15, 2020 in the City Hall Council Chambers.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
[@SantaClaraCity](https://twitter.com/SantaClaraCity)

Agenda Report

21-03

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Board, Commissions and Committee Minutes

COUNCIL PILLAR

Enhance Community Engagement and Transparency

RECOMMENDATION

Note and file the Minutes of:

Santa Clara Tourism Improvement District Advisory Board - July 10, 2019

Santa Clara Tourism Improvement District Advisory Board - August 9, 2019

Santa Clara Tourism Improvement District Advisory Board - September 10, 2019

Audit Committee - September 24, 2020

Cultural Commission - December 7, 2020

Board of Library Trustees - September 14, 2020

Board of Library Trustees - October 5, 2020

Board of Library Trustees - November 2, 2020

Task Force on Diversity, Equity, and Inclusion Meeting Minutes - November 9, 2020

Task Force on Diversity, Equity, and Inclusion Meeting Minutes - December 2, 2020

Task Force on Diversity, Equity, and Inclusion Meeting Minutes - December 9, 2020

Task Force on Diversity, Equity, and Inclusion Meeting Minutes - December 16, 2020

Youth Commission - December 8, 2020

Historical and Landmarks Commission - November 5, 2020

Santa Clara Tourism Improvement District
Advisory Board Meeting - MINUTES
Hyatt Regency Santa Clara
5101 Great America Parkway
Santa Clara, CA 95057

Wednesday, July 10, 2019, 9:00 a.m.

Call to Order/Introductions

Eron Hodges, Chair, called the meeting to order at 9:03 a.m.

- Present: 7** Joe Eustice, General Manager, Hilton Santa Clara
Eron Hodges, General Manager, Hyatt Regency Santa Clara
Callette Nielson, General Manager, Marriott Santa Clara (call-in)
Jean-Phillippe Rollet, General Manager, The Plaza Suites
Jon Siebring, General Manager, Biltmore Hotel
Mark Salquist, General Manager, Avatar Hotel (late arrival)
Peter Hart, General Manager, Embassy Suites
- Absent: 2** Alan Mass, General Manager, Hyatt House
Virginia Scimeca, General Manager, TownePlace Suites by Marriott

In Attendance

Bill Benaderet, Assistant General Manager, Santa Clara Convention Center
Dan Fenton, Executive Vice President, JLL
Kelly Carr, General Manager, Santa Clara Convention Center
Mary Lynn Brubaker, Director of Sales, Hyatt House
Melissa Belluomini, Director of Sales, Hyatt Regency Santa Clara
Nancy Thome, Asst. to the City Manager, City of Santa Clara
Ruth Shikada, Assistant City Manager, City of Santa Clara

Public Comments

None.

Action Items

1. Review and take action on meeting minutes of the June 17, 2019 Special Meeting.

A motion was made by Jean-Phillippe Rollet, seconded by Joe Eustice, to approve the meeting minutes of the June 17, 2019 Special Meeting. Motion was passed (unanimously 7-0).

General Business

2. Kelly Carr, General Manager, provided a progress update on Spectra's operations and pending future projects at the convention center.
 - Aramark will cease food and beverage services July 26 and Spectra will take over food and beverage operations on an interim basis while the City conducts and completes the current RFP process. The interim term is July 27, 2019 to December 31, 2019. The interim agreement goes to City Council for approval on July 16.
 - Key Aramark management staff have been retained except for the general manager and chef. Spectra staff are in the process of notifying current clients of the changes and to ensure as seamless transition as possible.
 - Spectra submitted their operating and capital budgets to the City which was approved in June. Some of the capital improvements include upgrades to the HVAC system, repainting of public spaces and meeting rooms, new carpets, repairs to the pyramids/roof in the lobby area and updating the outdoor marquees. Spectra recently met with the City to review procurement processes for capital projects.
 - While Spectra was able to retain the Aramark sales team contractually through the end of the calendar year, Spectra is still looking to fill the sales manager vacancy. Bill and Kelly will continue to cover sales manager related duties until the position is filled.
 - Spectra is looking to update the convention center logo and brand.
 - Spectra is currently managing an RFP processes for audio-visual and information technology services for the convention center. Proposals for both RFPs are due July 19.
3. City update on the agreement with Civitas to guide the Santa Clara TID conversion process.
 - Nancy Thome reported the final agreement is complete and is with Civitas for signature. Work will begin immediately upon execution of the agreement with the target implementation date of January 1, 2020. Nancy Thome distributed a copy of the draft schedule and noted that it is subject to change due to unforeseen delays at this time.
 - Ruth Shikada reported the two new hotels, The Element and AC, are in the process of completing required paperwork. It is anticipated that AC will be opening shortly and The Element opening near the end of July.

- Dan reported that JLL is currently working on the financial analysis: the revenue potential if the TID assessment changes to a percentage model (2%) rather than the current \$1 per room/night model; review of TID's historical revenue and the impact of the recession on revenue; and a comparison of Santa Clara's assessment rate with the total assessment rates of surrounding cities and throughout the Bay Area.
4. City update on the new Destination Marketing Organization (DMO) or Convention & Visitors Bureau (CVB).
- Nancy Thome reported that she, the City Manager, and Ruth met with two attorneys. One attorney was selected to be introduced to the new Board of Directors at their first meeting. The first meeting is been scheduled for August 5, 2019 at 4:00 p.m. at City Hall.
 - Ruth Shikada reported that the one vacant position on the Board has not yet been filled.
 - Dan Fenton reported they will be assisting the City in the professional search of the CVB CEO/Executive Director. JLL and the City have reviewed the position description and hope to begin the recruitment process shortly, which can take 60 to 90 days to complete.

General Updates

None.

Adjournment

The meeting adjourned at 9:38 a.m. The next regular scheduled meeting is on Friday, August 9, 2019, 9:00 a.m. at the Hyatt Regency Santa Clara.

**Santa Clara Tourism Improvement District
Advisory Board Meeting - MINUTES**
Hyatt Regency Santa Clara
5101 Great America Parkway
Santa Clara, CA 95057

Friday, August 9, 2019, 9:00 a.m.

Call to Order

Eron Hodges, Chair, called the meeting to order at 9:06 a.m.

Roll Call and Introductions

Present: 5 Joe Eustice, General Manager, Hilton Santa Clara
Eron Hodges, General Manager, Hyatt Regency Santa Clara
Callette Nielsen, General Manager, Marriott Santa Clara (call-in)
Peter Hart, General Manager, Embassy Suites
Mike Lerman, General Manager, AC Hotel Santa Clara

Absent: 6 Alan Mass, General Manager, Hyatt House
Jean-Phillippe Rollet, General Manager, The Plaza Suites
Mark Salquist, General Manager, Avatar Hotel
Virginia Scimeca, General Manager, TownePlace Suites by Marriott
Jon Siebring, General Manager, Biltmore Hotel
Jordan Austin, General Manager, Element Santa Clara

Public Comments

There were no public comments.

Action Items

1. Review and take action on the Minutes of the July 10, 2019 Santa Clara Tourism Improvement District (SCTID) Advisory Board Meeting.

A motion was made by Peter Hart, seconded by Mike Lerman, to approve the meeting minutes of the July 10, 2019 Meeting.

2. Action to approve subsidies for the Christian Congregations of Jehovah's Witness (CCJW) July 2020 events totaling \$82,053.
 - Eron Hodges clarified that the subsidy is for three separate events and has been a good event for the hotels that takes place during the low season.
 - Assistant City Manager Shikada reminded the group that a policy for these types of subsidies needs to be developed for the upcoming year.

A motion was made by Peter Hart, seconded by Joe Eustice to approve subsidies for the Christian Congregations of Jehovah's Witness (CCJW) July 2020 events.

General Business

3. Civitas (call-in) to discuss next steps in the TID conversion process including a review of the conversion timeline and initial draft Management District Plan (MDP).
 - The agreement with Civitas has been executed and Kelly Rankin will serve as the Civitas project manager for the conversion process. The next goal is to finalize the Management District Plan which is the document which would govern the new district. The first draft of the DMP will be distributed for review, and once approved, the petition process can begin. The MDP will include the estimated budget, proposed services, district term, assessment rate, governance, and boundary map. If the City chooses to move forward with the conversion process, the district can be established for an initial five years.
4. JLL update on TID financial analysis of revenue potential of the TID assessment changes to a percentage model (2%).
 - JLL completed the financial analysis and estimates \$3.6M (including the two new hotels) in TID revenue if the assessment was to change to 2%. The analysis of the effect of an economic cycle downturn (based on actual TOT/TID assessment history) on revenues found the impact of the economic down turn was not that significant.
5. Correction to Item 3b. attachment of the June 10, 2019 meeting: Payment of \$2,070 to California Association for the Education of Children.
 - Nancy Thome advised the group that the wrong agreement was included in the attachment distributed at the June 10th meeting. The correct copy was redistributed to the group. There was no impact to the payment and no further action was needed.
6. Update on the two new hotels.
 - Mike Lerman reported that the AC Hotel is a Marriott distinctive selective service brand hotel with 188 rooms. The target open date is August 23. There are two suites that overlook the Levi's Stadium, a pool and fitness center, several social spaces and a small board room. The Element is under the same management group, has approximately 200 rooms and more meeting spaces. The opening day was either that day or the following Monday. The grand opening party is expected to take place in about 45 days.
7. Update on the Destination Marketing Organization (DMO).
 - Eron Hodges reported the first CVB meeting took place earlier in the week. Board members discussed the CEO search and requested to view the job announcement. Attorney representative, Terry Conner, was also present at the meeting. Terry has an initial agreement with the City to focus on the development and establishment of the

CVB. Board members also discussed the identity of the organization and established the interim name Silicon Valley/Santa Clara DMO. The hotel representatives expressed their desire to retain the name "Visit Santa Clara"; however, this would require further discussion with Destination Advantage as they may own the rights to that name. The group agreed an outward facing name should be established soon.

General Updates

- Callette Nielsen reported that the renovations at the Marriott are scheduled to be complete by the end of October. They have been working with the Fire Marshal to work through some items. The south tower is almost done and work in the north tower will begin this week.
- Joe Eustice stated that he and Eron will be relying on this group for input as the new DMO moves forward.
- The TID hotels requested to receive a regular pace report from the Convention Center. A future meeting to discuss this report and booking strategies will schedule.
- Nancy Thome reported that the City Attorney's Office will provide a training on the Brown Act at the next TID Advisory Board meeting on September 10.

Adjournment

The meeting adjourned at 9:55 a.m. The next regular scheduled meeting is on Tuesday, September 10, 2019, 9:00 a.m. at the Hyatt Regency Santa Clara.

**Santa Clara Tourism Improvement District
Advisory Board Meeting - MINUTES**
Hyatt Regency Santa Clara
5101 Great America Parkway
Santa Clara, CA 95057

Tuesday, September 10, 2019, 9:00 a.m.

Call to Order

Eron Hodges, Chair, called the meeting to order at 9:04 a.m.

Roll Call and Introductions

Present: 8 Joe Eustice, General Manager, Hilton Santa Clara
Eron Hodges, General Manager, Hyatt Regency Santa Clara
Peter Hart, General Manager, Embassy Suites
Jon Siebring, General Manager, Biltmore Hotel
Jean-Phillippe Rollet, General Manager, The Plaza Suites (10:20 a.m. departure)
Mike Lerman, General Manager, AC Hotel Santa Clara
Jordan Austin, General Manager, Element Santa Clara
Mark Salquist, General Manager, Avatar Hotel (9:18 a.m. arrival)

Absent: 3 Alan Mass, General Manager, Hyatt House
Virginia Scimeca, General Manager, TownePlace Suites by Marriott
Callette Nielsen, General Manager, Marriott Santa Clara

Public Comments

There were no public comments.

Presentation

1. Presentation by City of Santa Clara Assistant City Attorney Sujata Reuter on the Brown Act (30 minutes).
 - A copy of the presentation was distributed to TID Advisory Board Members.

Action Items

2. Action on the Minutes of the July 10, 2019 Santa Clara Tourism Improvement District (SCTID) Advisory Board Meeting.
 - This item was placed back on the agenda from the August 9, 2019 meeting as a quorum was not met to pass a motion and vote.

A motion was made by Joe Eustice, seconded by Peter Hart, to approve the meeting minutes of the July 10, 2019 Santa Clara Tourism Improvement District Advisory Board Meeting. Motion passed unanimously (8-0).

3. Action on the subsidy to the Convention Center in the amount of \$82,053 for the Christian Congregations of Jehovah's Witness (CCJW) July 2020 events.
 - This item was placed back on the agenda from the August 9, 2019 meeting as a quorum was not met to pass a motion and vote.

A motion was made by Jean-Phillipe Rollet, seconded by Mark Salquist, to approve the subsidy to the Convention Center in the amount of \$82,053 for the CCJW July 2020 events. Motion passed unanimously (8-0).

4. Discuss and take action on the purchase of an exhibit booth at the California Society of Association Executives (CalSAE) Seasonal Spectacular in Sacramento December 16-17, 2019 in the amount of \$1,465.
 - In previous years, the CVB purchased two booths at the annual CalSAE conference as a destination marketing strategy effort. Last year, representatives from different TID hotels attended in a collaborative effort to market Santa Clara as a destination. This year, it is proposed that the cost for the booths be shared and supported by TID funds and the Convention Center. The non-member rate is \$1,845 x 2 booths = \$3,690. The Hyatt is a member of CalSAE and can purchase two booths at the reduced member rate of \$1,465 x 2 booths = \$2,920.

A motion was made by Mark Salquist, seconded by Peter Hart, to approve the purchase of an exhibit booth at the annual CalSAE conference in the amount of \$1,465. Motion passed unanimously (8-0).

General Business

5. Update on September 4, 2019 meeting between the Convention Center and TID Hotel regarding 2020 pace report.
 - The meeting schedule on September 4, 2019 was not well attended. The Hyatt was the only hotel in attendance. A draft copy of the proposed booking strategy, FY 18/19 and FY 19/20 PACE reports, and compression calendar was distributed.
6. City updates:
 - a. Current status of the Food & Beverage RFP process and transition
 - b. Progress on the establishment of the Silicon Valley/Santa Clara DMO
 - c. Progress on the recruitment efforts for the DMO President/CEO
 - d. Progress on the TID conversion process

- The RFP process is complete, and the City is in contract negotiations with Levy. It is anticipated the transition will begin November 1 rather than October 1, with Levy fully assuming food and beverage operations January 1, 2020.
- Last week the City, Terry Conner (Thoit's Law) and Civitas discussed the need to align development of the DMO with the TID conversion efforts. It is anticipated that the initial timeline provided by Civitas to have a new district formed by January 1, 2020 will most likely change to allow for adequate time for the TID hotels' interest to be communicated and considered by City Council.
- City staff will be providing a verbal report on the progress of the DMO and the TID to the Economic Development, Communications and Marketing Committee Meeting September 18, 2019, 3:00 p.m., City Council Chambers. TID Advisory Board members were invited to attend.
- A handout outlining the differences between TIDs under the 1989 and 1994 Laws was distributed.

General Updates

Adjournment

The meeting adjourned at 10:28 a.m. The next regular scheduled meeting is on Thursday, October 10, 2019, 9:00 a.m. at the Hyatt Regency Santa Clara.



City of Santa Clara

Meeting Minutes

Audit Committee

09/24/2020

3:30 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- Via Zoom:
 - o <https://santaclaraca.zoom.us/j/99199624617>

Meeting ID: 991 9962 4617 or

- o Phone: 1(669) 900-6833

CALL TO ORDER AND ROLL CALL

Chairperson Gillmor called the meeting to order at 3:35 P.M.

Present 3 - Chair Lisa M. Gillmor, Member Kathy Watanabe, and Member Karen Hardy

CONSENT CALENDAR

1. [20-857](#) Audit Committee Minutes

Recommendation: Approve the Audit Committee minutes of March 4, 2020.

A motion was made by Committee Member Hardy, seconded by Committee Member Watanabe, to approve staff recommendation.

Aye: 3 - Chair Gillmor, Member Watanabe, and Member Hardy

PUBLIC PRESENTATIONS

GENERAL BUSINESS

2. [20-858](#) Overview of Santa Clara Stadium Authority Fiscal Year 2019/20 Annual Financial Statements and Audit Results Presentation by KPMG, LLP

Recommendation: Accept the Santa Clara Stadium Authority Fiscal Year 2019/20 Annual Financial Statements and recommend that the Stadium Authority note and file the report at the October 13, 2020 Joint Council and Authorities Concurrent and Stadium Authority meeting.

A motion was made by Committee Member Watanabe, seconded by Committee Member Hardy, to approve staff recommendation.

Aye: 3 - Chair Gillmor, Member Watanabe, and Member Hardy

STAFF REPORT

COMMITTEE REPORT

ADJOURNMENT

Chairperson Gillmor adjourned the meeting at 4:14 P.M. A motion was made by Member Hardy, seconded by Member Watanabe, to adjourn the meeting.

Aye: 3 - Chair Gillmor, Member Watanabe, and Member Hardy

Future Audit Committee Meetings will be scheduled at a later date.



City of Santa Clara

Meeting Minutes

Cultural Commission

12/07/2020

7:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely.

Via Zoom:

<https://santaclaraca.zoom.us/j/98272283531>

Webinar ID: 982 7228 3531

Or join by phone: 1 669 900 6833

The meeting set-up is in line with the recommendations of the COVID-19 White House Task Force, which notes no more than ten (10) people gathering. The Chair will be present for the meeting with the staff liaison and commissioners participating remotely.

CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Samara at 7:06 P.M.

Present 5 - Chair Louis Samara, Commissioner Debra von Huene, Commissioner Candida Diaz, Vice Chair Jonathan Marinaro, and Commissioner Teresa Sulcer

Absent 2 - Commissioner Harbir Bhatia, and Commissioner Niha Mathur

CONSENT CALENDAR

1.A [20-1178](#) Cultural Commission Regular Meeting Minutes of November 2, 2020

Recommendation: Approve the Cultural Commission Regular Meeting Minutes of November 2, 2020.

A motion was made by Commissioner von Huene and seconded by Vice Chair Marinaro, that this item be adopted. The motion passed with the following vote:

Aye: 5 - Chair Samara, Commissioner von Huene, Commissioner Diaz, Vice Chair Marinaro, and Commissioner Sulcer

Absent: 2 - Commissioner Bhatia, and Commissioner Mathur

PUBLIC PRESENTATIONS

Atisha Varshney spoke in favor of the Franklin Forward Art Project.

GENERAL BUSINESS

Commissioners reviewed the Work Plan and goals and activities presented by subcommittees. Date changes and subcommittee changes were made to the Work Plan.

Commissioner Bhatia joined meeting at 7:09 P.M.

2. [20-1175](#) Cultural Commission Work Plan FY2020/21 Goals and Activities

Recommendation: Adopt Cultural Commission Work Plan FY2020/21

A motion was made by Commissioner von Huene and seconded by Commissioner Bhatia, that the Work Plan FY2020/21 Goals and Activities be approved with modifications of dates and subcommittee changes. Changes are made in the report and will be presented at the Jan. 4 meeting.

Aye: 6 - Chair Samara, Commissioner Bhatia, Commissioner von Huene, Commissioner Diaz, Vice Chair Marinaro, and Commissioner Sulcer

Absent: 1 - Commissioner Mathur

A motion was made by Commissioner von Huene and seconded by Commissioner Diaz, to add Ron Muriera, a City of SJ Cultural Commissioner and member of the California Arts Council, to the Jan. 4 Cultural Commission Agenda to help with projects and the Master Plan.

Aye: 6 - Chair Samara, Commissioner Bhatia, Commissioner von Huene, Commissioner Diaz, Vice Chair Marinaro, and Commissioner Sulcer

Absent: 1 - Commissioner Mathur

STAFF REPORT

Recreation Manager Castro provided an update on Recreation events, including Elf Adventure in Santa Clara and the Holiday Home Decorating Contest. She will provide date for judging. She mentioned there is a City Council installation on December 8, and that everyone should have received an invitation to attend. In addition, she is looking forward to the upcoming videos the commission is providing for the holidays, as they need to be approved before posting.

COMMISSIONERS REPORT

Chair Samara mentioned the Halloween videos and contest. He presented at the City Council meeting. Council delivered certificates. He said it was very well received and thanked everyone. Participation increased from last year.

Commissioner Bhatia reported she is working with Rotary, Christmas for Kids. Requested that anyone who wants to share art or gifts, or clothes for the Honduras relief should contact her.

Commissioner von Huene acknowledged how well received the Diwali video was and that it had more than 1000 views and great comments. Mentioned the Hanukkah video. She is volunteering on Catalyze SV. community engagement team. Facilitated online meetings focusing on the arts.

Commissioner Marinaro mentioned he is working on the Hanukkah video and it will be posted on the Cultural Commission page.

Commissioner Sulcer mentioned she is working on the Kwanzaa video.

ADJOURNMENT

A motion was made by Commissioner von Huene, seconded by Vice Chair Marinara, that the meeting be adjourned at 8:18 P.M.

Aye: 6 - Chair Samara, Commissioner Bhatia, Commissioner von Huene, Commissioner Diaz, Vice Chair Marinaro, and Commissioner Sulcer

Absent: 1 - Commissioner Mathur



City of Santa Clara

Meeting Minutes

Board of Library Trustees

09/14/2020

6:00 PM

Central Park Library, Board Room,
2635 Homestead Rd.
Santa Clara, CA 95051

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

Via Zoom:

- <https://santaclaraca.zoom.us/j/91850194151>

Meeting ID: 918 5019 4151 or

- Phone: 1(669) 900-6833

PUBLIC PARTICIPATION IN ZOOM WEBINAR: Please follow the guidelines below when participating in a Zoom Webinar:

- The meeting will be recorded so you must choose 'continue' to accept and stay in the meeting.
- If there is an option to change the phone number to your name when you enter the meeting, please do so as your name will be visible online and will be used to notify you that it is your turn to speak.
- Mute all other audio before speaking. Using multiple devices can cause an audio feedback.
- Use the raise your hand feature in Zoom when you would like to speak on an item and lower when finished speaking. Press *9 to raise your hand if you are calling in by phone only.
- Identify yourself by name before speaking on an item.
- Unmute when called on to speak and mute when done speaking. If there is background noise coming from a participant, they will be muted by the host. Press *6 if you are participating by phone to unmute.
- If you no longer wish to stay in the meeting once your item has been heard, please exit the meeting.

CALL TO ORDER AND ROLL CALL

Chair Broughman called the meeting to order at 6:05 PM.

A motion was made by Trustee Hintermeister, seconded by Trustee Ricossa to move Staff presentation 20-864 to the beginning of the agenda.

Aye: 5 - Chair Broughman, Vice Chair Tryforos, Member Hintermeister, Member Ricossa, and Member Briefman

STAFF REPORT

[20-864](#)

Verbal Update from the City Manager on the Recruitment Process for the City Librarian (Council Pillar: Enhance Community Engagement and Transparency)

Recommendation: There is no staff recommendation.

City Manager Santana informed the Board that a serial communications violation of the Brown Act had occurred when an email had been sent to the Board of Library Trustees regarding an item on the agenda. **Ms. Santana** noted that the Board should have received notification of the violation from the City Attorney's office and that additional training on the Brown Act would be scheduled for an upcoming Board meeting.

City Manager Santana thanked retiring **City Librarian Keith** for her service and contributions to the Library. **Ms. Santana** also informed the Board that COVID-19 had delayed the scheduled recruitment and that the search to replace **Ms. Keith** would be re-launched in the new calendar year. In response to the Board's request to provide additional input on the desired attributes of the next City Librarian, **City Manager Santana** invited the Board to have that discussion at an upcoming meeting and to submit their input. **City Manager Santana** announced that **Assistant City Manager Cynthia Bojorquez** would be assuming the additional responsibilities of Acting City Librarian and provided a brief overview of her prior experience as a Library Director and as an experienced public sector executive.

CONSENT CALENDAR

Approved Staff Recommendation

Aye: 4 - Chair Broughman, Vice Chair Tryforos, Member Hintermeister, and Member Ricossa

Abstained: 1 - Member Briefman

1.A 20-856 Board of Library Trustees Minutes of March 2, 2020

Recommendation: Approve March 2, 2020 meeting minutes.

2.A 20-866 Board of Library Trustees Minutes of March 9, 2020

Recommendation: Approve March 9, 2020 meeting minutes.

PUBLIC PRESENTATIONS

JoAnn Davis, Executive Director (Library Foundation and Friends) gave an update on Foundation activities

GENERAL BUSINESS

STAFF REPORT

[20-865](#)

Staff Report: Library Reports and Updates (Council Pillar: Enhance Community Engagement and Transparency)

City Librarian Keith gave an update on library activities including curbside services as well as on-going and upcoming programs.

Trustee Ricossa, seconded by **Trustee Hintermeister** made a motion to thank retiring **Hilary Keith, City Librarian**, for her work and dedication including her work with the Board of Library Trustees.

TRUSTEES REPORT

Roles and responsibilities to be discussed at October meeting including discussion regarding Liaison to the Foundation and Friends.

Trustee Tryforos suggested purchasing additional copies of *The Successful Library Trustee Handbook* for new Trustees.

Trustee Hintermeister asked about the change in qualifications in the City Librarian classification and suggested that it be added as a topic for discussion at a future meeting.

ADJOURNMENT

The meeting was adjourned at 7:09 PM.

A motion was made by Trustee Hintermeister seconded by Trustee Tryforos to adjourn the meeting.

Aye: 5 - Chair Broughman, Vice Chair Tryforos, Member Hintermeister, Member Ricossa, and Member Briefman



City of Santa Clara

Meeting Minutes

Board of Library Trustees

10/05/2020

6:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

Via Zoom:

- <https://santaclaraca.zoom.us/j/91850194151>

Meeting ID: 918 5019 4151 or

- Phone: 1(669) 900-6833

PUBLIC PARTICIPATION IN ZOOM WEBINAR: Please follow the guidelines below when participating in a Zoom Webinar:

- The meeting will be recorded so you must choose 'continue' to accept and stay in the meeting.
- If there is an option to change the phone number to your name when you enter the meeting, please do so as your name will be visible online and will be used to notify you that it is your turn to speak.
- Mute all other audio before speaking. Using multiple devices can cause an audio feedback.
- Use the raise your hand feature in Zoom when you would like to speak on an item and lower when finished speaking. Press *9 to raise your hand if you are calling in by phone only.
- Identify yourself by name before speaking on an item.
- Unmute when called on to speak and mute when done speaking. If there is background noise coming from a participant, they will be muted by the host. Press *6 if you are participating by phone to unmute.
- If you no longer wish to stay in the meeting once your item has been heard, please exit the meeting.

CALL TO ORDER AND ROLL CALL

Chair Broughman called the meeting to order at 6:05PM.

Present 4 - Trustee Leonne Broughman, Trustee Debbie Tryforos, Vice Chair Jan Hintermeister, and Chair Stephen Ricossa

Excused 1 - Trustee Joshua Briefman

PUBLIC PRESENTATIONS

GENERAL BUSINESS

1. [20-934](#) Action on a Resolution Amending in Part Resolution No. 19-8767, Setting the Number of Regular Meetings of the Board of Library Trustees and Approving the 2021 Board of Library Trustees Calendar of Meetings (Council Pillar: Enhance Community Engagement and Transparency)

Recommendation: Adopt a Resolution amending in part Resolution No. 19-8767, setting the number of regular Board of Library Trustees meetings and approving the 2021 Board of Library Trustees Calendar of Meetings.

A motion was made by Trustee Ricossa that this item be approved on the condition that the draft calendar indicate the cancellation of meetings in January and July and a special meeting on September 13th, the Monday following the Labor Day holiday.

Aye: 4 - Trustee Broughman, Trustee Tryforos, Vice Chair Hintermeister, and Chair Ricossa

Excused: 1 - Trustee Briefman

2. [20-935](#) Election of a Chair and Vice Chair for the Board of Library Trustees (Council Pillar: Enhance Community Engagement and Transparency)

Recommendation: Nominate and elect a Chair and Vice Chair of the Board of Library Trustees for the remainder of FY2020-2021.

Trustee Ricossa was elected as Chair and Trustee Hintermeister was elected as Vice Chair.

Aye: 4 - Trustee Broughman, Trustee Tryforos, Vice Chair Hintermeister, and Chair Ricossa

Excused: 1 - Trustee Briefman

STAFF REPORT

3. [20-932](#) Review and Update Work List (Council Pillar: Enhance Community Engagement and Transparency)
- Assistant City Librarian Sims gave an update on the Patrick Henry development and the solar project taking place at the Northside Branch Library.**
4. [20-933](#) Verbal Report on Library Programs and Activities (Council Pillar: Enhance Community Engagement and Transparency)
- Acting City Librarian Bojorquez gave a presentation and verbal report on some Library projects and activities.**

COMMISSIONERS REPORT

ADJOURNMENT

The meeting was adjourned at 6:55 PM.

A motion was made by Trustee Broughman, seconded by Vice Chair Hintermeister to adjourn the meeting.

Aye: 4 - Trustee Broughman, Trustee Tryforos, Vice Chair Hintermeister, and Chair Ricossa

Excused: 1 - Trustee Briefman



City of Santa Clara

Meeting Minutes

Board of Library Trustees

11/02/2020

6:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

Via Zoom:

- <https://santaclaraca.zoom.us/j/91850194151>

Meeting ID: 918 5019 4151 or

- Phone: 1(669) 900-6833

PUBLIC PARTICIPATION IN ZOOM WEBINAR: Please follow the guidelines below when participating in a Zoom Webinar:

- The meeting will be recorded so you must choose 'continue' to accept and stay in the meeting.
- If there is an option to change the phone number to your name when you enter the meeting, please do so as your name will be visible online and will be used to notify you that it is your turn to speak.
- Mute all other audio before speaking. Using multiple devices can cause an audio feedback.
- Use the raise your hand feature in Zoom when you would like to speak on an item and lower when finished speaking. Press *9 to raise your hand if you are calling in by phone only.
- Identify yourself by name before speaking on an item.
- Unmute when called on to speak and mute when done speaking. If there is background noise coming from a participant, they will be muted by the host. Press *6 if you are participating by phone to unmute.
- If you no longer wish to stay in the meeting once your item has been heard, please exit the meeting.

CALL TO ORDER AND ROLL CALL

Chair Ricossa called the meeting to order at 6:08 PM.

Present 4 - Trustee Leonne Broughman, Trustee Debbie Tryforos, Vice Chair Jan Hintermeister, and Chair Stephen Ricossa

Absent 1 - Trustee Joshua Briefman

CONSENT CALENDAR

A motion was made by Trustee Broughman, seconded by Trustee Tryforos to approve the Consent Calendar.

Aye: 4 - Trustee Broughman, Trustee Tryforos, Vice Chair Hintermeister, and Chair Ricossa

Absent: 1 - Trustee Briefman

1.A [20-938](#) Board of Library Trustees Minutes of September 14, 2020

Recommendation: Approve September 14, 2020 meeting minutes.

Approved Staff Recommendation

1.B [20-1123](#) Board of Library Trustees Minutes of October 5, 2020

Recommendation: Approve October 5, 2020 meeting minutes.

Approved Staff Recommendation

PUBLIC PRESENTATIONS

JoAnn Davis, Executive Director (Library Foundation and Friends)
emailed an update on Foundation activities.

GENERAL BUSINESS

2. [20-1121](#) Election of a Board of Library Trustees Liaison to the Santa Clara City Library Foundation and Friends Board of Directors (Council Pillar: Enhance Community Engagement and Transparency)

Recommendation: Nominate and elect a Liaison from the Board of Library Trustees to the Santa Clara City Library Foundation & Friends for the remainder of FY2020-2021.

A motion was made by Trustee Broughman, seconded by Trustee Hintermeister to elect Trustee Tryforos as Board of Library Trustee Liaison.

Aye: 4 - Trustee Broughman, Trustee Tryforos, Vice Chair Hintermeister, and Chair Ricossa

Absent: 1 - Trustee Briefman

STAFF REPORT

3. [20-1122](#) Presentation on the City Charter Provisions Related to the Roles and Responsibilities of the Board of Library Trustees, Brown Act, and Conflict of Interest

Recommendation: Note and File the Report from the City Attorney's Office.

Assistant City Attorney, Elizabeth Klotz presented the City of Santa Clara Board of Library Trustees Roles and Responsibilities, Ralph M. Brown Act, Conflicts of Interest, and the Public Records Act.

Approved Staff Recommendation

4. [20-977](#) Discussion and Recommendation on Desired Attributes and Community Priorities for the Next City Librarian (Council Pillar: Enhance Community Engagement and Transparency)

Recommendation: Review and discuss additional attributes and desired characteristics of the next City Librarian for recommendation to the City Manager

The Board reiterated its recommendation that a Masters Degree in Library Information Science or equivalent be restored into the City Librarian job qualifications. The Board asks that the new City Librarian be willing to work with staff to stimulate and push innovation. An additional desired attribute is that the new City Librarian has experience in managing a multi-branch system.

A motion to continue the discussion at the next Board Meeting was made by Trustee Broughman, seconded by Trustee Hintermeister.

Aye: 4 - Trustee Broughman, Trustee Tryforos, Vice Chair Hintermeister, and Chair Ricossa

Absent: 1 - Trustee Briefman

5. [20-1120](#) Verbal Report on Library Programs and Activities (Council Pillar: Enhance Community Engagement and Transparency)

Recommendation: Note and file the monthly update on Library activities.

Acting City Librarian Bojorquez gave an update on Library projects and activities including the Library Voting Centers. The County Registrar of Voters reported that the Central Park Library had the highest rate of returns in the county.

TRUSTEES REPORT

ADJOURNMENT

The meeting was adjourned at 7:27 PM.

A motion was made by Trustee Broughman, seconded by Trustee Tryforos to adjourn the meeting.

Aye: 4 - Trustee Broughman, Trustee Tryforos, Vice Chair Hintermeister, and Chair Ricossa

Absent: 1 - Trustee Briefman



City of Santa Clara

Meeting Minutes

Task Force on Diversity, Equity, and Inclusion

11/09/2020

7:00 PM

Virtual Meeting

CALL TO ORDER AND ROLL CALL

Present 4 - Chair Darius Brown, Vice Chair Neil Datar, Member Andrew Knaack, and Member Dianna Zamora-Marroquin

Member Zamora-Marroquin joined the meeting at 7:20 p.m.

CONSENT CALENDAR

1. [20-1147](#) Task Force on Diversity, Equity, and Inclusion Meeting Minutes of October 29, 2020

A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried, that the Task Force approve the meeting minutes of October 29, 2020.

Aye: 3 - Chair Brown, Vice Chair Datar, and Member Knaack

Off Dias: 1 - Member Zamora-Marroquin

PUBLIC PRESENTATIONS

None.

GENERAL BUSINESS

2. [20-1153](#)

Introduction of Community Partner Organization - African American Community Services Agency

Vice Chair Neil Datar reported that he signed a Community Partner MOU with the African American Community Services Agency (AACSA) and introduced Policy and Advocacy Coordinator Helen Kassa as the Task Force's primary contact for the community partner organization. Policy and Advocacy Coordinator Kassa gave a presentation on AACSA's mission, policy and advocacy work, and outreach to the community. The Task Force Members introduced themselves to the Policy and Advocacy Coordinator Kassa. Mayor Gillmor commented that she has worked AACSA Executive Director Milan Balinton in the past that she is excited to have Policy and Advocacy Coordinator Kassa join the Task Force as a community partner.

A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried that the Task Force approve the MOU with the African American Community Services Agency and approve Helen Kassa as the Task Force's community partnership liaison.

Aye: 3 - Chair Brown, Vice Chair Datar, and Member Knaack

Off Dias: 1 - Member Zamora-Marroquin

3. **Update from Community Communicators Subcommittee on Community Organizations and Community Partner Criteria**

The Task Force reviewed the Community Partner Criteria document and made suggested amendments. Director of Social Sector Ethics at the Markkula Center for Applied Ethics Joan Harrington commented that the Task Force may consider sharing the document to potential community partners for their input and feedback. The Task Force expressed their support in sending the document to at least two organizations. A motion was made by Member Knaack, seconded by Vice Chair Datar, and unanimously carried, that the Task Force refer the item back to the Community Communicators Subcommittee to send the amended document to two organizations for feedback and continue the item for further consideration at the next regular meeting.

Aye: 3 - Chair Brown, Vice Chair Datar, and Member Knaack

Off Dias: 1 - Member Zamora-Marroquin

4. Update on Subcommittee Work Effort on OpenGov Survey Seeking Community Input on Observance of Columbus Day

Chair Brown reported that the subcommittee worked with City staff to develop the OpenGov survey that respectfully considers the historical significance of Columbus Day and Indigenous Peoples' Day. Chair Brown also commented that the subcommittee determined that, because they are not subject matter experts, they would reach out to indigenous peoples groups for feedback on the developed survey. Member Knaack reported on the subcommittee's work effort and asked the Task Force for any input. Vice Chair Datar and Member Zamorra-Marroquin provided comments and expressed their support in reaching out to subject matter experts for feedback. Member Knaack commented that the subcommittee will work on the input received and will report back at the next regular meeting. This was informational item only and no action was taken by the Task Force.

5. Verbal Update on Application Status and On-line Engagement

Assistant City Clerk Nora Pimentel provided an update on the Task Force applications received. Director of Communications Lon Peterson reported that a press release went out with the application and via the City's social media channels. City Attorney Brian Doyle introduced Luis Haro in the City Attorney's Office who will be serving as an alternate advisor to the Task Force and will be sitting in on the Task Force interviews. This was informational item only and no action was taken by the Task Force.

6. Review Email Communications Received from Community Members

Member Zamora-Marroquin reported on email communications received. This was informational item only and no action was taken by the Task Force.

ADJOURNMENT

The meeting was adjourned at 8:01 p.m.



City of Santa Clara

Meeting Minutes

Task Force on Diversity, Equity, and Inclusion

12/02/2020

5:00 PM

Virtual Meeting

CALL TO ORDER AND ROLL CALL

Chair Brown called the meeting to order at 5:03 p.m.

Present 3 - Chair Darius Brown, Vice Chair Neil Datar, and Member Andrew Knaack

Absent 1 - Member Dianna Zamora-Marroquin

PUBLIC PRESENTATIONS

Susan Hinton made general comments regarding the review of police force policies and using available data.

GENERAL BUSINESS

1. [20-1228](#) Discussion and Action on Accepting Late Applicants to Task Force on Diversity, Equity, and Inclusion Vacancies

The Task Force discussed accepting late applications received after the November 13, 2020 at 5:00 p.m. deadline and from individuals who inquired about applying on November 24, 2020. The Task Force members expressed that they would be in support accepting the complete application packets received on the date of the deadline.

A motion was made by Member Knaack, seconded by Vice Chair Datar, and unanimously carried that the Task Force accept the four complete applications received after the November 13, 2020, at 5:00 p.m. deadline.

A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried that the Task Force decline accepting applications from the two individuals who inquired about applying on November 24th and the individual who submitted the incomplete application. The Task Force asked staff to invite these individuals to participate in future listening sessions when informing them of the Task Force's decision to not accept their applications.

Aye: 3 - Chair Brown, Vice Chair Datar, and Member Knaack

Absent: 1 - Member Zamora-Marroquin

2. [20-1229](#) Discussion and Action on Selection Process for the remaining seats of the Task Force on Diversity, Equity, and Inclusion

The Task Force reviewed and discussed the selection process and voting guidelines for appointment of the three remaining vacancies.

A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried that the Task Force approve the proposed selection process and voting guidelines.

Aye: 3 - Chair Brown, Vice Chair Datar, and Member Knaack

Absent: 1 - Member Zamora-Marroquin

3. **Discussion and Action on Interview Questions**

The Task Force discussed potential questions for the Task Force interviews and provided their input. A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried that the Task Force approve the five interview questions discussed and ask staff to provide the interview questions to the applicants and to inform the applicants of the 10-minute time limit for interviews and of the structure of the 10 minutes allowed (e.g., 2 minutes for opening statement, 7 minutes for questions, and 1 minute for closing statement).

Aye: 3 - Chair Brown, Vice Chair Datar, and Member Knaack

Absent: 1 - Member Zamora-Marroquin

ADJOURNMENT

The meeting was adjourned at 6:28 p.m.



City of Santa Clara

Meeting Minutes

Task Force on Diversity, Equity, and Inclusion

12/09/2020

5:00 PM

Virtual Meeting

CALL TO ORDER AND ROLL CALL

Chair Brown called the meeting to order at 5:05 p.m.

Present 4 - Chair Darius Brown, Vice Chair Neil Datar, Member Andrew Knaack, and Member Dianna Zamora-Marroquin

PUBLIC PRESENTATIONS

None.

GENERAL BUSINESS

1. [20-1233](#) Interviews for Appointments to Task Force on Diversity, Equity, and Inclusion Vacancies

Staff reported that one applicant scheduled on Day 1 of interviews had withdrawn from consideration. The Task Force interviewed a total of 19 applicants. The remaining applicants will be interviewed on Day 2 of interviews scheduled on December 16, 2020.

ADJOURNMENT

The meeting was adjourned at 9:30 p.m.



City of Santa Clara

Meeting Minutes

Task Force on Diversity, Equity, and Inclusion

12/16/2020

5:00 PM

Virtual Meeting

CALL TO ORDER AND ROLL CALL

Chair Brown called the meeting to order at 5:45 p.m.

Present 4 - Chair Darius Brown, Vice Chair Neil Datar, Member Andrew Knaack, and Member Dianna Zamora-Marroquin

PUBLIC PRESENTATIONS

None.

GENERAL BUSINESS

1. [20-1298](#) Interviews and Appointments to Task Force on Diversity, Equity, and Inclusion Vacancies

The Task Force interviewed the 11 remaining applicants.

A motion was made by Vice Chair Datar, seconded by Member Zamora-Marroquin, and unanimously carried that the Task Force recommend Joyce Davis, Mark Gilley, and Dorothy Ma for formal appointment to the three remaining Task Force vacancies by the City Council.

A motion was made by Member Knaack, seconded by Vice Chair Datar, and unanimously carried that a Task Force create an eligibility list made up of the applicants who made it to the last round of voting, but were not selected: Innæe Park, Gustavo Rangel, and Kevin Landis.

Aye: 4 - Member Knaack, Chair Brown, Vice Chair Datar, and Member Zamora-Marroquin

COMMITTEE MEMBERS REPORT

Chair Brown provided a brief update on outreach to Native American organizations. Vice Chair Datar provided a brief update on the Community Communicators Subcommittee's work effort.

STAFF REPORT

Staff Analyst Genevieve Yip reported that staff will be reaching out to prepare for the next regular meeting scheduled on January 11, 2021 and that the Task Force's recommended appointments would be brought to the Council at their next regular meeting scheduled on January 12, 2021.

ADJOURNMENT

A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried that the meeting be adjourned. The meeting was adjourned at 9:36 p.m.

Aye: 4 - Chair Brown, Vice Chair Datar, Member Knaack, and
Member Zamora-Marroquin



City of Santa Clara

Meeting Minutes Youth Commission

12/08/2020

6:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

Via Zoom:

o <https://santaclaraca.zoom.us/j/92321902667>

Meeting ID: 923 2190 2667 or

o Phone: 1(669) 900-6833

The meeting set-up is in line with the recommendations of the COVID-19 White House Task Force, which notes no more than ten (10) people gathering. The Chair will be present for the meeting with the staff liaison and commissioners participating remotely.

CALL TO ORDER AND ROLL CALL

Chair Suresh called the meeting to order at 6:02 p.m.

Present 15 - Commissioner Aarav Gupta , Commissioner Ahmad Ismail, Commissioner Jasmine Kelly-Tanti, Commissioner Khadeejah Khan, Commissioner Rajvi Khanjan Shroff, Vice Chair Adrienne Krivokapic-Zhou , Commissioner Colin Lim , Commissioner Riya Mehta, Commissioner Kayla Phan, Commissioner Palak Parikh , Commissioner Sarah Zuo, Commissioner Kavya Sriram , Chair Smrithi Suresh , Commissioner Natasha Yen , and Commissioner Amy Zuo

CONSENT CALENDAR

1.A [20-1209](#) Youth Commission Minutes of November 10, 2020

Recommendation: Approve the Youth Commission Minutes of November 10, 2020.

**A motion was made by Commissioner Parikh, seconded by Commissioner Sriram, that this item be recommended for approval.
The motion carried by the following vote:**

Aye: 15 - Commissioner Gupta, Commissioner Ismail, Commissioner Kelly-Tanti, Commissioner Khan, Commissioner Shroff, Vice Chair Krivokapic-Zhou, Commissioner Lim, Commissioner Mehta, Commissioner Phan, Commissioner Parikh, Commissioner Zuo, Commissioner Sriram, Chair Suresh, Commissioner Yen, and Commissioner Zuo

PUBLIC PRESENTATIONS

None

GENERAL BUSINESS

2. [20-1210](#) Youth Commission FY2020/21 Work Plan & Goals

Recommendation: Recommend Adoption of the Youth Commission Work Plan Goals for FY 2020/21, and appoint subcommittees as needed.

The Youth Commission's FY2020/21 work plan will include themes of environmentalism, health and wellness, and public outreach. Each theme will have a committee, comprised of Youth Commissioners, to plan activities to deliver to the community.

Vice Chair Krivokapic-Zhou made a motion, seconded by Commissioner Ismail, that this item be recommended for approval. The motion carried by the following vote:

Aye: 15 - Commissioner Gupta, Commissioner Ismail, Commissioner Kelly-Tanti, Commissioner Khan, Commissioner Shroff, Vice Chair Krivokapic-Zhou, Commissioner Lim, Commissioner Mehta, Commissioner Phan, Commissioner Parikh, Commissioner Zuo, Commissioner Sriram, Chair Suresh, Commissioner Yen, and Commissioner Zuo

STAFF REPORT

Amy Cote, from the City Library, shared that the Library's curbside and lobby service has been suspended through January 4, 2021, due to the latest County of Santa Clara public health orders. Comicon will be virtual on Saturday, December 12, from 11:00 a.m. to 2:00 p.m. Gayle Ichiho, from the Parks and Recreation Department, informed commissioners that in-person, recreation programs have been suspended through January 4, 2021, including playgrounds, basketball courts, and skate park. The Food for Families, in cooperation with the Salvation Army, program has been distributing food to community members. The virtual Holiday Tree Lighting ceremony premiered on Friday, December 4 and can be found on the City's various social media channels. Parks and Recreation holiday programs include selfie with an elf, Santa's workshop activity bundles, and virtual visits with Santa.

COMMISSIONERS REPORT

3. [20-1211](#) Youth Commission Committee Reports on Work Plan Goals

Recommendation: Recommend to Adopt the Youth Commission Work Plan Goals for FY 2020/2021, and appoint subcommittees as needed.

Members from each working committee shared their mission statements to support the term's work plan. The Environmentalism Committee seeks to engage City of Santa Clara youth to increase climate awareness, sustainability, and promote active involvement in environmental efforts. The Health and Wellness Committee aims to increase civic involvement within the community to promote mental and physical health, promoting inclusiveness, and making informed decisions towards personal and public health. The Public Outreach Committee seeks to encourage youth to participate in civic engagement and amplify youth voices via various media platforms.

A motion was made by Commissioner Parikh, seconded by Commissioner Sriram, that this item be approved. The motion carried by the following vote:

Aye: 15 - Commissioner Gupta, Commissioner Ismail, Commissioner Kelly-Tanti, Commissioner Khan, Commissioner Shroff, Vice Chair Krivokapic-Zhou, Commissioner Lim, Commissioner Mehta, Commissioner Phan, Commissioner Parikh, Commissioner Zuo, Commissioner Sriram, Chair Suresh, Commissioner Yen, and Commissioner Zuo

ADJOURNMENT

A motion was made by Commissioner Shroff, seconded by Commissioner Sriram, that this meeting be adjourned at 7:02 p.m. The motion carried by the following vote:

Aye: 15 - Commissioner Gupta, Commissioner Ismail, Commissioner Kelly-Tanti, Commissioner Khan, Commissioner Shroff, Vice Chair Krivokapic-Zhou, Commissioner Lim, Commissioner Mehta, Commissioner Phan, Commissioner Parikh, Commissioner Zuo, Commissioner Sriram, Chair Suresh, Commissioner Yen, and Commissioner Zuo



City of Santa Clara

Meeting Minutes

Historical & Landmarks Commission

11/05/2020

6:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented the following method for the public to participate remotely:

- Via Zoom:
o <https://santaclaraca.zoom.us/j/97233262035> or o Phone: 1 (669) 900-6833
Webinar ID: 972 3326 2035

Public Comments prior to meeting may be submitted via email to HistoricalLandmarksCommission@santaclaraca.gov no later than noon on the day of the meeting.

The Staff Liaison and Historical and Landmarks Commissioners will be participating remotely.

PUBLIC PARTICIPATION IN ZOOM WEBINAR:

Please follow the guidelines below when participating in a Zoom Webinar:

- The meeting will be recorded so you must choose 'continue' to accept and stay in the meeting.
- If there is an option to change the phone number to your name when you enter the meeting, please do so as your name will be visible online and will be used to notify you that it is your turn to speak.
- Mute all other audio before speaking. Using multiple devices can cause an audio feedback.
- Use the raise your hand feature in Zoom when you would like to speak on an item and lower when finished speaking. Press *9 to raise your hand if you are calling in by phone only.
- Identify yourself by name before speaking on an item.
- Unmute when called on to speak and mute when done speaking. If there is background noise coming from a participant, they will be muted by the host. Press *6 if you are participating by phone to unmute.
- If you no longer wish to stay in the meeting once your item has been heard, you may leave the meeting.

CALL TO ORDER AND ROLL CALL

Chair Leung called the meeting to order at 6:01 p.m.

Present 6 - Chair Patricia Leung, Vice Chair Stephen Estes, Commissioner J.L. "Spike" Standifer, Commissioner Ana Vargas-Smith, Commissioner Megan Swartzwelder, and Commissioner Kathleen Romano

Absent 1 - Commissioner Michael Celso

A motion was made by Commissioner Estes, seconded by Commissioner Swartzwelder to excuse Commissioner Celso's absence.

Aye: 6 - Chair Leung, Vice Chair Estes, Commissioner Standifer, Commissioner Vargas-Smith, Commissioner Swartzwelder, and Commissioner Romano

Excused: 1 - Commissioner Celso

CONSENT CALENDAR

1.A [20-1038](#) Historical and Landmarks Commission Minutes of October 1, 2020

Commissioner Standifer abstained due to his absence at the October 1, 2020 meeting.

A motion was made by Commissioner Romano, seconded by Commissioner Estes to approve staff recommendation.

Aye: 5 - Chair Leung, Vice Chair Estes, Commissioner Vargas-Smith, Commissioner Swartzwelder, and Commissioner Romano

Excused: 1 - Commissioner Celso

Abstained: 1 - Commissioner Standifer

PUBLIC PRESENTATIONS

None.

GENERAL BUSINESS

2. [20-1008](#) Public Hearing: Consideration of a Historical Preservation Agreement (Mills Act Contract) for 688 Monroe Street

Chair Leung and **Commissioner Romano** abstained due to their proximity to the property.

A motion was made by Commissioner Standifer, seconded by Commissioner Vargas-Smith to approve staff recommendation.

Aye: 4 - Vice Chair Estes, Commissioner Standifer, Commissioner Vargas-Smith, and Commissioner Swartzwelder

Excused: 1 - Commissioner Celso

Abstained: 2 - Chair Leung, and Commissioner Romano

STAFF REPORT

Staff Liaison Rebecca Bustos provided updates regarding the upcoming Mills Act City Council hearings.

COMMISSIONERS REPORT

Subcommittee Reporting - 20 minutes

Commissioners Swartzwelder and Vargas-Smith reported on the first Marketing and Education Subcommittee meeting.

Board and Committee Assignments - 15 minutes

Commissioners present reported on assignments.

Announcements and Other Items - 10 minutes

None.

Commissioner Travel and Training Requests - 10 minutes

No travel or training reported. No requests to attend trainings.

ADJOURNMENT

Motion was made by Commissioner Romano, seconded by Commissioner Standifer to adjourn the meeting.

The meeting adjourned at 7:12 p.m.

The next meeting is on Thursday, December 3, 2020 at 6 p.m.

Aye: 6 - Chair Leung, Vice Chair Estes, Commissioner Standifer, Commissioner Vargas-Smith, Commissioner Swartzwelder, and Commissioner Romano

Excused: 1 - Commissioner Celso



Agenda Report

21-1282

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Monthly Financial Status and Investment Reports for November 2020 and Approve Related Budget Amendments

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

In compliance with the Charter of the City of Santa Clara and the adopted Investment Policy, the November 2020 Monthly Financial Report and Investment Report are submitted for your information.

In accordance with City Council Policy 051 - Donations to the City, included in this report is a monthly activity and annual summary of donations received by department. Although the requirement of the policy is to report quarterly, in its ongoing effort to streamline reporting, the City will include this information monthly in the financial status report.

DISCUSSION

Monthly Financial Status Report (Attachment 1)

The attached report summarizes the City's financial performance as of November 30, 2020. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Program Funds.

Attachment 1 shows that General Fund revenues were trending below the budget at 37.5% through November 2020. Excluding transfers that occur at the beginning of the year, this figure drops to 25% of the General Fund revenues received through November. Some revenue categories are lower due to the timing of payments (e.g., property tax), but several categories are tracking below as a result of COVID-19 impacts. While there is limited data available, revenue is expected to end the year below budget by \$20+ million due to these COVID-19 impacts, with the largest impact to the Transient Occupancy Tax category.

As shown in Attachment 1, General Fund expenditures were at 41.3% of budget through November 30, 2020. Excluding transfers, this figure drops to 36.2% expended through, which is below the par level of 41.7%. Several cost-control measures that were implemented last fiscal year remain in place to generate expenditure savings to partially offset the drop in revenues associated with COVID-19. These measures include a hiring freeze and controls around overtime, as-needed staff, marketing, travel, technology and vehicle purchases. With the exception of the Fire Department, all departments are tracking below budget through November and year-end savings are expected to be generated. The Fire Department is tracking slightly above par due primarily to mutual aid efforts, which are

expected to be reimbursed. Budget actions will be brought forward in a future Monthly Financial Report to recognize the reimbursement revenue and increase the Fire Department budget.

Total revenues for Enterprise Funds (Electric, Water, Sewer, Cemetery, Solid Waste, and Water Recycling) were at 35.3% of the budget. Total Enterprise Fund expenses were at 33.7% through November. Total revenue for Special Revenue Funds (Housing funds) were at 9.1% of the budget, while total expenditures were at 7.2% of budget.

In the month of November, the City received donations of \$11,325, bringing the year-to-date total to \$58,892. A summary of donations is included in Attachment 1.

With the shelter-in-place and other actions residents and businesses have been taking to reduce the spread of COVID-19, economic activity in this region and throughout the country has experienced a significant decline. This is evidenced in various economic indicators, some of which have improved in recent months. On a national level, the unemployment rate remains high at 6.7% in November 2020. This rate, however, was well below the record setting high of 14.7% in April 2020 and below the peak reached during the last recession a decade ago, when unemployment briefly hit 10 percent. In the third quarter 2020, the Gross Domestic Product (GDP) increased by approximately 33%, following a 31% decrease in the GDP in the second quarter 2020. While there was significant improvement, real GDP for the third quarter 2020 remains 3.5% below the level experienced in the fourth quarter of 2019 (the last quarter prior to the onset of COVID-19).

The unemployment rate in this region continues to outperform the nation. The unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 5.1% in November 2020, down from a revised 5.8% in October 2020 but significantly higher than the November 2019 level of 2.4%.

Santa Clara's General Fund revenues have been significantly impacted by COVID-19 and this impact is expected to continue over the longer term based on the current economic situation. In FY 2020/21, a General Fund shortfall of almost \$23 million was addressed in the revised FY 2020/21 budget approved in June 2020. This budget was solved with the use of the Budget Stabilization Reserve. Further discussion of the COVID-19 impacts and the General Fund deficit is included in Attachment 1. Additional downward revenue adjustments and budget balancing actions are expected to be brought forward during FY 2020/21.

Monthly Investment Report (Attachment 2)

All securities held by the City of Santa Clara as of November 30, 2020 were in compliance with the City's Investment Policy Statement regarding current market strategy and long-term goals and objectives. All securities held are rated "A" or higher by two nationally recognized rating agencies. There is adequate cash flow and maturity of investments to meet the City's needs for the next six months.

The City's investment strategy for November 2020 was to invest funds not required to meet current obligations, in securities listed in the prevailing Investment Policy Statement, with maturities not to exceed five years from the date of purchase. This strategy ensures safety of the City's funds, provides liquidity to meet the City's cash needs, and earns a reasonable portfolio return of 1.52%.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

Approval of the FY 2020/21 Budget Amendments included in Attachment 3 is recommended in this report. From time to time, adjustments to the budget are required to reflect new information, align budgets with actual revenues and expenses, and correct for inadvertent errors. As detailed in Attachment 3, an adjustment in the Parks and Recreation Operating Grant Trust Fund is recommended in order to carryover funds needed for the Senior Nutrition Program. An amendment recognizing an anonymous donation to the Police Department is also recommended.

Finally, in the Santa Clara Golf and Tennis Club Fund, the accounting write-off of a \$4.2 million advance to the General Fund is included. The Santa Clara Golf and Tennis Club (SCGTC) closed its operations in October 2019, and the City Council accepted the final financial status report during the April 7, 2020 meeting. To close out the Golf Course fund, a final accounting transaction is required. Transfers from the General Fund were used historically to subsidize SCGTC operations. These transfers were booked on an accounting basis as advances from the General Fund, with potential repayment in the event the golf course produced annual profits. With the close-out of the golf course an accounting write-off of the outstanding advance from the General Fund is required. There is no budgetary impact to the General Fund from this write-off as the transfers from the General Fund have already occurred in the past to support golf operations.

Net Budget Change – FY 2020/21 Budget Amendments		
Fund	Source of Funds	Use of Funds
Parks and Recreation Operating Grant Trust Fund	\$0	\$0
Public Donations Fund	\$5,000	\$5,000
Santa Clara Golf and Tennis Club Fund	\$0	\$0
Total Net Budget Change	\$5,000	\$5,000

COORDINATION

This report has been coordinated with the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Note and file the Monthly Financial Status and Investment Reports for November 2020 as Presented and Approve Related Budget Amendments.

Reviewed by: Kenn Lee, Director of Finance
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Monthly Financial Status Report November 2020
2. Monthly Investment Report November 2020
3. FY 2020/21 Budget Amendments



City of Santa Clara

The Center of What's Possible

MONTHLY FINANCIAL STATUS REPORT

November 2020

This report summarizes the City's financial performance for the month ended November 30, 2020. Financial analysis for the report is provided for the General Fund, select Special Revenue Funds, Enterprise Operating Funds, and Capital Improvement Funds. Financial information included in this report is unaudited.

General Fund

The General Fund is the major operating fund for the City and includes multiple programs, services, and activities for the residents and businesses of the City. The adopted budget for operating revenues and expenditures for fiscal year 2020/21 was \$286.9 million. The amended budget for revenues and expenditures was amended to \$292.9 million to reflect carryover appropriations from fiscal year 2019/20 and various budget amendments approved by the City Council through November 2020.

General Fund revenues are currently expected to end the year below budget due to the COVID-19 impacts. When the FY 2020/21 budget was adopted, there was limited data regarding the COVID-19 impacts and significant uncertainty regarding the length and depth of the associated shutdowns. The budget did assume reductions in various categories to account for the anticipated COVID-19 impacts, with the largest reductions in the transient occupancy tax and sales tax categories. With a few months of additional data and the continued implementation of COVID-19 safety precautions, further downward adjustments of \$20+ million are expected to be necessary.

The lower collection level is expected to be partially offset by General Fund expenditure savings. Through November, departmental expenditures are tracking below budget and this trend is expected to continue as departments continue to control expenditures through various cost control measures. Some departments have also significantly changed their operations to comply with the COVID-19 safety measures.

With the shelter-in-place and other actions residents and businesses have been taking to reduce the spread of the virus, economic activity in this region and throughout the country has been negatively impacted. This is evidenced in various economic indicators, some of which continue to improve.

On a national level, the unemployment rate edged down to 6.7% in November 2020. This rate was well below the record setting high of 14.7% in April 2020, but was more than double the November 2019 level of 3.5%. In November, the number of unemployed persons fell by 0.3 million to 10.7 million. While the improvements in the labor market continue to reflect the resumption of activity that had been curtailed due to COVID-19, the pace of improvement has moderated in recent months.¹

¹ <https://www.bls.gov/news.release/pdf/empst.pdf>

Chart 1. Unemployment rate, seasonally adjusted, November 2018 – November 2020

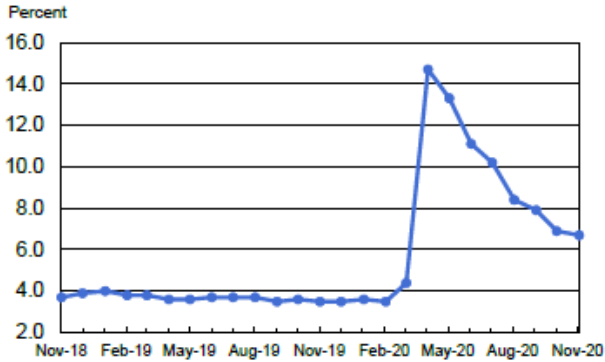
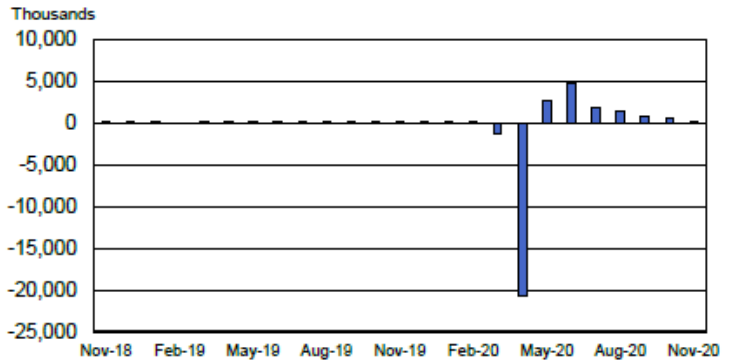


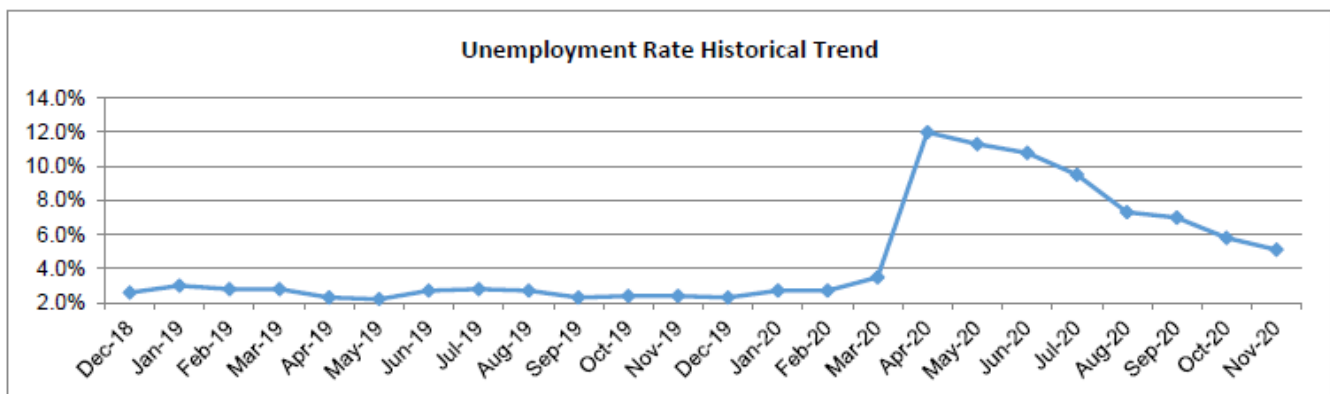
Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, November 2018 – November 2020



In the third quarter 2020, the Gross Domestic Product (GDP) increased 33%, following a GDP decrease of 31% in the second quarter 2020. The increase in the third quarter reflected efforts to reopen businesses and resume some activities amidst COVID-19 safety precautions. It is important to note that the real GDP for the third quarter 2020 remains 3.5% below the level experienced in the fourth quarter of 2019 (the last quarter prior to the onset of COVID-19).²

Impacts have also been experienced at the State and local level. After the State's largest increase in the unemployment rate in April 2020, the California unemployment rate has continued to improve to 8.2% by November 2020. California has now regained nearly 46% of the 2.6 million jobs lost due to COVID-19 in March and April 2020.³

As shown in the chart below, the unadjusted unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) was 5.1% in November 2020, down from a revised 5.8% in October 2020 but significantly higher than the November 2019 level of 2.4%. Between November 2019 and November 2020, employment in this region dropped by 69,000 jobs, or 5.9%.⁴



² https://www.bea.gov/sites/default/files/2020-11/tech3q20_2nd.pdf

³ <https://www.edd.ca.gov/newsroom/unemployment-december-2020.htm>

⁴ [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pds.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pds.pdf)

Santa Clara's General Fund revenues have been significantly impacted and this impact is expected to continue over the longer term based on the current economic situation. In FY 2020/21, a General Fund shortfall of almost \$23 million was addressed in the revised FY 2020/21 budget approved in June 2020. This budget was solved with the use of the Budget Stabilization Reserve. Additional downward revenue adjustments and budget balancing actions will be necessary this year.

The City currently has \$57 million in the Budget Stabilization Reserve to address any negative balance after factoring in the use of \$22.7 million of this reserve in the FY 2020/21 budget. Staff will closely monitor the City's financial performance during this uncertain time and provide updates as part of future Monthly Financial Reports. There are other General Fund Reserves that amount to \$46 million, but these reserves are designated for specific purposes. These reserves can be used by an act of Council.

Financial Status Report as of November 30, 2020

General Fund Revenues

As of November 30, 2020, \$61.3 million or 25% of the General Fund estimated revenue (excluding transfers) was received. Transfers and use of reserves of \$48.5 million have occurred as budgeted.

**CITY OF SANTA CLARA
GENERAL FUND
REVENUES OVERVIEW AND COMPARISON BY TYPE**

Function	FISCAL YEAR 2020/21				PY REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 11/30/2020	Percentage Received	Actual Through 11/30/2019	\$ Change From Prior Year	Percentage Change
TAXES							
Sales Tax	\$ 55,600,000	\$ 55,600,000	\$ 14,832,679	26.68%	\$ 15,828,977	\$ (996,298)	-6.29%
Property Tax	66,982,000	66,982,000	10,100,564	15.08%	8,951,445	1,149,119	12.84%
Transient Occupancy Tax	17,625,000	17,625,000	828,701	4.70%	6,516,524	(5,687,823)	-87.28%
Other Taxes	5,938,000	5,938,000	1,480,404	24.93%	1,079,669	400,735	37.12%
Total Taxes	146,145,000	146,145,000	27,242,348	18.64%	32,376,615	(5,134,267)	-15.86%
LICENSES & PERMITS							
Business Licenses	934,000	934,000	354,964	38.00%	376,371	(21,407)	-5.69%
Fire Operation Permits	2,375,000	2,375,000	718,646	30.26%	950,144	(231,498)	-24.36%
Building Permits	5,700,000	5,700,000	3,451,710	60.56%	2,600,010	851,700	32.76%
Electric Permits	475,000	475,000	678,914	142.93%	213,290	465,624	218.31%
Plumbing Permits	428,000	428,000	454,269	106.14%	193,169	261,100	135.17%
Mechanical Permits	380,000	380,000	521,292	137.18%	175,973	345,319	196.23%
Miscellaneous Permits	92,000	92,000	25,999	28.26%	33,919	(7,920)	-23.35%
Total Licenses & Permits	10,384,000	10,384,000	6,205,794	59.76%	4,542,876	1,662,918	36.60%
FINES & PENALTIES	1,570,000	1,570,000	180,965	11.53%	547,824	(366,859)	-66.97%
INTERGOVERNMENTAL	226,000	226,000	89,001	39.38%	5,258,920	(5,169,919)	-98.31%
CHARGES FOR SERVICES	37,174,855	37,174,855	12,351,344	33.22%	12,999,127	(647,783)	-4.98%
CONTRIBUTION IN LIEU	23,699,830	23,699,830	10,143,119	42.80%	10,138,864	4,255	0.04%
USE OF MONEY & PROPERTY							
Interest	5,246,000	5,501,000	104,463	1.90%	788,314	(683,851)	-86.75%
Rent	9,407,909	9,407,909	3,451,926	36.69%	3,699,910	(247,984)	-6.70%
Total Use of Money & Property	14,653,909	14,908,909	3,556,389	23.85%	4,488,224	(931,835)	-20.76%
MISCELLANEOUS REVENUES	350,000	534,696	133,646	24.99%	947,199	(813,553)	-85.89%
LAND PROCEED	-	-	-	N/A	164,606	(164,606)	-100.00%
OTHER FINANCING SOURCES							
Operating Transfer In - Storm Drain	1,460,000	1,460,000	1,460,000	100.00%	1,398,145	61,855	4.42%
Operating Transfer In - Reserves	38,952,083	39,262,333	39,262,333	100.00%	11,290,582	27,971,751	247.74%
Operating Transfer In - Fund Balances ⁽²⁾	-	4,273,692	4,273,692	100.00%	5,338,670	(1,064,978)	-19.95%
Operating Transfer In - Miscellaneous	2,527,419	3,547,419	3,547,419	100.00%	990,350	2,557,069	258.20%
Total Other Financing Sources	42,939,502	48,543,444	48,543,444	100.00%	19,017,747	29,525,697	155.25%
STADIUM OPERATION							
Charges for Services	9,102,263	9,102,263	1,365,335	15.00%	2,359,183	(993,848)	-42.13%
Rent and Licensing	647,500	647,500	-	0.00%	466,795	(466,795)	-100.00%
Total Stadium Operation	9,749,763	9,749,763	1,365,335	14.00%	2,825,978	(1,460,643)	-51.69%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 292,936,497	\$ 109,811,385	37.49%	\$ 93,307,980	\$ 16,503,405	17.69%

(1) Negative sales tax revenue resulting from accrual of revenue that has not yet been received.

(2) The Operating Transfer In - Fund Balances includes the carryover encumbrances of open purchase orders as of June 30, 2020 and mid year budget amendment from reserves.

Revenues (excluding reserves) are tracking approximately 17.5% lower than collections through the same period last fiscal year. Revenues were below the prior year primarily due to lower activity levels this fiscal year in certain areas, such as transient occupancy tax and fines and penalties, and a one-

time settlement payment of \$5.0 million that was received last year. Revenues are currently expected to end the year below budget by \$20+ million as a result of the COVID-19 impacts as discussed below.

General Fund Revenues

Sales Tax: The City of Santa Clara sales tax rate is 9.0%, of which the City receives 1.0%. As of November 30, 2020, \$14.8 million has been collected. This reflects lower collections than through the same period last fiscal year by about \$1.0 million (down 6.3%) and is based on performance through the first quarter of this fiscal year. This figure, however, included a large positive adjustment for periods prior to 2020. Without that adjustment, receipts would have dropped almost 15% in the third quarter 2020. This drop in the third quarter followed a decline of 15.4% in the second quarter 2020. In the third quarter 2020, the Business-to-Business sector in Santa Clara increased 2.0%, while all other economic sectors experienced declines when compared to the third quarter 2019. These quarterly declines by sector were as follows: Food Products (down 49.5%), General Retail (down 28.7%), Construction (down 27.0%), and Transportation (down 7.7%). Based on lower actual collections and the continuation of the COVID-19 safety precautions, it is anticipated that revenues may fall below the budgeted estimate of \$55.6 million by approximately \$2 million - \$4 million.

Property Tax: A portion of property tax receipts were received in November 2020, totaling under \$10.1 million, which is above collections through the same period last year. The majority of property tax revenue is collected in January and April each year. Based on the latest estimates from the County of Santa Clara, property tax receipts would fall approximately \$4.0 million below the budgeted estimate of \$67.0 million if the City does not receive excess Education Revenue Augmentation Fund (ERAF) revenues in FY 2020/21. Beginning in 1992, agencies have been required to reallocate a portion of property tax receipts to the ERAF, which offsets the State's General Fund contributions to school districts under Proposition 98. However, once there are sufficient funds in ERAF to fulfill obligations, the remainder is to be returned to the taxing entities that contributed to it. The State of California is challenging the calculation of the excess ERAF revenue distribution to local jurisdictions. If excess ERAF funds are received, receipts would meet the budgeted estimate. Collections in FY 2020/21 have also been negatively impacted by a recent court decision that changes how residual tax increment from former redevelopment agencies is distributed. This resulted in a retroactive negative adjustment of \$2.1 million.

Transient Occupancy Tax (TOT): TOT is calculated as a percentage of City hotel/motel room charges. The City's current TOT rate is 9.5%. Through November 30, 2020, approximately \$0.8 million has been received in this category, which is down 87% from the \$6.5 million received through the same period last fiscal year. TOT has been impacted severely by COVID-19. To meet the budgeted estimate of \$17.6 million, collections would need to come in over \$2.3 million each month in the remaining months. Actual collections have been tracking well below this level with monthly receipts averaging \$0.2 million in the last quarter when adjusted for the timing of payments. If the current collection trend continues, receipts would end the year \$11 million - \$14 million below the budgeted estimate.

Other Taxes: Includes franchise tax and documentary transfer tax. The City has collected \$1.5 million through November, which is approximately 25% of the budgeted estimate of \$5.9 million. Overall,

receipts are tracking above the prior year collection level of \$1.1 million due the higher collections in documentary transfer tax, partially offset by slightly lower franchise tax receipts. Growth of approximately 1% from the prior year is needed to meet the revenue estimate.

Licenses & Permits: Includes business licenses, building permits, and other building and planning permits and fees. Overall, licenses and permits revenue collections are tracking well above par with receipts totaling \$6.2 million, or 59.8% of the budget of \$10.4 million. These collections are significantly higher than the collection level experienced through the same period last fiscal year. Activity in the building, electric, plumbing, and mechanical permit accounts have seen the highest growth compared to last year. For the building development revenues, any excess revenues over expenditures will be placed in the Building Inspection Reserve. This reserve is also available to cover any difference if revenues fall below the expenditure level.

Fines & Penalties: Includes vehicle, parking, court fines, and miscellaneous penalty fines. The revenue collected in this category through November of \$0.2 million is lower than the prior year actual collection level of \$0.5 million as a result of lower activity levels in the collection charges, traffic fines, and library fines accounts. Given restricted activity levels as a result of COVID-19, collections in this category are anticipated to fall below the budgeted estimate of \$1.6 million.

Intergovernmental: Includes motor vehicle fees, state homeowner tax relief, state mandated reimbursement and redistribution of land sale proceeds and ground leases from the Successor Agency. Through November 30, 2020, approximately \$89,000 has been collected. This collection level is well below the prior fiscal year level of \$5.3 million due to a one-time settlement payment of \$5.0 million received last year.

Charges for Services: Includes various plan check and zoning-related fees, engineering fees, administrative fees, and community service revenue from various recreational activities. Through November 30, 2020, collections totaled approximately \$12.4 million or 33.2% of the budget. This reflects a 5% decrease compared to last year's collections through the same period of \$13.0 million, particularly in the planning and zoning fees, engineering fees, fire construction permits, interdepartmental services and miscellaneous charges for services (includes parks and recreation fees). The lower collections in these areas were partially offset by higher receipts in the plan check and sign fee category. As a result of the COVID-19 safety precautions, the revenues from various recreational activities are expected to fall well below the budget.

Contribution in Lieu: In accordance with the City's charter, Silicon Valley Power pays 5.0% of gross revenues for services rendered. These revenues provide funding for general government services such as public safety, public works, parks and recreation, library, and administration. Through November, \$10.1 million has been received which is on par for this time of year. This collection level, however, is based on the budgeted estimate and will be trued up at the end of the fiscal year. Growth of 4% from the prior year is needed to meet the budgeted estimate of \$23.7 million.

Use of Money & Property: Includes realized investment income and rental income. Interest income and rent revenue collections totaled \$3.6 million, or 23.8% of the budget. The collections through

November 30, 2020 are below the prior year collections of \$4.5 million, reflecting accrual differences, the timing of payments, lower cash balance, and lower interest earnings yields.

Miscellaneous Revenues: Includes developer fees, donations, damage recovery, sale of scrap, and one-time miscellaneous revenues. As of November 30, 2020, collections of \$133,646 were 86% lower than collections through the same period last fiscal year.

Stadium Operation: The revenue for Stadium Operations totaled approximately \$1.4 million through November 30, 2020, which is much lower than collections through the same period last fiscal year. The budget for charges for services includes public safety cost reimbursement for NFL and Non-NFL events, reimbursement for general and administrative staff time, and parking revenue. Due to the COVID-19 pandemic, events at the Stadium have either been cancelled or rescheduled causing the decline in parking permit revenue and reimbursement for public safety costs. Lease revenue, specifically Senior and Youth Fees and Tasman Lot parking revenue, is projected to fall under budget this fiscal year and is also related to the cancellation or rescheduling of Stadium Events.

Financial Status Report as of November 30, 2020

General Fund Expenditures

As of November 30, 2020, \$120.9 million or 41.3% of the General Fund operating budget had been expended. Overall, expenditures in the General Fund are at budgeted levels through November; however, this is a result of all transfers being booked in their entirety early in the year. Departmental expenditures totaled \$94.0 million, or 36.2% of the budget, which is below the par level of 41.7% of the budget. Stadium expenditures also totaled only 11.7% of the budget. Several cost-control measures that were implemented last fiscal year remain in place to generate expenditure savings to partially offset the drop in revenues associated with COVID-19. These measures include a hiring freeze and controls around overtime, as-needed staff, marketing, travel, technology and vehicle purchases. With these measures and restricted activity levels due to COVID-19, expenditures are expected to end the year below budget.

**CITY OF SANTA CLARA
GENERAL FUND
EXPENDITURES OVERVIEW AND COMPARISON BY FUNCTION**

Function	FISCAL YEAR 2020/21				PY EXPENDITURES COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 11/30/2020	Percentage Used	Actual Through 11/30/2019	Change From Prior Year	Percentage Change
GENERAL GOVERNMENT							
Non-Departmental	\$ 7,849,688	\$ 8,295,532	\$ 1,514,483	18.26%	\$ 1,526,510	\$ (12,027)	-0.79%
City Council	834,241	834,241	289,438	34.69%	382,203	(92,765)	-24.27%
City Clerk	2,070,555	2,091,412	625,529	29.91%	533,755	91,774	17.19%
City Manager	6,125,034	6,450,938	2,137,948	33.14%	2,157,336	(19,388)	-0.90%
City Attorney	2,716,125	2,730,674	867,510	31.77%	814,048	53,462	6.57%
Human Resources	4,477,933	4,745,273	1,304,144	27.48%	1,534,445	(230,301)	-15.01%
Finance	17,456,419	17,959,742	6,284,831	34.99%	5,809,325	475,506	8.19%
Total General Government	41,529,995	43,107,812	13,023,883	30.21%	12,757,622	266,261	2.09%
PUBLIC WORKS	24,287,567	24,893,684	9,243,982	37.13%	9,901,417	(657,435)	-6.64%
COMMUNITY DEVELOPMENT	17,233,763	18,576,007	5,545,909	29.86%	5,532,857	13,052	0.24%
PARKS AND RECREATION	22,987,124	23,738,192	7,023,333	29.59%	9,540,490	(2,517,157)	-26.38%
PUBLIC SAFETY							
Fire	58,731,539	59,195,497	25,083,965	42.37%	23,219,270	1,864,695	8.03%
Police	78,033,073	78,118,360	30,462,273	39.00%	31,422,659	(960,386)	-3.06%
Total Public Safety	136,764,612	137,313,857	55,546,238	40.45%	54,641,929	904,309	1.65%
LIBRARY	11,905,848	11,968,930	3,654,193	30.53%	4,399,160	(744,967)	-16.93%
DEPARTMENTAL TOTAL	254,708,909	259,598,482	94,037,538	36.22%	96,773,475	(2,735,937)	-2.83%
OTHER FINANCING USES							
Operating Transfer Out - Miscellaneous	10,445	1,012,445	1,012,445	100.00%	428,445	584,000	136.31%
Operating Transfer Out - Debt Services	2,500,344	2,500,344	2,500,344	100.00%	1,710,474	789,870	46.18%
Operating Transfer Out - Maintenance Dtrct	990,929	990,929	990,929	100.00%	917,331	73,598	8.02%
Operating Transfer Out - Cemetery	771,769	771,769	771,769	100.00%	703,490	68,279	9.71%
Operating Transfer Out - CIP	19,678,672	19,678,672	19,678,672	100.00%	11,643,673	8,034,999	69.01%
Operating Transfer Out - Reserves	924,654	1,065,850	1,065,850	100.00%	674,344	391,506	58.06%
Total Other Financing Uses	24,876,813	26,020,009	26,020,009	100.00%	16,077,757	9,942,252	61.84%
STADIUM OPERATION	7,307,137	7,318,006	852,608	11.65%	2,837,889	(1,985,281)	-69.96%
TOTAL GENERAL FUND	\$ 286,892,859	\$ 292,936,497	\$ 120,910,155	41.28%	\$ 115,689,121	\$ 5,221,034	4.51%

General Fund Expenditures

Below is an explanation of certain budget to actual expenditure variances by program.

Non-Departmental: Includes expenditures that are not attributable to a single department, but a function of the City in general. Through November 30, 2020, expenditures were \$1.5 million, or 18.3% of the budget. Lower expenditures are primarily attributable to the materials, services, and supplies category, which includes contractual services, operating supplies, and advertising.

City Council: Through November 30, 2020, expenditures totaled \$0.3 million, or 34.7% of budget, which is below par. Compared to the same period through last fiscal year, this reflects a spending decrease of approximately 25% due primarily to lower as needed and overtime staffing costs. As a result of the cost reduction measures implemented city-wide, these costs have been reduced.

City Manager: The actual expenditures through November 30, 2020 were at 33.1% of the budget, which is below par for this time of the year. Expenditures are on par with the spending level through the same period last fiscal year.

City Attorney: Actual expenditures through November totaled \$0.9 million, which is 31.8% of the budget, which is below par. Spending is above the total expenditures through the same time last fiscal year by 6.5% due to one additional position approved by the City Council for FY 2020/21.

City Clerk: Through November 30, 2020, actual expenditures were tracking below budget at \$0.6 million or approximately 30% of the budget. This reflects an increase of 17.2% over last year's spending through the same period. The higher spending level is a result of Granicus contract costs that are paid every other year.

Community Development: This department consists of three divisions: Planning, Building, and Housing and Community Services. Through November, departmental expenditures of \$5.5 million were at 29.8% of the budget, which is below par. This reflects slightly lower personnel costs as well as lower actual non-personnel costs.

Finance Department: Through November 30, 2020, the Department's expenditures totaled \$6.3 million, or 35% of the budget, which is below par. This expenditure level was approximately 8% higher than through the same period last year due primarily to higher spending related to two additional positions that were approved by the City Council in March 2020.

Fire Department: Through November, actual expenditures totaled \$25.1 million, or 42.4% of the budget, which is slightly above par (41.7%). These expenditures reflect an 8% increase from expenditures through the same period last fiscal year. All COVID-19 related expenditures have been charged centrally to the Other City Departments Operating Grant Trust Fund. The Fire Department has charged approximately \$0.5 million to this fund. Combined with the \$25.1 million charged in the General Fund, total Fire Department expenditures through November totaled \$25.6 million, or 43.3% of budget. Mutual aid overtime costs, which are reimbursable, account for \$1.3 million of the higher expenditure level. After adjusting for those mutual aid costs, total expenditures (including COVID costs), were

tracking at 41% of the budget. Expenditures tracked slightly above budget due primarily to higher overtime, which was 104% expended through November. Taking the mutual aid into account, overtime spending drops to 62% of budgeted levels. While this overtime figure appears very high, it is important to note that overtime is used to backfill for vacant positions and the vacancy savings offset overtime costs.

Police Department: Expenditures through November 30, 2020 are tracking slightly below expected levels at \$30.5 million, or 39% of the budget; this is 3% lower than prior year expenditures through the same period. Similar to the Fire Department, Police Department expenditures related to COVID-19 have also been charged to the Other City Departments Operating Grant Trust Fund. Through November, charges to this fund totaled approximately \$0.2 million. Accounting for the General Fund and Other City Departments Operating Grant Trust Fund, department expenditures totaled \$30.6 million or 39.2% of budget, which is below par.

Stadium Operation: Stadium operating expenditures are incurred first and billed on a reimbursement basis creating a timing difference in revenue recognition. Stadium expenditures totaled \$0.8 million through November 30, 2020 and are tracking below budgeted levels. Due to COVID-19, events at the Stadium have been cancelled or postponed causing a decrease in salary costs for public safety personnel and outside agency public safety costs.

Special Revenue Funds

The table below is a summary of revenues and expenditures of select Special Revenue Funds as of November 30, 2020. The amended budget for both reflects carryover appropriations from fiscal year 2019/20 in addition to various budget amendments approved by the City Council through November 2020. Both revenues and expenditures totaled approximately \$1.6 million through the end of November.

CITY OF SANTA CLARA SPECIAL REVENUE FUNDS REVENUE AND EXPENDITURE - OVERVIEW AND COMPARISON BY FUND

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 11/30/2020	Percentage Received	Actual Through 11/30/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 285,000	\$ 5,485,000	\$ 315,011	5.74%	\$ 127,603	\$ 187,408	146.87%
City Affordable Housing Fund	781,703	781,703	204,626	26.18%	74,456	130,170	174.83%
Housing Successor Fund	531,000	6,531,000	577,813	8.85%	434,742	143,071	32.91%
Housing and Urban Development	5,150,000	5,150,000	539,033	10.47%	598,146	(59,113)	-9.88%
TOTAL	\$ 6,747,703	\$ 17,947,703	\$ 1,636,483	9.12%	\$ 1,234,947	\$ 401,536	32.51%

Fund Description	EXPENDITURES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENDITURE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 11/30/2020	Percentage Used	Actual through 11/30/2019	\$ Change From Prior Year	Percent Change
Housing Authority Fund	\$ 552,222	\$ 7,287,822	\$ 63,017	0.86%	\$ 50,116	\$ 12,901	25.74%
City Affordable Housing Fund	1,556,772	3,517,150	317,558	9.03%	290,595	26,963	9.28%
Housing Successor Fund	5,964,944	6,162,712	276,504	4.49%	154,301	122,203	79.20%
Housing and Urban Development	5,150,000	5,897,929	978,624	16.59%	1,154,617	(175,993)	-15.24%
TOTAL	\$13,223,938	\$ 22,865,613	\$ 1,635,703	7.15%	\$ 1,649,629	\$ (13,926)	-0.84%

Governmental Capital Improvement Funds

The table below lists the total amended budget amounts for the Capital Improvement Funds, which consist of current year appropriations, prior year carryover balances in Governmental Capital Improvement Funds, and budget amendments approved through November 2020. As of November 30, 2020, these capital fund expenditures totaled \$16.5 million, or 12.6% of the amended budget. As part of the adoption of the FY 2020/21 and FY 2021/22 budget, capital funds were carried over from the prior fiscal year for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures will be brought forward as part of the FY 2019/20 year-end reconciliation process.

The carryover of prior year budget amounts is necessary when services or projects are started but not completed at the end of the fiscal year. This is especially true for the Capital Improvement Program (CIP) that typically spans several years.

CITY OF SANTA CLARA GOVERNMENTAL CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENDITURES

EXPENDITURES - FISCAL YEAR 2020/21					
Fund Description	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 11/30/2020	Percentage Used
Parks & Recreation	\$ 6,015,180	\$ 15,741,394	\$ 21,756,574	\$ 3,917,537	18.01%
Streets & Highways	26,586,841	39,525,658	66,112,499	10,769,964	16.29%
Storm Drain	4,489,447	7,220,645	11,710,092	1,023,494	8.74%
Fire	290,796	715,373	1,006,169	14,933	1.48%
Library	123,681	190,107	313,788	12,623	4.02%
Public Buildings	1,737,751	9,975,548	11,713,299	194,771	1.66%
General Gov't - Other	4,098,669	11,203,108	15,301,777	533,377	3.49%
Related Santa Clara Developer	2,949,540	-	2,949,540	-	0.00%
TOTAL	\$ 46,291,905	\$ 84,571,833	\$ 130,863,738	\$ 16,466,699	12.58%

Enterprise Funds

The table below is a summary of revenues and expenses for the Enterprise Operating Funds as of November 30, 2020. Overall, revenues and expenditures are tracking below budgeted levels.

At the end of November 2020, revenue is tracking at the same level as last fiscal year, while expenditures are tracking lower than through the same period last fiscal year.

CITY OF SANTA CLARA ENTERPRISE OPERATING FUNDS REVENUES AND EXPENSES - OVERVIEW AND COMPARISON BY FUND

Fund Description	REVENUES - FISCAL YEAR 2020/21				PRIOR YEAR REVENUE COMPARISON		
	Adopted Budget	Amended Budget	Actual Through 11/30/2020	Percentage Received	Actual Through 11/30/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 515,406,680	\$ 515,406,680	\$ 182,470,031	35.40%	\$ 178,062,128	\$ 4,407,903	2.48%
Water Utility Fund	57,220,287	57,220,287	20,887,520	36.50%	22,889,047	(2,001,527)	-8.74%
Sewer Utility Fund	45,495,100	45,495,100	16,370,898	35.98%	15,868,984	501,914	3.16%
Cemetery Fund	600,000	600,000	204,420	34.07%	199,191	5,229	2.63%
Solid Waste Utility Fund	31,219,000	31,219,000	9,084,457	29.10%	9,739,283	(654,826)	-6.72%
Water Recycling Fund	7,064,710	7,064,710	2,644,821	37.44%	3,015,211	(370,390)	-12.28%
TOTAL REVENUE	\$ 657,005,777	\$ 657,005,777	\$ 231,662,147	35.26%	\$ 229,773,844	\$ 1,888,303	0.82%

Fund Description	EXPENSES - FISCAL YEAR 2020/21				PRIOR YEAR EXPENSE COMPARISON		
	Adopted Budget	Amended Budget	Actual through 11/30/2020	Percentage Used	Actual through 11/30/2019	\$ Change From Prior Year	Percent Change
Electric Utility Fund	\$ 474,259,218	\$ 475,468,120	\$ 158,539,670	33.34%	\$ 175,751,719	\$ (17,212,049)	-9.79%
Water Utility Fund	49,106,767	49,322,081	19,385,193	39.30%	18,597,106	788,087	4.24%
Sewer Utility Fund	28,338,164	28,509,889	12,138,317	42.58%	12,149,005	(10,688)	-0.09%
Cemetery Fund	1,412,953	1,412,953	546,899	38.71%	563,890	(16,991)	-3.01%
Solid Waste Utility Fund	32,563,421	34,013,675	8,266,789	24.30%	8,275,792	(9,003)	-0.11%
Water Recycling Fund	5,867,938	5,871,208	1,644,546	28.01%	1,391,458	253,088	18.19%
TOTAL - Operating Appropriations	\$ 591,548,461	\$ 594,597,926	\$ 200,521,414	33.72%	\$ 216,728,970	\$ (16,207,556)	-7.48%

Revenues in the electric (which also includes the Electric Debt Service Fund), water, and sewer utility (which also includes the Sewer Debt Service Fund) and water recycling funds are primarily from customer service charges. The activity levels for these customer service charges also impact the resource and production costs on the expenditure side for these funds. The lower the revenue from customer service charges, the lower the expenditures in the resource and production category.

Financial Status Report as of November 30, 2020

A summary of expenses in the Enterprise Capital Improvement Funds is detailed in the table below. Actuals through November 2020 totaled \$27.5 million, or 10% of the amended budget. Similar to the general government capital funds, capital funds were carried over into next fiscal year as part of the FY 2020/21 budget adoption process for those projects that have not yet been completed. Adjustments to the capital carryover amounts based on actual year-end expenditures will be completed as part of the FY 2019/20 year-end reconciliation process.

CITY OF SANTA CLARA ENTERPRISE CAPITAL IMPROVEMENT FUNDS SUMMARY OF EXPENSES

Fund Description	EXPENSES - FISCAL YEAR 2020/21					Prior Year
	Current Year Appropriation	Prior Year Carryforward	Total Amended Budget	Actual Through 11/30/2020	Percentage Used	Actual Through 11/30/2019
Electric Utility Fund	\$ 66,692,602	\$ 112,296,667	\$ 178,989,269	\$ 16,914,158	9.45%	\$ 10,999,750
Street Lighting ⁽¹⁾	125,000	5,867,109	5,992,109	6,854	0.11%	14,409
Water Utility Fund	4,610,000	15,010,726	19,620,726	3,145,779	16.03%	770,565
Sewer Utility Fund	42,114,351	24,817,115	66,931,466	7,303,019	10.91%	16,236,916
Cemetery Fund	300,000	-	300,000	-	-	-
Solid Waste Utility Fund	882,000	1,497,716	2,379,716	97,134	4.08%	209,710
Water Recycling Fund	550,000	-	550,000	-	-	-
TOTAL - CIP Appropriations	\$ 115,273,952	\$ 159,489,334	\$ 274,763,286	\$ 27,466,944	10.00%	\$ 28,231,350

(1) Street Lighting fund is part of Electric Capital Improvement Funds

Fund Reserves

By policy, City Council established the City's General Contingency Reserve, under which reserves for Budget Stabilization and Capital Projects were established.

- Budget Stabilization Reserve is set aside for weathering economic downturns, emergency financial crisis, or disaster situations. The reserve target is equal to the expenditures of the City's General Fund operations for three months (90-day or 25% General Fund Adopted Operating Budget). In FY 2020/21, the City Council approved an exception to the policy to allow the Reserve to drop below the 25% level.
- Capital Projects Reserve earmarks funds for the Capital Improvement Program.

Other General Reserves and Enterprise Fund Reserves included in this report are highlighted as follows:

- Building Inspection Reserve accounts for surplus funds from user fees in the Community Development Department's Building Inspection Division and is restricted to fund Building Division costs.
- Technology Fee Reserve is set aside to update and/or replace the City's aging technology and to ensure internal controls are in compliance with current business standard and legal requirements.
- Land Sale Reserve is net proceeds from the sale of City-owned land, with interest earned on these funds available to be appropriated for General Fund operating expenditures. This reserve is available for appropriation by City Council action.
- The Electric Utility Reserve assures sufficient operating cash is available to ensure debt service coverage.
- The Replacement and Improvement Reserve in the Water and Sewer Utility Funds is for future capital improvement.

The table below summarizes select reserve balances.

**CITY OF SANTA CLARA
RESERVE BALANCES
November 30, 2020**

DETAIL OF SELECTED FUND RESERVE BALANCES:

	GENERAL FUND	ELECTRIC	WATER	SEWER
Budget Stabilization Reserve	\$ 57,547,414			
Capital Projects Reserve	1,958,983			
Land Sale Reserve	24,488,392			
Building Inspection Reserve	12,270,567			
Technology Fee Reserve	485,129			
Rate Stabilization Fund Reserve		\$ 25,000,000		
DVR Power Plant Contracts Reserve		78,163		
Replacement & Improvement			\$ 303,090	
TOTALS	\$ 96,750,485	\$ 25,078,163	\$ 303,090	\$ -

Long-Term Interfund Advances

The funds below have made advances/loans which are not expected to be repaid within the next year. The loan from the General Fund to for Parks and Recreation Facilities reflects proceeds from the Land Sale Reserve for the purchase of property at the Reed and Grant Sports Park. This loan is anticipated to be repaid by 25% of future Mitigation Fee Act revenue until the loan is paid in full.

DETAIL OF LONG TERM INTERFUND ADVANCE BALANCES:

Fund Receiving Advance/Loan	Fund Making Advance/Loan	Type	Amount of Advance/Commitment
Cemetery	General Fund	Advance	\$ 7,111,149
Santa Clara Golf & Tennis Club	General Fund	Advance	4,224,134
Parks and Recreation Facilities	General Fund	Loan	9,033,044
TOTALS			\$ 20,368,327

Donations to the City of Santa Clara

Donations received by department during the month of November 2020 and for fiscal year 2020/21 are shown in the table below.

Department	Nov-20	Fiscal Year 2020/21 Year To Date	Donor	Designated Use
City Manager's Office	\$ 11,325	\$ 13,450	Various	Help Your Neighbor
Non-Departmental	-	27,571	Various	COVID-19
Parks and Recreation	-	17,871	Various	Case Management
TOTALS	\$ 11,325	\$ 58,892		



City of Santa Clara

The Center of What's Possible

MONTHLY INVESTMENT REPORT

November 2020

City of Santa Clara

Monthly Investment Report

TABLE OF CONTENTS

		Page #
1	Summary of Investment Portfolio	1
2	Summary of Investments	3
3	Investment Maturity Distribution Schedule	4
4	Attachment A: Investment Inventory With Market Value	5

**CITY OF SANTA CLARA
SUMMARY OF INVESTMENT PORTFOLIO**

All securities held by the City of Santa Clara as of November 30, 2020 were in compliance with the City's Investment Policy Statement regarding current market strategy and long-term goals and objectives. All securities held are rated "A" or higher by two nationally recognized rating agencies. There is adequate cash flow and maturity of investments to meet the City's needs for the next six months.

The following table provides the breakdown of the total portfolio among the City, the Sports and Open Space Authority (SOSA), and the Housing Authority (HA) as of November 30, 2020.

	<u>BOOK VALUE</u>	<u>PERCENTAGE</u>
City	\$769,876,258	99.49%
SOSA	21,413	0.00%
HA	<u>3,911,731</u>	<u>0.51%</u>
Unrestricted	\$773,809,402	<u>100.00%</u>
Restricted Bond Proceeds	<u>2,146,020</u>	
Total Investments	<u>\$775,955,422</u>	

On November 30, 2020 the book value and market value of the City's unrestricted pooled investment portfolio were \$773,809,402 and \$794,683,937, respectively.

Investment Strategy and Market Update

The City's investment strategy for November 2020 was to invest funds not required to meet current obligations, in securities listed in the prevailing Investment Policy Statement, with maturities not to exceed five years from date of purchase. This strategy ensures safety of the City's funds, provides liquidity to meet the City's cash needs, and earns a reasonable portfolio return.

On July 14, 2020, City Council approved entering into a contract with PFM Asset Management LLC ("PFM") for the management of the City's investment portfolio. The City has leveraged PFM's extensive investment management experience and dedicated credit and risk management personnel to further diversify the portfolio and enhance returns. PFM began actively managing the City's securities portfolio on September 1, 2020.

As of November 30, 2020, 47.43% of the City's portfolio consists of U.S. Treasury Notes, 41.06% consists of Federal Agencies, 8.97% consists of Local Agency Investment Fund (LAIF), 1.66% consists of investment grade Corporate Notes, and 0.53% consists of investment grade Municipal Bonds. In addition, City bond proceeds are invested in separate funds and are not included in the calculation of the City's portfolio yield.

The City's portfolio yield, including LAIF and money market accounts, was 1.52% and the average maturity of the City's portfolio was 2.42 years.

Traditionally the City has compared the portfolio yield to the 24-month moving average yield of the two-year Treasury Note (Benchmark Yield*). During the month of September, the City evaluated alternate portfolio performance benchmarks in order to establish an independent standard to serve as a measure of the performance of the portfolio and to help guide the maturity structure of the portfolio. The City began using the 24-Month moving average yield of the ICE BaML 0-5 US Treasury Index as an interim benchmark, effective October 1, 2020.

The City's securities portfolio compared to the ICE BaML 0-5 US Treasury Index (Benchmark) was as follows:

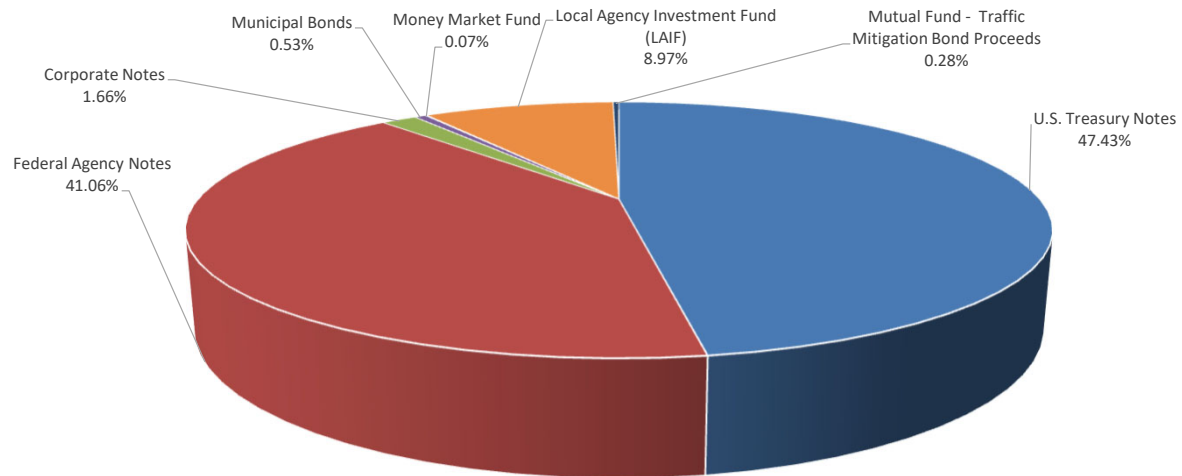
Description	Average Maturity (Years)	Yield to Maturity (At Cost) ¹
Santa Clara Portfolio	2.66	1.66%
Benchmark	2.26	1.26%

1. *Yield to Maturity at Cost: The expected rate of return based on the original cost, annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.*

The Benchmark yield represents the 24-month moving average yield of the ICE BaML 0-5 US Treasury Index.

**CITY OF SANTA CLARA
SUMMARY OF INVESTMENTS NOVEMBER 30, 2020**

<u>INVESTMENT TYPE</u>	<u>BOOK VALUE</u>	<u>% OF PORTFOLIO</u>	<u>PER INVESTMENT POLICY</u>
U.S. Treasury Notes	368,081,359	47.43%	No Limit
Federal Agency Notes	318,601,529	41.06%	80%
Corporate Notes	12,864,451	1.66%	15%
Municipal Bonds	4,145,000	0.53%	20%
Money Market Fund	539,549	0.07%	10% Per Fund
Local Agency Investment Fund (LAIF)	69,577,514	8.97%	\$75 M
Mutual Fund - Traffic Mitigation Bond Proceeds	2,146,020	0.28%	10% Per Fund
TOTAL INVESTMENTS	<u>\$ 775,955,422</u>	<u>100.00%</u>	



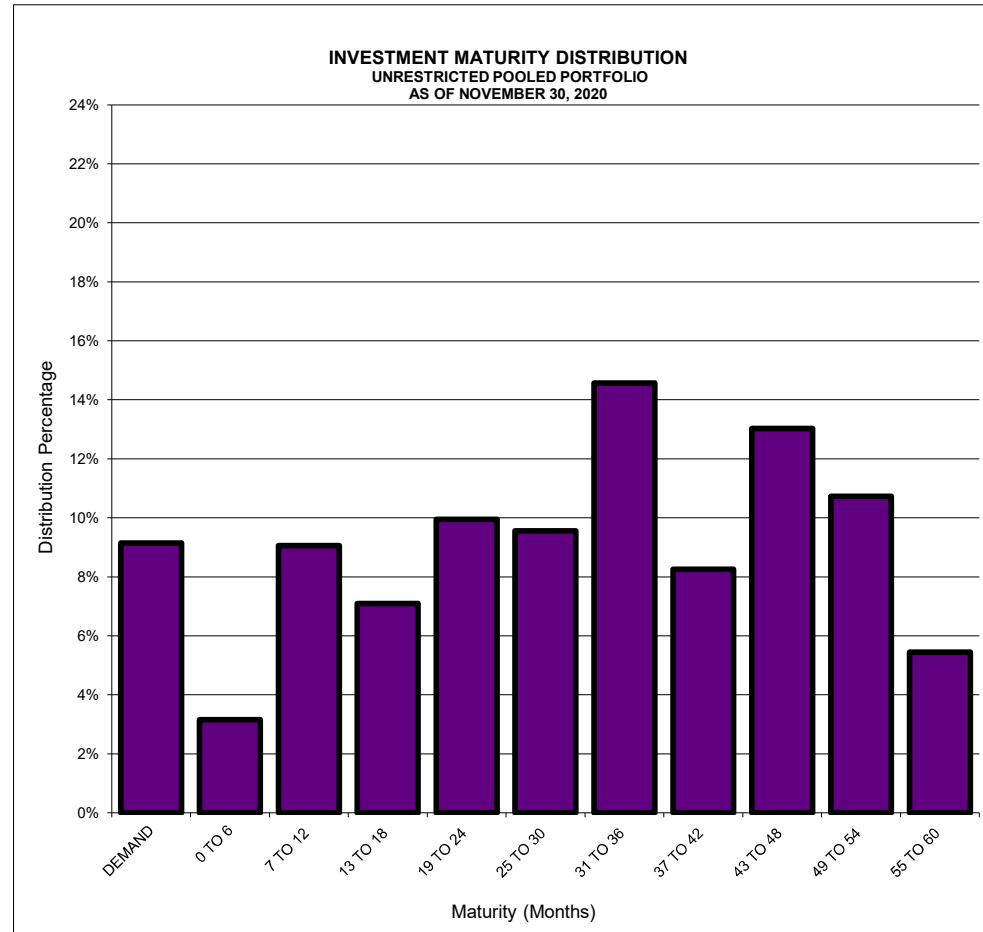
CITY OF SANTA CLARA

**INVESTMENT MATURITY DISTRIBUTION
AS OF NOVEMBER 30, 2020
UNRESTRICTED POOLED PORTFOLIO**

MATURITY (IN MONTHS)	BOOK VALUE	NUMBER OF INVESTMENTS	DISTRIBUTION
DEMAND	\$ 70,742,414 (a)	3	9.14%
0 TO 6	24,445,092	5	3.16%
7 TO 12	70,070,909	11	9.06%
13 TO 18	54,877,069	11	7.09%
19 TO 24	77,014,341	14	9.95%
25 TO 30	73,997,617	9	9.56%
31 TO 36	112,724,201	23	14.57%
37 TO 42	63,923,936	13	8.26%
43 TO 48	100,826,868	18	13.03%
49 TO 54	83,056,858	10	10.73%
55 TO 60	42,130,097	6	5.45%
TOTAL	\$ 773,809,402	123	100.00%

Average Maturity of Unrestricted Pool: 2.42 Years

(a) \$20 million is earmarked for the City's Electric Utility power-trading.





Market Inventory

Attachment A

As Of Date: 11/30/2020

Date Basis: Settlement

Run: 12/10/2020 12:43:28 PM

Reporting Currency: Local

City of Santa Clara

INV	CUSIP	Description	Purchase	Maturity	Coupon	Yield TM	Current Par	Current Book	Market Value	Market Price	Unrealized G/L	PRC Source
Inv Type: 12 TREASURY NOTES												
17296	912828Q37	TREASURY NOTES	02/14/2017	03/31/2021	1.250000	1.803695	1,920,000.00	1,916,256.28	1,927,507.20	100.391000	11,250.92	IDC-FIS
17322	9128284G2	TREASURY NOTES	06/19/2018	04/15/2021	2.375000	2.662058	5,000,000.00	4,993,176.57	5,042,950.00	100.859000	49,773.43	IDC-FIS
17343	912828WR7	TREASURY NOTES	02/19/2019	06/30/2021	2.125000	2.496231	5,000,000.00	4,982,102.85	5,059,400.00	101.188000	77,297.15	IDC-FIS
17369	912828WY2	TREASURY NOTES	10/24/2019	07/31/2021	2.250000	1.621904	10,000,000.00	10,061,409.16	10,143,400.00	101.434000	81,990.84	IDC-FIS
17420	912828YC8	TREASURY NOTES	10/20/2020	08/31/2021	1.500000	.125500	9,860,000.00	9,997,130.52	9,963,234.20	101.047000	-13,468.14	IDC-FIS
17338	9128285F3	TREASURY NOTES	01/17/2019	10/15/2021	2.875000	2.543204	5,000,000.00	5,015,822.26	5,120,700.00	102.414000	104,877.74	IDC-FIS
17321	912828U65	TREASURY NOTES	05/22/2018	11/30/2021	1.750000	2.805608	10,000,000.00	9,900,534.99	10,164,100.00	101.641000	263,565.01	IDC-FIS
17306	912828U81	TREASURY NOTES	11/09/2017	12/31/2021	2.000000	1.914991	5,000,000.00	5,006,083.73	5,101,750.00	102.035000	95,666.27	IDC-FIS
17312	912828V72	TREASURY NOTES	02/26/2018	01/31/2022	1.875000	2.530589	5,000,000.00	4,953,458.19	5,102,350.00	102.047000	148,891.81	IDC-FIS
17297	912828J43	TREASURY NOTES	03/03/2017	02/28/2022	1.750000	2.067799	5,000,000.00	4,977,578.17	5,101,950.00	102.039000	124,371.83	IDC-FIS
17334	912828J43	TREASURY NOTES	12/14/2018	02/28/2022	1.750000	2.763338	5,000,000.00	4,928,067.67	5,101,950.00	102.039000	173,882.33	IDC-FIS
17309	912828W89	TREASURY NOTES	01/25/2018	03/31/2022	1.875000	2.368364	5,000,000.00	4,965,058.77	5,116,000.00	102.320000	150,941.23	IDC-FIS
17308	912828X47	TREASURY NOTES	01/22/2018	04/30/2022	1.875000	2.361028	5,000,000.00	4,965,656.19	5,123,050.00	102.461000	157,393.81	IDC-FIS
17300	912828XD7	TREASURY NOTES	06/09/2017	05/31/2022	1.875000	1.772818	5,000,000.00	5,007,277.62	5,131,250.00	102.625000	123,972.38	IDC-FIS
17335	912828XG0	TREASURY NOTES	12/21/2018	06/30/2022	2.125000	2.638411	5,000,000.00	4,951,322.12	5,156,850.00	103.137000	205,527.88	IDC-FIS
17375	912828XG0	TREASURY NOTES	11/25/2019	06/30/2022	2.125000	1.596160	10,000,000.00	10,103,032.29	10,313,700.00	103.137000	210,667.71	IDC-FIS
17394	912828XG0	TREASURY NOTES	03/25/2020	06/30/2022	2.125000	.351460	10,000,000.00	10,352,599.76	10,313,700.00	103.137000	-38,899.76	IDC-FIS
17315	912828P4	TREASURY NOTES	03/27/2018	07/31/2022	1.875000	2.591504	5,000,000.00	4,932,711.34	5,143,550.00	102.871000	210,838.66	IDC-FIS
17303	912828L24	TREASURY NOTES	09/29/2017	08/31/2022	1.875000	1.913317	5,000,000.00	4,996,355.00	5,150,600.00	103.012000	154,245.00	IDC-FIS
17304	912828L57	TREASURY NOTES	10/06/2017	09/30/2022	1.750000	1.958257	5,000,000.00	4,980,285.46	5,147,250.00	102.945000	166,964.54	IDC-FIS
17318	912828W9	TREASURY NOTES	04/20/2018	09/30/2022	1.875000	2.739970	5,000,000.00	4,919,252.11	5,158,000.00	103.160000	238,747.89	IDC-FIS
17305	912828M49	TREASURY NOTES	10/31/2017	10/31/2022	1.875000	2.071694	5,000,000.00	4,981,441.89	5,165,050.00	103.301000	183,608.11	IDC-FIS
17307	912828M80	TREASURY NOTES	12/18/2017	11/30/2022	2.000000	2.168858	5,000,000.00	4,984,092.19	5,183,800.00	103.676000	199,707.81	IDC-FIS
17320	912828N30	TREASURY NOTES	05/15/2018	12/31/2022	2.125000	2.835579	10,000,000.00	9,834,650.35	10,409,800.00	104.098000	575,149.65	IDC-FIS
17398	912828Z29	TREASURY NOTES	04/21/2020	01/15/2023	1.500000	.237587	10,000,000.00	10,314,157.91	10,284,000.00	102.840000	-30,157.91	IDC-FIS
17311	912828P38	TREASURY NOTES	02/14/2018	01/31/2023	1.750000	2.566484	5,000,000.00	4,904,738.38	5,172,250.00	103.445000	267,511.62	IDC-FIS
17314	912828P79	TREASURY NOTES	02/28/2018	02/28/2023	1.500000	2.682776	10,000,000.00	9,725,903.61	10,301,200.00	103.012000	575,296.39	IDC-FIS
17317	912828Q29	TREASURY NOTES	04/11/2018	03/31/2023	1.500000	2.624318	10,000,000.00	9,738,640.88	10,311,700.00	103.117000	573,059.12	IDC-FIS
17319	912828R28	TREASURY NOTES	05/09/2018	04/30/2023	1.625000	2.824390	10,000,000.00	9,722,980.88	10,352,300.00	103.523000	629,319.12	IDC-FIS
17323	912828R69	TREASURY NOTES	07/17/2018	05/31/2023	1.625000	2.763323	10,000,000.00	9,735,955.94	10,362,900.00	103.629000	626,944.06	IDC-FIS
17339	912828S35	TREASURY NOTES	01/17/2019	06/30/2023	1.375000	2.549274	5,000,000.00	4,834,585.10	5,155,450.00	103.109000	320,864.90	IDC-FIS
17378	912828S35	TREASURY NOTES	12/18/2019	06/30/2023	1.375000	1.682342	5,000,000.00	4,955,443.62	5,155,450.00	103.109000	200,006.38	IDC-FIS
17395	912828S35	TREASURY NOTES	04/01/2020	06/30/2023	1.375000	.285312	10,000,000.00	10,324,925.51	10,310,900.00	103.109000	-14,025.51	IDC-FIS
17326	912828Y61	TREASURY NOTES	09/18/2018	07/31/2023	2.750000	2.899455	5,000,000.00	4,979,197.96	5,342,800.00	106.856000	363,602.04	IDC-FIS
17328	912828Y61	TREASURY NOTES	09/28/2018	07/31/2023	2.750000	2.961654	5,000,000.00	4,970,591.40	5,342,800.00	106.856000	372,208.60	IDC-FIS
17324	912828D1	TREASURY NOTES	09/13/2018	08/31/2023	1.375000	2.867264	5,000,000.00	4,793,045.88	5,163,650.00	103.273000	370,604.12	IDC-FIS



Market Inventory

Attachment A

As Of Date: 11/30/2020

Date Basis: Settlement

Run: 12/10/2020 12:43:28 PM

Reporting Currency: Local

City of Santa Clara

INV	CUSIP	Description	Purchase	Maturity	Coupon	Yield TM	Current Par	Current Book	Market Value	Market Price	Unrealized G/L	PRC Source
17330	912828T26	TREASURY NOTES	11/14/2018	09/30/2023	1.375000	3.011415	7,500,000.00	7,160,416.48	7,753,725.00	103.383000	593,308.52	IDC-FIS
17340	912828T91	TREASURY NOTES	01/28/2019	10/31/2023	1.625000	2.579465	5,000,000.00	4,866,285.94	5,210,350.00	104.207000	344,064.06	IDC-FIS
17345	912828U57	TREASURY NOTES	02/28/2019	11/30/2023	2.125000	2.496362	5,000,000.00	4,947,812.86	5,290,450.00	105.809000	342,637.14	IDC-FIS
17397	912828U57	TREASURY NOTES	04/20/2020	11/30/2023	2.125000	.263467	5,000,000.00	5,277,336.05	5,290,450.00	105.809000	13,113.95	IDC-FIS
17346	912828V23	TREASURY NOTES	03/14/2019	12/31/2023	2.250000	2.437027	5,000,000.00	4,969,243.80	5,316,200.00	106.324000	346,956.20	IDC-FIS
17342	912828V80	TREASURY NOTES	02/14/2019	01/31/2024	2.250000	2.524589	5,000,000.00	4,955,092.36	5,323,050.00	106.461000	367,957.64	IDC-FIS
17396	912828Z59	TREASURY NOTES	04/15/2020	01/31/2024	2.500000	.336639	5,000,000.00	5,375,674.72	5,363,100.00	107.262000	-12,574.72	IDC-FIS
17347	912828W48	TREASURY NOTES	03/20/2019	02/29/2024	2.125000	2.440257	5,000,000.00	4,948,416.27	5,309,200.00	106.184000	360,783.73	IDC-FIS
17352	912828W71	TREASURY NOTES	04/30/2019	03/31/2024	2.125000	2.319173	5,000,000.00	4,968,077.22	5,316,800.00	106.336000	348,722.78	IDC-FIS
17353	912828X70	TREASURY NOTES	05/17/2019	04/30/2024	2.000000	2.202374	5,000,000.00	4,966,679.04	5,302,350.00	106.047000	335,670.96	IDC-FIS
17359	912828WJ5	TREASURY NOTES	08/16/2019	05/15/2024	2.500000	1.428853	5,000,000.00	5,180,229.48	5,390,800.00	107.816000	210,570.52	IDC-FIS
17367	912828WJ5	TREASURY NOTES	10/11/2019	05/15/2024	2.500000	1.498657	5,000,000.00	5,168,423.16	5,390,800.00	107.816000	222,376.84	IDC-FIS
17361	912828XX3	TREASURY NOTES	08/30/2019	06/30/2024	2.000000	1.414330	5,000,000.00	5,112,706.16	5,315,250.00	106.305000	202,543.84	IDC-FIS
17376	9128286Z8	TREASURY NOTES	12/13/2019	06/30/2024	1.750000	1.739161	7,250,000.00	7,252,987.19	7,641,935.00	105.406000	388,947.81	IDC-FIS
17364	9128282N9	TREASURY NOTES	09/11/2019	07/31/2024	2.125000	1.556000	5,000,000.00	5,109,042.57	5,343,550.00	106.871000	234,507.43	IDC-FIS
17390	9128282U3	TREASURY NOTES	03/11/2020	08/31/2024	1.875000	.621947	5,000,000.00	5,246,412.97	5,302,950.00	106.059000	56,537.03	IDC-FIS
17370	9128282Y5	TREASURY NOTES	10/28/2019	09/30/2024	2.125000	1.630859	5,000,000.00	5,094,470.89	5,355,300.00	107.106000	260,829.11	IDC-FIS
17373	9128283D0	TREASURY NOTES	11/19/2019	10/31/2024	2.250000	1.636035	10,000,000.00	10,234,686.12	10,772,700.00	107.727000	538,013.88	IDC-FIS
17379	9128283J7	TREASURY NOTES	01/07/2020	11/30/2024	2.125000	1.617525	5,000,000.00	5,097,071.07	5,367,600.00	107.352000	270,528.93	IDC-FIS
17380	9128283P3	TREASURY NOTES	01/08/2020	12/31/2024	2.250000	1.618632	10,000,000.00	10,271,844.08	10,798,800.00	107.988000	526,955.92	IDC-FIS
17399	912828Z52	TREASURY NOTES	04/23/2020	01/31/2025	1.375000	.365012	5,000,000.00	5,224,986.57	5,223,850.00	104.477000	-1,136.57	IDC-FIS
17389	9128283Z1	TREASURY NOTES	03/09/2020	02/28/2025	2.750000	.605325	10,000,000.00	10,947,941.11	11,035,900.00	110.359000	87,958.89	IDC-FIS
Subtotal					1.947744	1.885861	366,530,000.00	368,081,358.66	382,012,401.40	104.224048	13,951,470.92	

Inv Type: 21 FHLB MEDIUM TERM NOTES

17282	3130A1W95	FHLB MEDIUM TERM NO	11/18/2016	06/11/2021	2.250000	1.696591	5,000,000.00	5,026,436.97	5,055,550.00	101.111000	29,113.03	IDC-FIS
17387	3130A1W95	FHLB MEDIUM TERM NO	02/26/2020	06/11/2021	2.250000	1.258135	5,000,000.00	5,048,919.75	5,055,550.00	101.111000	6,630.25	IDC-FIS
17286	3130A8QS5	FHLB MEDIUM TERM NO	11/29/2016	07/14/2021	1.125000	1.814259	5,000,000.00	4,967,168.84	5,030,800.00	100.616000	63,631.16	IDC-FIS
17277	313378JP7	FHLB MEDIUM TERM NO	11/01/2016	09/10/2021	2.375000	1.428993	5,000,000.00	5,045,387.15	5,087,450.00	101.749000	42,062.85	IDC-FIS
17341	3130AFFN2	FHLB MEDIUM TERM NO	02/11/2019	12/10/2021	3.000000	2.497201	5,000,000.00	5,036,060.70	5,145,750.00	102.915000	109,689.30	IDC-FIS
17393	313378CR0	FHLB MEDIUM TERM NO	03/16/2020	03/11/2022	2.250000	.716855	5,000,000.00	5,113,435.17	5,130,450.00	102.609000	17,014.83	IDC-FIS
17333	313383WD9	FHLB MEDIUM TERM NO	12/13/2018	09/09/2022	3.125000	2.898026	5,000,000.00	5,021,240.26	5,261,200.00	105.224000	239,959.74	IDC-FIS
17363	3130A3DL5	FHLB MEDIUM TERM NO	09/06/2019	09/08/2023	2.375000	1.527008	5,000,000.00	5,122,736.63	5,293,550.00	105.871000	170,813.37	IDC-FIS
17336	3130A0F70	FHLB MEDIUM TERM NO	01/09/2019	12/08/2023	3.375000	2.727479	5,000,000.00	5,105,256.40	5,469,900.00	109.398000	364,643.60	IDC-FIS
17392	3130A3VC5	FHLB MEDIUM TERM NO	03/13/2020	12/08/2023	2.250000	.715013	5,000,000.00	5,264,217.38	5,299,550.00	105.991000	35,332.62	IDC-FIS
17350	3130AB3H7	FHLB MEDIUM TERM NO	04/12/2019	03/08/2024	2.375000	2.380001	5,000,000.00	4,999,141.98	5,329,800.00	106.596000	330,658.02	IDC-FIS
17374	3130A1XJ2	FHLB MEDIUM TERM NO	11/21/2019	06/14/2024	2.875000	1.641007	5,000,000.00	5,236,652.25	5,452,250.00	109.045000	215,597.75	IDC-FIS
17365	3130AGWK7	FHLB MEDIUM TERM NO	09/19/2019	08/15/2024	1.500000	1.644760	5,000,000.00	4,972,299.11	5,228,550.00	104.571000	256,250.89	IDC-FIS



Market Inventory

Attachment A

As Of Date: 11/30/2020

Date Basis: Settlement

Run: 12/10/2020 12:43:28 PM

Reporting Currency: Local

City of Santa Clara

INV	CUSIP	Description	Purchase	Maturity	Coupon	Yield TM	Current Par	Current Book	Market Value	Market Price	Unrealized G/L	PRC Source
17368	3130A2UW4	FHLB MEDIUM TERM NO	10/17/2019	09/13/2024	2.875000	1.656994	5,000,000.00	5,232,679.87	5,488,400.00	109.768000	255,720.13	IDC-FIS
17391	3130A3GE8	FHLB MEDIUM TERM NO	03/13/2020	12/13/2024	2.750000	.768165	5,000,000.00	5,436,587.50	5,463,450.00	109.269000	26,862.50	IDC-FIS
17400	3130A4CH3	FHLB MEDIUM TERM NO	04/28/2020	03/14/2025	2.375000	.665003	10,000,000.00	10,754,933.71	10,855,500.00	108.555000	100,566.29	IDC-FIS
Subtotal					2.445675	1.557213	85,000,000.00	87,383,153.67	89,647,700.00	105.467882	2,264,546.33	

Inv Type: 22 FHLB COUPON NOTES

17354	3130AGMK8	FHLB COUPON NOTES	06/28/2019	06/28/2024	2.220000	2.220000	5,000,000.00	5,000,000.00	5,050,250.00	101.005000	50,250.00	IDC-FIS
17360	3130AGXF7	FHLB COUPON NOTES	08/26/2019	08/26/2024	1.650000	1.650000	5,000,000.00	5,000,000.00	5,032,600.00	100.652000	32,600.00	IDC-FIS
17371	3130AHGL1	FHLB COUPON NOTES	11/04/2019	11/04/2024	1.875000	1.875000	3,840,000.00	3,840,000.00	3,890,227.20	101.308000	50,227.20	IDC-FIS
Subtotal					1.918353	1.918353	13,840,000.00	13,840,000.00	13,973,077.20	100.961540	133,077.20	

Inv Type: 23 FNMA COUPON NOTE

17270	3136G4BD4	FNMA COUPON NOTE	09/29/2016	03/29/2021	1.350000	1.350000	5,540,000.00	5,540,000.00	5,562,326.20	100.403000	22,326.20	IDC-FIS
Subtotal					1.350000	1.350000	5,540,000.00	5,540,000.00	5,562,326.20	100.403000	22,326.20	

Inv Type: 24 FNMA MEDIUM TERM NOTE

17279	3135G0H55	FNMA MEDIUM TERM NO	11/16/2016	12/28/2020	1.875000	1.584161	625,000.00	625,350.31	625,856.25	100.137000	505.94	IDC-FIS
17248	3136G02F7	FNMA MEDIUM TERM NO	06/03/2016	05/07/2021	1.600000	1.474085	2,000,000.00	2,001,192.66	2,013,020.00	100.651000	11,827.34	IDC-FIS
17271	3135G0Q89	FNMA MEDIUM TERM NO	10/11/2016	10/07/2021	1.375000	1.450052	5,000,000.00	4,996,403.95	5,053,650.00	101.073000	57,246.05	IDC-FIS
17329	3135G0S38	FNMA MEDIUM TERM NO	10/11/2018	01/05/2022	2.000000	3.012476	5,000,000.00	4,928,161.93	5,102,850.00	102.057000	174,688.07	IDC-FIS
17310	3135G0T78	FNMA MEDIUM TERM NO	01/29/2018	10/05/2022	2.000000	2.496939	5,000,000.00	4,953,425.00	5,167,700.00	103.354000	214,275.00	IDC-FIS
17423	3135G06H1	FNMA MEDIUM TERM NO	11/25/2020	11/27/2023	.250000	.288121	4,950,000.00	4,944,357.00	4,949,059.50	99.981000	4,702.50	IDC-FIS
17377	3135G0V75	FNMA MEDIUM TERM NO	12/18/2019	07/02/2024	1.750000	1.732000	5,000,000.00	5,003,434.04	5,262,100.00	105.242000	258,665.96	IDC-FIS
17404	3135G0V75	FNMA MEDIUM TERM NO	05/15/2020	07/02/2024	1.750000	.377002	10,000,000.00	10,543,934.66	10,524,200.00	105.242000	-19,734.66	IDC-FIS
17382	3135G0X24	FNMA MEDIUM TERM NO	01/23/2020	01/07/2025	1.625000	1.627706	7,500,000.00	7,499,114.91	7,887,075.00	105.161000	387,960.09	IDC-FIS
17401	3135G03U5	FNMA MEDIUM TERM NO	05/08/2020	04/22/2025	.625000	.521429	10,000,000.00	10,045,903.43	10,111,300.00	101.113000	65,396.57	IDC-FIS
17410	3135G04Z3	FNMA MEDIUM TERM NO	07/20/2020	06/17/2025	.500000	.463065	5,000,000.00	5,011,102.78	5,017,450.00	100.349000	8,500.00	IDC-FIS
Subtotal					1.328139	1.192862	60,075,000.00	60,552,380.67	61,714,260.75	102.728690	1,164,032.86	

Inv Type: 26 FFCB MEDIUM TERM NOTES

17234	3133EFY24	FFCB MEDIUM TERM NO	02/18/2016	02/10/2021	1.375000	1.490028	10,000,000.00	9,994,466.74	10,024,500.00	100.245000	30,033.26	IDC-FIS
17386	3133EGYS8	FFCB MEDIUM TERM NO	02/05/2020	04/14/2022	1.400000	1.451035	5,000,000.00	4,996,231.30	5,083,550.00	101.671000	87,318.70	IDC-FIS
17357	3133EKVE3	FFCB MEDIUM TERM NO	07/19/2019	07/19/2022	1.850000	1.889266	5,000,000.00	4,996,208.67	5,136,000.00	102.720000	139,791.33	IDC-FIS
17358	3133EKYJ9	FFCB MEDIUM TERM NO	08/14/2019	08/05/2022	1.850000	1.643841	5,000,000.00	5,019,985.46	5,139,700.00	102.794000	119,714.54	IDC-FIS
17366	3133EHM91	FFCB MEDIUM TERM NO	10/08/2019	11/01/2022	2.080000	1.440040	1,800,000.00	1,822,389.41	1,864,386.00	103.577000	41,996.59	IDC-FIS
17316	3133EJGU7	FFCB MEDIUM TERM NO	03/29/2018	12/16/2022	2.710000	2.638022	5,000,000.00	5,008,434.54	5,257,300.00	105.146000	248,865.46	IDC-FIS
17332	3133EJSD2	FFCB MEDIUM TERM NO	11/29/2018	06/19/2023	2.890000	2.983126	5,000,000.00	4,987,007.52	5,342,250.00	106.845000	355,242.48	IDC-FIS



Market Inventory

Attachment A

As Of Date: 11/30/2020

Date Basis: Settlement

Run: 12/10/2020 12:43:28 PM

Reporting Currency: Local

City of Santa Clara

INV	CUSIP	Description	Purchase	Maturity	Coupon	Yield TM	Current Par	Current Book	Market Value	Market Price	Unrealized G/L	PRC Source
17381	3133ELH20	FFCB MEDIUM TERM NO	01/17/2020	07/17/2023	1.600000	1.610620	5,000,000.00	4,998,457.95	5,182,200.00	103.644000	183,742.05	IDC-FIS
17327	3133EJWV7	FFCB MEDIUM TERM NO	09/18/2018	08/14/2023	2.900000	3.000958	5,000,000.00	4,985,981.41	5,361,950.00	107.239000	375,968.59	IDC-FIS
17331	3133EJD48	FFCB MEDIUM TERM NO	11/28/2018	10/02/2023	3.050000	3.024022	7,575,000.00	7,580,331.07	8,180,621.25	107.995000	600,290.18	IDC-FIS
17355	3133EHN25	FFCB MEDIUM TERM NO	06/27/2019	11/01/2023	2.200000	1.866116	2,965,000.00	2,993,310.97	3,146,546.95	106.123000	153,235.98	IDC-FIS
17348	3133EKBW5	FFCB MEDIUM TERM NO	03/21/2019	02/27/2024	2.610000	2.466241	5,000,000.00	5,023,484.31	5,380,800.00	107.616000	357,315.69	IDC-FIS
17362	3133EKHV1	FFCB MEDIUM TERM NO	09/05/2019	07/22/2024	2.450000	1.384069	5,000,000.00	5,205,358.59	5,392,250.00	107.845000	186,891.41	IDC-FIS
17372	3133EK4Y9	FFCB MEDIUM TERM NO	11/12/2019	11/01/2024	1.650000	1.806956	5,000,000.00	4,970,132.71	5,260,900.00	105.218000	290,767.29	IDC-FIS
17406	3133ELJM7	FFCB MEDIUM TERM NO	05/19/2020	01/23/2025	1.650000	.555648	7,320,000.00	7,675,110.92	7,671,945.60	104.808000	-3,165.32	IDC-FIS
17405	3133ELZM9	FFCB MEDIUM TERM NO	05/18/2020	05/14/2025	.500000	.534983	10,000,000.00	9,984,508.67	10,044,200.00	100.442000	59,691.33	IDC-FIS
17408	3133ELH23	FFCB MEDIUM TERM NO	06/17/2020	06/09/2025	.500000	.505008	10,000,000.00	9,998,651.11	10,038,300.00	100.383000	40,760.00	IDC-FIS
Subtotal					1.794949	1.649031	99,660,000.00	100,240,051.35	103,507,399.80	103.860526	3,268,459.56	

Inv Type: 27 FFCB COUPON NOTES

17409	3133ELR71	FFCB MEDIUM TERM NO	07/15/2020	07/02/2025	.500000	.464007	10,000,000.00	10,019,445.56	10,033,600.00	100.336000	15,960.00	IDC-FIS
Subtotal					.500000	.464007	10,000,000.00	10,019,445.56	10,033,600.00	100.336000	15,960.00	

Inv Type: 28 FHLMC MEDIUM TERM NOTES

17388	3134G9M20	FHLMC MEDIUM TERM N	02/26/2020	07/26/2021	1.875000	1.275218	5,000,000.00	5,029,592.64	5,058,800.00	101.176000	29,207.36	IDC-FIS
17402	3137EAER6	FHLMC MEDIUM TERM N	05/11/2020	05/05/2023	.375000	.277020	5,000,000.00	5,012,154.22	5,024,150.00	100.483000	11,995.78	IDC-FIS
17413	3137EAEW5	FHLMC MEDIUM TERM N	09/04/2020	09/08/2023	.250000	.243909	3,215,000.00	3,215,587.09	3,217,089.75	100.065000	1,502.66	IDC-FIS
17414	3137EAEW5	FHLMC MEDIUM TERM N	09/04/2020	09/08/2023	.250000	.261009	4,295,000.00	4,293,582.65	4,297,791.75	100.065000	4,209.10	IDC-FIS
17419	3137EAEY1	FHLMC MEDIUM TERM N	10/16/2020	10/16/2023	.125000	.249878	5,920,000.00	5,897,918.40	5,904,608.00	99.740000	6,689.60	IDC-FIS
17407	3137EAEP0	FHLMC MEDIUM TERM N	05/21/2020	02/12/2025	1.500000	.526022	5,000,000.00	5,215,927.22	5,234,200.00	104.684000	18,272.78	IDC-FIS
17418	3137EAEX3	FHLMC MEDIUM TERM N	09/25/2020	09/23/2025	.375000	.435992	9,390,000.00	9,361,736.10	9,348,214.50	99.555000	-13,521.60	IDC-FIS
Subtotal					.664250	.473521	37,820,000.00	38,026,498.32	38,084,854.00	100.700301	58,355.68	

Inv Type: 29 FHLMC COUPON NOTES

17351	3134GTKG7	FHLMC COUPON NOTES	05/03/2019	05/03/2024	2.600000	2.600000	3,000,000.00	3,000,000.00	3,026,880.00	100.896000	26,880.00	IDC-FIS
Subtotal					2.600000	2.600000	3,000,000.00	3,000,000.00	3,026,880.00	100.896000	26,880.00	

Inv Type: 30 FIXED RATE MUNICIPAL/STATE

17422	13017HAK2	CA ST EARTHQUAKE AU	11/24/2020	07/01/2023	1.477000	1.477000	1,430,000.00	1,430,000.00	1,439,581.00	100.670000	9,581.00	CSC
17421	54438CYK2	LA COMMUNITY COLLEG	11/10/2020	08/01/2025	.773000	.773000	2,715,000.00	2,715,000.00	2,752,738.50	101.390000	37,738.50	CSC
Subtotal					1.015876	1.015876	4,145,000.00	4,145,000.00	4,192,319.50	101.141604	47,319.50	

Inv Type: 35 CORPORATE MEDIUM TERM NOTES

17417	06053FAA7	BANK OF AMERICA COR	09/15/2020	07/24/2023	4.100000	.522842	4,070,000.00	4,506,134.42	4,457,382.60	109.518000	-25,111.90	IDC-FIS
-------	-----------	---------------------	------------	------------	----------	---------	--------------	--------------	--------------	------------	------------	---------



Market Inventory

Attachment A

As Of Date: 11/30/2020

Date Basis: Settlement

Run: 12/10/2020 12:43:28 PM

Reporting Currency: Local

City of Santa Clara

INV	CUSIP	Description	Purchase	Maturity	Coupon	Yield TM	Current Par	Current Book	Market Value	Market Price	Unrealized G/L	PRC Source
17415	904764BJ5	UNILEVER CAPITALL C	09/14/2020	09/14/2023	.375000	.417979	660,000.00	659,155.20	661,399.20	100.212000	2,244.00	IDC-FIS
17416	46647PBS4	JPMORGAN CHASE & CO	09/16/2020	09/16/2024	.653000	.653000	2,675,000.00	2,675,000.00	2,686,823.50	100.442000	11,823.50	IDC-FIS
17412	478160CN2	JOHNSON & JOHNSON	09/03/2020	09/01/2025	.550000	.454509	5,000,000.00	5,024,161.11	5,006,450.00	100.129000	-17,100.00	IDC-FIS
Subtotal					1.805938	.517847	12,405,000.00	12,864,450.73	12,812,055.30	103.281381	-28,144.40	

Inv Type: 62 WELLS FARGO - SWEEP ACCOUNT

17411	992995944	Public Institution	09/01/2020	12/01/2020	.023452	.023452	539,549.44	539,549.44	539,549.44	100.000000	0.00	BOOK
Subtotal					.023452	.023452	539,549.44	539,549.44	539,549.44	100.000000	0.00	

Inv Type: 99 LOCAL AGENCY INVESTMENT FUND

16059		STATE OF CA DEMAND	09/30/1997	12/01/2020	.938756	.938756	69,577,514.02	69,577,514.02	69,577,514.02	100.000000	0.00	BOOK
Subtotal					.938756	.938756	69,577,514.02	69,577,514.02	69,577,514.02	100.000000	0.00	

Inv Type: 315 MUTUAL FUNDS-DREYFUS

16064		DREYFUS TREASURY CA	10/31/1997	12/01/2020	.012993	.012993	2,146,019.56	2,146,019.56	2,146,019.56	100.000000	0.00	BOOK
Subtotal					.012993	.012993	2,146,019.56	2,146,019.56	2,146,019.56	100.000000	0.00	

Grand Total				Count 124	1.747374	1.557393	770,278,083.02	775,955,421.98	796,829,957.17	103.447050	20,924,283.85	
-------------	--	--	--	-----------	----------	----------	----------------	----------------	----------------	------------	---------------	--

FY 2020/21 Budget Amendments

Parks and Recreation Operating Grant Trust Fund (111)

Department/Item	Source of Funds	Use of Funds	Explanation
Materials, Services, and Supplies		22,138	Increases the Materials, Services, and Supplies budget by \$22,138 to carryover funds that were not spent at the end of FY 2019/20 for Senior Nutrition costs due to the timing of payments. These funds are necessary to address the Senior Nutrition costs that will be booked in FY 2020/21.
Unrestricted Ending Fund Balance		(22,138)	Reduces the Ending Fund Balance to offset the action above.
	-	-	

Public Donations Fund (067)

Department/Item	Source of Funds	Use of Funds	Explanation
Donations / Police Department	5,000	5,000	Recognizes and appropriates an anonymous donation to the Police Department. This donation will be added to the current Coronavirus Emergency Supplemental Funding program.
	5,000	5,000	

Santa Clara Golf and Tennis Club Fund (811)

Department/Item	Source of Funds	Use of Funds	Explanation
Santa Clara Gold and Tennis Operations - Advance from the General Fund Write-Off	-	-	The Santa Clara Golf and Tennis Club (SCGTC) permanently closed its service to the public on October 13, 2019, and operations permanently ceased on October 31, 2019. On April 7, 2020, the City Council approved SCGTC's final financial status report, which reported an operating loss. SCGTC has an outstanding Advance from the General Fund in the amount of \$4,224,133. This accumulated long term advance was used to fund SCGTC's operational and construction costs over several years. This action writes off this advance in the amount \$4,224,133 that will not be repaid to the General Fund. There are no budget actions reflected as the repayment of this advance to the General Fund was not assumed in the FY 2020/21 budget.
	-	-	



Agenda Report

21-1191

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 3 to the Facility Use Agreement between Santa Clara Swim Club, Inc. and the City of Santa Clara to address COVID19 Impacts to Programs & Revenue

COUNCIL PILLAR

Enhance Community Sports, Recreational and Arts Assets

BACKGROUND

The Parks & Recreation Department operates and maintains the George F. Haines, International Swim Center (ISC) in Central Park. The ISC consists of a 23-lane racing pool (short course), a six-lane diving well, a six-lane training pool, and support facilities and amenities. The City operates programs at the ISC year-round for lap swim, seasonal recreation swim, learn to swim, and water exercise. The ISC is also home to the Santa Clara Swim Club (Club) since 1980 by a facility use permit (Attachment 1) in return for a monthly per swimmer fee of \$21. The fee was increased in 1982 to \$27 per swimmer in Amendment No. 1 (Attachment 2). On August 17, 2010, the City and Club agreed to a comprehensive update of terms in Amendment No. 2 (Attachment 3) and set an annual fee of \$20,000 for use of the ISC.

In March 2020, the global coronavirus pandemic and State and County Health Orders shut down non-essential business activities including the Club. As health and safety protocols and updated State and County Orders have allowed, the City has worked with the Club to permit some operations and activities to resume under restrictions, but not without significant disruptions in services, added cost to implement protocols, lower participation rates and a corresponding reductions in revenue.

DISCUSSION

Since March of 2020, the City has worked with the Club to assess and address the impacts of the pandemic on Club operations and programs at the ISC, implement required Health and Safety Protocols, and to restore services and activities for the Club to the extent permitted. However, the Club was unable to use the ISC for 156 days, or 43% of the year in 2020. This caused significant revenue and membership loss to the Club. Since March, the Club has reduced its staff along with implementing other cost reduction measures.

On November 3, 2020, the City received a request from the Club for a one-time reduction in the required fee for 2020 (Attachment 4) in the amount of \$8,600 to address the Club's operating deficit as a result of COVID19 related closures, limitations on programs, and other impacts. The City has provided various support programs to local businesses, non-profits and workers. Adjusting the facility use fee on a one-time basis is an efficient measure that would help the Club meet its obligations under the current facility use permit and continues the City's long-term relationship and support of the

Club at the ISC. Fees would resume at the pre-COVID19 impact amount in 2021.

ENVIRONMENTAL & MEASURE R REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment. The Amendment No. 3 has been evaluated and found to be in conformance with provisions of Measure R, which prohibits the City from selling or leasing its parkland and open space without voter approval; the facility use permit is not a lease and is consistent with the facility’s past and current uses as a public aquatic facility.

FISCAL IMPACT

The Amendment No. 3 will reduce General Fund revenues from the Club in the amount of \$8,600 (from \$20,000 to \$11,400) in calendar year 2020. Because these payments have not yet been submitted for 2020 and they cross fiscal years, FY 2019/20 was impacted as well as FY 2020/21. There will be a minimal revenue impact in FY 2020/21.

The fee will return to a total payment of \$20,000 in calendar year 2021 per the agreement.

COORDINATION

This agreement has been coordinated with the Finance Department and the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, e-mail clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

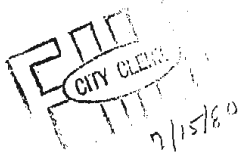
Authorize the City Manager to execute Amendment No. 3 to the facility use agreement with the Santa Clara Swim Club, Inc. for the operation and maintenance of the George F. Haines, International Swim Center and delegate authority to make minor modifications to the Agreement as needed.

Reviewed by: James Teixeira, Director of Parks & Recreation

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Agreement - Facility Use Permit
2. Amendment No. 1
3. Amendment No. 2
4. Amendment No. 3



PERMIT FOR USE OF FACILITIES

RECITALS:

1. The City of Santa Clara, a municipal corporation, hereinafter referred to as CITY, is the owner and operator, for the benefit of the citizens of the City of Santa Clara and for members of the public generally, of the public facility designated as the Santa Clara International Swim Center, and other swim facilities, located in the City of Santa Clara, California.

2. The Santa Clara International Swim Center is intended as a public facility for the use and benefit of the general public, but the City Council of CITY finds that there are certain days and hours during which the general public has minimal need for the use of said facility.

3. The Santa Clara Swim Club, Inc., hereinafter referred to as CLUB, is a non-profit corporation devoted to the promotion and development of exceptional swimming skill and to the development of the youth of the community and, in that connection, has achieved world wide renown.

4. That the aforesaid activities of CLUB inure to the benefit and credit of the City of Santa Clara and to the citizens thereof.

5. That the use by the CLUB of the Santa Clara International Swim Center, and other swim facilities, during those periods when the general public has a minimal need for the use of said facilities will permit the more efficient use of said facility, foster the development of the youth of the community, promote the development of swimming skills and benefit the citizens of the City of Santa Clara.

NOW, THEREFORE, CITY does desire to, and does hereby permit the use of the International Swim Center, and other swim facilities, by CLUB and its members under the terms and conditions hereinafter set forth. This permit does not constitute the conveyance of any interest, real or personal, tangible or intangible, in or to the said facility and this permit does not create any lease or easement

in any person or persons whatsoever, it being the intent of CITY to provide, in an orderly way by the terms and conditions of this permit, for permission to CLUB for the use of said facility for the promotion and development of swimming skill and the development of the youth of the community.

1. The permission granted hereby shall be non-exclusive and shall commence on April 1, 1980, and continue thereafter until terminated or amended as provided herein.

2. CITY does hereby permit CLUB to use the facilities of the Santa Clara International Swim Center, and other swimming facilities, for purposes of swim training and competition events; provided, however, that each schedule of training times and competition events shall be first approved by the Parks and Recreation Commission of CITY and, further provided that no competition event may be selected without the prior approval of the City Council of CITY. Inasmuch as competition events must be scheduled far in advance and may include persons from many parts of the world, use of said facility for such scheduled competition events as approved by CITY shall not be cancelled by CITY once approval has been granted, unless such use is prevented by acts of God or other events beyond the control of CITY.

3. a) For the use of said facility, CLUB shall, within ten (10) days following each calendar quarter commencing April 1, 1980, pay to CITY the sum of \$21.00 per calendar quarter for each club member during said quarter, provided that if more than one member of one family shall be a member of CLUB during said quarter, then the charge for such family shall be \$21.00 per quarter.

b) A certified copy of membership records of CLUB for said period will be submitted to CITY along with payment for the preceding quarter. The certification will affirm that the membership records are complete and correct, and that there was no CLUB swimmer during the particular quarter who is not listed on the membership record as certified.

c) CITY shall provide to each CLUB member for whom the CLUB is obligated to pay said quarterly fee hereunder a personal permit to use the swimming facilities of CITY for general

recreational swimming during the quarter for which such obligation is incurred, enabling said CLUB member to use such facilities for recreational swimming without further charge.

4. In the event that any swim facility of CITY is used by CLUB for special events of any kind where funds are received by CLUB for admissions, or receipts in lieu thereof, CLUB shall pay to CITY, within thirty (30) days immediately following the conclusion of such event, the following sums:

a) Ten percent (10%) of the gross admission receipts received by CLUB in connection with such event; and

b) Twenty-five percent (25%) of net proceeds to CLUB from radio, television, or other royalties, net proceeds being defined as total royalties less payments required by contract to be made to the Amateur Athletic Union, or its successor; and

c) Actual personnel and equipment costs and expenses incurred by CITY in excess of CITY's share of gross receipts at the request of CLUB or as may be reasonably necessary on account of such event.

5. CLUB shall maintain accurate records during the term of this permit and preserve the same for a period of three years thereafter. The records shall include attendance records of CLUB swimmers at CITY facilities under this permit for other than individual recreational swim privileges enjoyed by the general public, with the names of the swimmers, dates and place of attendance. The records shall include, in addition, such records as approved by CITY's Director of Finance from which a determination can be made of the gross and net receipts received by CLUB for each special event. CLUB will make these records available for inspection by authorized representatives of CITY.

6. Unless otherwise agreed to in writing, CITY shall retain all rights to concessions and to parking, and CLUB shall receive no revenue from any concessions and shall receive no revenue from any charges made by CITY for parking.

7. CLUB shall provide necessary life-guarding supervision during its activities, as well as exercising reasonable precautions for the safety of others participating in and attending events

under sponsorship by CLUB.

8. CLUB shall, before any permission granted hereby shall be exercised, file with the City Clerk, proper certificates showing insurance against liability for personal injuries, including accidental death, to any person or persons on any one occurrence in the sum of not less than \$1,000,000 and insurance against liability for property damage, including third party property damage, in an amount not less than \$25,000. CITY, its officers and employees, shall be named as additional assureds on said policy as to events and actions authorized hereunder. Each such policy shall also state, by its terms or by endorsement thereon, that such policy shall not be cancelled without at least thirty days notice, in writing, of such cancellation. In the event that such insurance shall not be maintained by CLUB, CITY may purchase such insurance and pay the premium and the cost thereof shall be proper charge against CLUB; payable forthwith in addition to any other sums payable to CITY by CLUB under the terms of this permit. Such policies and endorsements shall be subject to the approval of and satisfactory to the City Attorney of CITY.

9. In the event of default on the part of CLUB in any of the terms of this permit, which default continues for a period of not less than ten (10) days after written notice from CITY to CLUB, CITY may forthwith terminate further use of the said facilities under this permit and eject any persons therefrom who enter by reason of the permission granted hereunder. Either party may terminate this permit by written notice of not less than two full calendar quarters.

10. The amounts payable to CITY by CLUB pursuant to paragraphs 3 and 4 may be amended from time to time by written notice to CLUB at least thirty (30) days prior to the commencement of the calendar quarter in which such change shall become effective. No other amendment hereto shall be effective unless in writing and duly executed by the parties hereto.

11. Notices to CITY required by this agreement shall be provided in writing by personal service upon the City Clerk or by registered mail, with postage fully prepaid, addressed to the City of Santa Clara, 1500 Warburton Avenue, Santa Clara,

California 95050. Notices to CLUB required by this agreement shall be provided in writing by personal service upon an officer thereof, or by registered mail, with postage fully prepaid thereon, addressed to Santa Clara Swim Club, P.O. Box 2672, Santa Clara, California.

12. No permission granted hereby shall be assignable, in whole or in part, without the written consent of CITY being first had and obtained. The use of said facilities by CLUB for special aquatic events where admission may be restricted to, or permitted to those who shall be participating or to those who shall have paid an admission fee, shall not be construed as an assignment of the permission granted hereby.

13. Appropriate officials and employees of CITY shall have the right to enter upon all portions of the said facilities for the purposes of inspection, maintenance, repair, investigation or survey at all times necessary or convenient, irrespective of any permission granted to CLUB hereunder respecting the use by CLUB of such facilities. Such entry by CITY shall, however, be accomplished in such a manner as to cause minimum reasonable interference with the activities of CLUB in its use of said facilities.

14. CITY shall, at its own expense, obtain and provide all of the utilities used by the CLUB in and on the said facilities throughout the terms of this permit. To the extent practical considering fuel availability, cost and weather conditions CITY will endeavor to maintain the water temperature at said facilities in a range suitable for competitive swimming purposes.

15. CITY shall, at its own expense, maintain said facilities in good condition and repair. CLUB shall not, during its use, commit or permit any waste or nuisance upon said facilities, nor any damage and defacement thereof nor any act or use thereof prohibited by any law or ordinance and CLUB shall, insofar as it is able, act to prevent the waste of any utilities provided by CITY to said facilities.

16. The permission granted to CLUB by CITY hereunder shall extend to and include such furniture and fixtures as are presently

at, or may in the future be provided by CITY to said facilities.
CLUB agrees to indemnify CITY against damages to such furniture
and fixtures caused by the acts of CLUB, or any of its members,
in excess of ordinary wear and tear.

17. This agreement supersedes and replaces a similar permit
issued by CITY to CLUB for same facilities, and no further rights
or duties shall accrue under the superseded permit with commencement
date of January 1, 1975.

IN WITNESS WHEREOF, the parties hereto have executed this
permit in triplicate this day of July 15, 1980.

APPROVED FOR FORM:

CITY OF SANTA CLARA,

James F. McCarthy
City Attorney
ATTEST:

William A. Gindler
Mayor

Bob Beland
City Clerk

A. R. H. Kaufman
City Manager

SANTA CLARA SWIM CLUB, INC.

Fred Kurzweil, Jr.
President

TERO F F I C E M E M O R A N D U M

CITY OF SANTA CLARA

DATE: July 9, 1980

TO: 7/15/80 Mr. D. R. Von Raesfeld, City Manager

FROM: Director of Parks and Recreation

SUBJECT: " Permit for Use of Facilities " - Santa Clara Swim Club, Inc

☐ INFO ONLY

☐ PLEASE REPLY

☐ CONFIDENTIAL

I am attaching the Permit for Use of Facilities by the Santa Clara Swim Club effective April 1, 1980.

The agreement has been prepared by the City Attorney's office and approved and signed by the Santa Clara Swim Club.

I recommend the approval of this agreement.

Earl R. Carmichael

Earl R. Carmichael, Director
Parks and Recreation Department

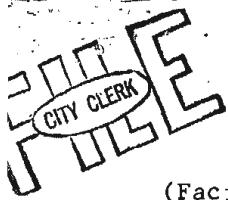
ERC:ms
Encl.

APPROVED:

D. R. Von Raesfeld

D. R. Von Raesfeld, City Manager

the use of the International Swim Center, and other swim facilities,
by CLUB and its members under the terms and conditions hereinafter
set forth. This permit does not constitute the conveyance of any



AMENDMENT TO PERMIT FOR USE OF FACILITIES
(Facility Utilization by Santa Clara Swim Club, Inc.)

This Permit for Use of Facilities entered into this 15th day of June, 1982, by and between the CITY OF SANTA CLARA, a municipal corporation (hereinafter "CITY"), and the SANTA CLARA SWIM CLUB, INC. (hereinafter "CLUB").

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO, as follows:

A. WHEREAS, on or about July 15, 1980, CITY and CLUB entered into a Permit for Use of Facilities ("PERMIT") for CLUB use of the Santa Clara International Swim Center (and other service facilities); and

B. WHEREAS, the cost of operation for swimming facilities has escalated enormously over the last several years; and

C. WHEREAS, it is important that the increased cost encountered by the CITY be defrayed by the CLUB.

NOW, THEREFORE, IT IS HEREBY FURTHER AGREED BY THE PARTIES HERETO, as follows:

1. Paragraph 3.a.) of PERMIT is amended to read as follows:

"3.a.) For the use of said facility, CLUB shall, within ten (10) days following the calendar quarter commencing July 1, 1982, pay to CITY the sum of \$27.00 per quarter for each swimmer family. A swimmer family is defined as a family having one or more members of said family participating in the CLUB program. For

*See Summary of
to Paragraph*



each calendar quarter thereafter, commencing October 1, 1982, said fee shall be the sum of \$33.00 per quarter for each swimmer family."

2. All other terms and conditions of the July 15, 1980 Permit shall remain in full force and effect during the term hereof, unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

APPROVED AS TO FORM:

CITY OF SANTA CLARA

* Michael R. Downey
City Attorney

By: William A. Gissler
Mayor

ATTEST:

[Signature]
City Clerk

By: [Signature]
City Manager

SANTA CLARA SWIM CLUB, INC.

By: [Signature] Coach

By: L. A. Grant Pres.
10/24/82

**AMENDMENT NO. 2
TO THE AGREEMENT BETWEEN
THE CITY OF SANTA CLARA, CALIFORNIA
AND
SANTA CLARA SWIM CLUB, INC.**

This agreement ("Amendment No. 2") is made and entered into on this 17th day of August 2010, ("Effective Date") by and between the City of Santa Clara, California ("City"), a chartered California municipal corporation, with its principal place of business located at 1500 Warburton Avenue, Santa Clara, California 95050 and the Santa Clara Swim Club, Inc., a California corporation, ("Contractor") with its principal place of business located at 2625 Patricia Drive, Santa Clara, CA 95051. Contractor and City may be referred to herein individually as a "Party" or collectively as the "Parties" or the "Parties to this Amendment No. 2."

RECITALS

- A. The Parties previously entered into an agreement entitled "Permit for Use of Facilities", dated July 15, 1980 (the "Original Agreement"); and
- B. The Original Agreement was previously amended by Amendment No. 1, dated June 15, 1982, and is again amended by this Amendment No. 2. The Original Agreement and all previous amendments are collectively referred to herein as the "Original Agreement as Amended"; and
- C. The Parties entered into the Original Agreement as Amended for the purpose of having Contractor provide swim programs during days and hours which the general public has minimal need for use of the George F. Haines International Swim Center ("Facility") so as to promote the development of exceptional swimming skill and to the development of youth of the community for the benefit of the City of Santa Clara, and the Parties now wish to amend the Original Agreement as Amended to include provision of insurance; indemnification; clarification of current swim activities and responsibilities; and a timeframe for discussion of an updated agreement.

The Parties agree as follows:

AGREEMENT PROVISIONS

1. AMENDMENT PROVISIONS – ORIGINAL SECTION 8

That paragraph number 8 of the Original Agreement's Terms and Conditions (not its Recitals) (hereafter referred to as "Section 2"), entitled "Permit for Use of Facilities" is hereby amended by deleting the existing paragraph in its entirety and replacing it with the following:

"8. HOLD HARMLESS/INDEMNIFICATION

It is an express condition of this Agreement that the City of Santa Clara shall be free from any and all liabilities and claims for damages and/or suits for or by reason of any death or deaths or any injury or injuries to any person or persons or damages to property of any kind whatsoever, whether the person or property of Contractor, its agents or employees, or third persons, from any cause or causes whatsoever while at the Facility or any part thereof during the term of this Agreement or occasioned by any occupancy or use of the Facility or any activity carried on by Contractor in connection with this Agreement.

To the extent permitted by law, Contractor hereby covenants and agrees to protect, defend, indemnify and to save harmless the City from all liabilities, charges, expenses, including counsel fees and costs on account of or by reason of any such death or deaths, injury or injuries, liabilities, claims, suits or losses, however occurring, or damages for which Contractor shall become legally liable arising from Contractor's negligent acts, errors or omissions with respect to or in any way connected with this Agreement.

Contractor shall not be liable for damage caused solely by City or its employees, agents or volunteers.

8.5. INSURANCE REQUIREMENTS

A. Contractor agrees to maintain in full force and effect, at Contractor's own cost and expense, at all times for the term of this Agreement or any authorized extension thereof, insurance coverage in amounts and with the endorsements herein indicated and set forth in Exhibit A, attached and incorporated herein by reference. Contractor and City shall be listed as co-insured under all insurance policies required under this Agreement. Upon execution of this Agreement, and before commencing any work hereunder, Contractor shall file with the City Clerk of the City of Santa Clara, and subject to the approval of the City Attorney for adequacy of protection, proper certificates and endorsements for the insurance requirement as set forth in Exhibit A.

B. A certificate or certificates evidencing such insurance coverage shall be filed with the City Clerk of the City of Santa Clara prior to the commencement of the term of this Agreement, and said certificate shall provide that such insurance coverage will not be canceled or reduced without at least thirty (30) days prior written notice to the City Clerk. At least thirty (30) days prior to the expiration of any such policy, a certificate showing that such insurance coverage has been renewed or extended shall be filed with the City Clerk. If such coverage is canceled or reduced, Contractor shall, within fifteen (15) days after receipt of written notice from the City of such cancellation or reduction in coverage, file with the City Clerk a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, the City may without further notice and at its option either:

1. Notwithstanding any other provisions of this Agreement, cause this Agreement to be forfeited and exercise such other rights as it may have in the event of Contractor's default, or,

2. Procure such insurance coverage at Contractor's expense and Contractor shall promptly reimburse the City for such expense. If Contractor fails or refuses to procure or maintain insurance as required by this Agreement to be procured and maintained by Contractor, City shall have the right, at City's election, to procure and maintain such insurance for the benefit of Contractor and City. The premiums paid by City shall be treated as additional payment due from Contractor to be paid on the first business day of the month following the date on which the premiums were paid. City shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s) that shall include Contractor."

2. AMENDMENT PROVISIONS – ORIGINAL SECTIONS 2, 7

That paragraph numbers 2 and 7 of Section 2 of the Original Agreement, entitled "Permit for Use of Facilities" is hereby amended by deleting the existing paragraph numbers 2 and 7 in their entirety and replacing them with the following. The parties agree that no new Section 7 will be inserted.

"2. USE OF FACILITY

A. The George F. Haines International Swim Center ("ISC" or "Facility") shall be used by Contractor to provide swimming related recreational activities and competitive events. City does hereby permit Contractor to use the facilities of the ISC, and other swimming facilities related thereto, for purposes of swim training, swim lessons and competition events; provided, however, that each schedule or any amendments to the schedule of training times and competition events shall be first approved by the Director of Parks and Recreation. Inasmuch as competition events must be scheduled far in advance and may include persons from many parts of the world, use of said facility for such scheduled competition events as approved by City shall not be cancelled by City once approval has been granted, unless such use is prevented by acts of God or other events beyond the control of City.

1. Competitive Events Program:

a. Schedule: Contractor shall submit a proposed schedule of requested dates for events and meets to City for review, in writing, no later than October 31 of the current year. Meets and events shall not be changed by Contractor once confirmed and the calendar has been distributed on November 30 of the current year.

b. Promotion and Marketing: Contractor shall submit a request to promote and/or broadcast approved swim meets to the City Manager's Office thirty (30) days prior to each event. Request to broadcast shall be finalized with the City Manager's Office at least ten (10) days prior to each event. Contractor shall submit a request to use City logo according to City policies and have marketing

materials reviewed and approved prior to printing, electronic posting and/or distribution.

c. Equipment: All swim meet timing equipment and other equipment required for each event shall be obtained by Contractor from a professional timing and/or authorized U.S. Swimming organization to meet any course or meet requirements.

d. Additional Space Requests: Any additional City property, other than the ISC identified in this Agreement, which is required for a swim meet or event shall be requested from and approved by City Parks and Recreation Director no less than seven (7) days in advance of the event.

e. Security & Event Monitors: Contractor shall provide necessary security for each event or meet at its own cost and expense to the City's satisfaction. Contractor shall contact the Santa Clara Police Department and Santa Clara Fire Department thirty (30) days in advance to request and complete arrangements in writing for sufficient event security & monitors.

f. Parking: Contractor shall have access to the parking lot adjacent to the facility for swim meets. Contractor shall submit requests in writing to use Central Park Ball Field for swim event or meet parking no less than sixty (60) days in advance of each event or meet. Any damage to the ball field due to Contractor's use permitted shall be charged to Contractor at a reasonable fee to be determined by City. City will provide a written response with any conditions of approval, including but not limited to method of supervising parking and any charges for vehicles.

g. Guest Accommodations: Contractor shall continue to provide community, regional and international competitions while working with and through the City Chamber of Commerce for hotels and meals to guarantee reservations for hotels and meals in the City of Santa Clara.

h. City Expense Cost Recovery: In the event that any swim facility of City is used by Contractor for competitions, Contractor shall pay to City within thirty (30) days immediately following the conclusion of the event, the actual personnel and equipment costs and expenses incurred by City or when presented with an invoice, whichever is sooner.

i. High School Central Coast Section Meet: Contractor shall host the High School Central Coast Section (CCS) "Championship Swimming and Diving Meet" throughout the term of this Agreement. Contractor shall work with City and CCS in scheduling event. City shall charge CCS directly for cost of City personnel required to work such event. Contractor shall bear all costs for equipment and clean up. Clean up shall include deck, buildings, stands, locker rooms, concession stands and any other area approved for use.

2. Instructional Program:

- a. Contractor shall provide the Learn To Swim Program, competitive swim program and Masters program to the community. City of Santa Clara residents shall be entitled to enroll in these programs for an 8% discount. Program rates shall be submitted to City quarterly.
- b. Equipment: Contractor shall maintain pool lane lines, starting blocks and other equipment necessary for lessons and training. Contractor shall provide City with cost estimates of needed equipment that will be placed in or on the facility property. Any new equipment desired to be purchased and/or be used by Contractor on City property must be approved in writing by City and installed by City. Request for new equipment shall be submitted in writing to the City Parks and Recreation Director sixty (60) days in advance. Yearly installation, inspection, take down and maintenance of the training pool enclosure must be done by a professional company specializing in such enclosures according to the current City codes and manufacturer's specifications.

3. New Community Based/Joint Programs:

- a. Program Proposals: Contractor shall work with City to develop program proposals that would expand and/or provide community, fitness, school-age and other swim programs funded through grants and non-governmental resources. Any proposals for times of use not granted in the regularly scheduled competitive or instructional program shall first be reviewed and approved by City prior to submission for foundation or other funding consideration.

4. General Operating Requirements:

- a. Life guard Supervision: Contractor shall provide necessary life-guarding supervision during all of its activities, as well as exercising reasonable precautions for the safety of others participating in and attending events under sponsorship by Contractor. Lifeguards must be chosen from a preferred staff list provided by the City's Aquatics Supervisor or otherwise approved by the City's hiring process.
- b. Keys: Contractor shall be issued keys by City upon appropriate written request and documentation. City shall update records on key assignments on a quarterly basis with Contractor. Keys may be revoked at any time. Contractor shall be responsible for all costs incurred to re-key facilities if keys are lost, stolen or if a person is found to have keys that were not issued to them by the City's Aquatics Supervisor. A key deposit of \$500 will be paid to CITY and maintained during the life of this agreement.
- c. Coach Certification: Contractor shall maintain current U.S. Swimming and/or American Red Cross Safety trained coaches on deck at all times when recreational users or competitors are present. Coaching staff must maintain and post a current valid copy at the ISC current certification of Safety Training for coaches.

d. Coach Responsibilities: Contractor's certified coach shall be the first person in the facility and the last person out of the facility. Upon entering the facility, coach shall conduct a safety check and report any immediate and/or potential hazards to the City's Aquatics Supervisor. Safety checks shall include all gates, pool deck, locker rooms, safety equipment, AED, training equipment, ladders and pool. Coach shall immediately contact City to report any safety issues. First coach entering facility shall also unlock AED cabinet. Upon leaving facility, closing coach shall check all spaces, locker rooms, pools, and office spaces and confirm everyone has exited the facility. Coach shall then be responsible for locking all doors and gates used during facility use. This includes locking the AED cabinet. Contractor must have direct deck supervision at all times when gate is unlocked. Coaches entering and leaving facility shall lock gates when swimmers are not in the facility.

e. Practice Schedules: Contractor shall submit in writing a request for practice schedules for the months of June, July and August to City Aquatic's Supervisor by May 1 of current year. Practice schedules for September-May shall be submitted on August 1 of the current year. Once approved by City, schedules will be maintained by City and at which time a copy of the facility use permit will be issued to the Contractor's head coach to sign. Contractor and City shall maintain a signed copy of facility use permit.

f. Shared office space & equipment: Contractor shall maintain shared office space and any equipment necessary for their operation at the facility. Contractor shall provide City with annual equipment inventory and maintain adequate insurance to cover any needed equipment that will be placed in or on the facility property. Any new equipment desired to be purchased and/or be used by Contractor on City property must be approved in writing by City and submitted on an updated inventory to City.

g. Signage: Contractor shall not install, paint, inscribe or place any new signs or placards without the prior written consent of the City that the signs are in conformance with all City of Santa Clara ordinances. Contractor agrees that future modifications to any previously installed existing signs or placards will be subject to review. Contractor agrees, at its own expense, to remove or paint over to the satisfaction of City promptly upon termination of this Agreement any and all signs or placards installed, painted, inscribed or placed by it in or upon the interior or exterior of the Facility and to restore the surface thereof; and should Contractor fail to so remove or paint over such signs or placards, and restore the surface, the City may do so at the expense of Contractor and Contractor shall reimburse the City for the cost thereof upon demand.

h. Cleanliness: Contractor hereby expressly agrees at all times during the term of this Agreement, at its own cost, to maintain and operate the Facility in a clean and sanitary condition and in compliance with any present or future laws, ordinances and rules or regulations of any public or governmental authority now or at any time during the term of this Agreement in force relating to sanitation, public health or safety. Contractor shall at all times faithfully obey and comply

with all laws, rules and regulations applicable to the ISC adopted by federal, state, local or other governmental bodies or departments or officers thereof.

i. Contractor shall not use or permit the ISC, or any part thereof, to be used in whole or in part for any purpose other than as set forth above except with the prior written consent of the City evidenced by resolution of the City, nor for any use in violation of any present or future laws, ordinances, rules or regulations at any time applicable thereto of any public or governmental entity, including the City of Santa Clara.

j. Annual Facility Use Communication Meeting: Contractor shall meet with City staff at a minimum of once a year in February for the purpose of informing City of its staff, directors, and programs. Additional meetings shall be scheduled as deemed necessary by City or Contractor. Contractor shall submit at the annual meeting a current list of its Board of Directors, its Articles of Incorporation, Club bylaws, Federal Determination Letter, Annual Tax information, City Business License and inventory of items that Contractor stores at the Facility, including but not limited to computers, telephones, pool training equipment, and dry land training equipment. Communication regarding the day to day operation of Contractor's programs and City's ISC facility shall be accomplished by Contractor's Head Coach and the City's Aquatics Supervisor.

k. The City reserves all rights not stated and may permit facility use by other organizations, may enter into an arrangement with a third party to operate the facility, teach public swim lessons, or otherwise use the facility for swimming, diving programs and /or other programs. City may require that such third parties name Contractor as an additional insured on any insurance policies required by the City to the same extent as City is named regarding such operation and/or uses."

3. AMENDMENT PROVISIONS – ORIGINAL SECTION 5

That paragraph number 5 of Section 2 of the Original Agreement, entitled "Permit for Use of Facilities" is hereby amended by deleting the existing paragraph number 5 in Section 2 in its entirety and replacing it with the following:

"5. AUDIT OF CONTRACTOR RECORDS AND INCIDENT REPORTING

A. Contractor shall maintain accurate records during the term of this Agreement and preserve the same for a period of three (3) years after any termination of Agreement. The records shall include attendance records of Contractor's members at City facilities for other than individual recreational swim privileges enjoyed by the general public, with the names of the members, dates and place of attendance. In addition, Contractor shall provide quarterly, a current membership roster with street address and city of residence with a summary of total percentages of City of residence.

B. Contractor shall provide City with a complete, board approved, auditable financial report of all revenues and expenditures and detailed schedules of all categories of revenues and expenditures on an annual basis in April of each year for the prior fiscal year. The records shall include, in addition such records as approved by City's Director of Finance from which a determination can be made of the gross and net receipts received by Contractor for each special event. Contractor will make these records available for inspection by authorized representatives of the City.

C. In the event of an accident or incident involving damage or harm to person(s) or property, Contractor shall immediately report all such accident(s) and/or incident(s) occurring during any and all pool use to City's Parks and Recreation Director in writing."

4. AMENDMENT PROVISIONS – NEW SECTION 18

That the agreement titled "Permit for Use of Facilities" is hereby amended by adding the following paragraph number 18 to Section 2:

"18. COMPLIANCE WITH ETHICAL STANDARDS

Contractor shall:

A. Read Exhibit B, entitled "ETHICAL STANDARDS FOR CONTRACTORS SEEKING TO ENTER INTO AN AGREEMENT WITH THE CITY OF SANTA CLARA, CALIFORNIA"; and,

B. Execute Exhibit C, entitled "AFFIDAVIT OF COMPLIANCE WITH ETHICAL STANDARDS.""

5. AMENDMENT PROVISIONS – ORIGINAL SECTION 3

That paragraph number 3(a) of Section 2 of the Original Agreement, entitled "Permit for Use of Facilities" is hereby amended by deleting the existing paragraph number 3(a) in Section 2 in its entirety and replacing it with the following:

"3. a) For use of said facility, Contractor shall, within ten (10) days following each calendar quarter, pay to City the sum of five thousand dollars (\$5,000) per calendar quarter. The quarterly rate, in effect since 1992, shall be subject to review by City for an annual adjustment whose rate shall be set in advance in writing and become effective for the calendar quarter beginning in July of each year.

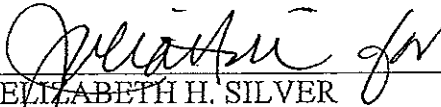
6. TERMS


All other terms of the Original Agreement as Amended which are not in conflict with the provisions of this Amendment No. 2 shall remain unchanged in full force and effect. In case of a conflict in the terms of the Original Agreement as Amended and this Amendment No. 2, the provisions of this Amendment No. 2 shall control.


The Parties acknowledge and accept the terms and conditions of this Amendment No. 2 as evidenced by the following signatures of their duly authorized representatives. It is the intent of the Parties that this Amendment No. 2 shall become operative on the Effective Date first set forth above.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

APPROVED AS TO FORM:



ELIZABETH H. SILVER
Interim City Attorney

ATTEST: 
ROD DIRIDON, JR.
City Clerk


JENNIFER SPARACINO
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

"CITY"

SANTA CLARA SWIM CLUB, INC.
A CALIFORNIA CORPORATION

By: 
(Signature of Person executing the Agreement on behalf of Contractor)
Name: JOHN BITTER
Title: HEAD COACH / CEO SANTA CLARA SWIM CLUB
Local Address: 2625 PATRICIA DRIVE
SANTA CLARA, CA 95051
Telephone: (408) 246-5050
Fax: (408) 246-5055

**AMENDMENT NO. 2
TO THE AGREEMENT BETWEEN
THE CITY OF SANTA CLARA, CALIFORNIA
AND
SANTA CLARA SWIM CLUB, INC.**

EXHIBIT A

INSURANCE REQUIREMENTS

Contractor shall purchase and maintain the insurance policies set forth below on all of its operations under this Agreement at its/their sole cost and expense. Such policies shall be maintained for the full term of this Agreement and the related warranty period (if applicable). For purposes of the insurance policies required under this Agreement, the term "City" shall include the duly elected or appointed council members, commissioners, officers, agents, employees and volunteers of the City of Santa Clara, California, individually or collectively.

1. MINIMUM SCOPE AND LIMITS OF REQUIRED INSURANCE POLICIES.

The following policies shall be maintained with insurers authorized to do business in the State of California and shall be issued under forms of policies satisfactory to the City:

a. COMMERCIAL GENERAL LIABILITY INSURANCE POLICY ("CGL").

Policy shall include coverage at least as broad as set forth in Insurance Services Office (herein "ISO") Commercial General Liability coverage (Occurrence Form CG 0001) with policy limits not less than the following:

\$2,000,000 each occurrence (combined single limit);
\$2,000,000 for personal injury liability;
\$2,000,000 aggregate for products-completed operations; and,
\$2,000,000 general aggregate applying separately to this project.

b. BUSINESS AUTOMOBILE LIABILITY POLICY ("BAL").

Policy shall include coverage at least as broad as set forth in Insurance Services Office Business Automobile Liability coverage, Symbol 1 "Any Auto" (Form CA 0001). This policy shall include a minimum combined single limit of not less than one million (\$1,000,000) dollars for each accident, for bodily injury and/or property damage.

c. WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY ("WC/EL"). (A Workers Compensation Policy is required only if Contractor has employees or volunteers.)

These policies shall include at least the following coverages and policy limits:

1. Workers Compensation insurance as required by the laws of the State of California; and
2. Employer's Liability insurance with coverage amounts not less than one million (\$1,000,000) dollars each accident/Bodily Injury (herein "BI"); one million (\$1,000,000) dollars policy limit BI by disease; and, one million (\$1,000,000) dollars each employee BI by disease.

2. **DEDUCTIBLES AND SELF-INSURANCE RETENTIONS.**

Any deductibles and/or self insured retentions which apply to any of the insurance policies referred to above shall be declared in writing by Contractor and approved by the City before work is begun pursuant to this Agreement. At the option of the City, Contractor shall either reduce or eliminate such deductibles or self-insured retentions or provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration, and/or defense expenses.

3. **ENDORSEMENTS.**

All of the following clauses and endorsements, or similar provisions, are required to be made a part of the required insurance policies indicated in parentheses below:

- a. Additional Insureds The City of Santa Clara, its City Council, commissions, officers and employees are hereby added as additional insureds in respect to liability arising out of the Project, providing coverage at least as broad as Insurance Services Office (ISO) Endorsement CG 2010, 1985 Edition, or insurer's equivalent (CGL);
- b. General Aggregate The general aggregate limits shall apply separately to Contractor's work under this Agreement providing coverage at least as broad as Insurance Services Office (ISO) Endorsement CG 2503 1985 Edition, or insurer's equivalent (CGL);
- c. Primary Insurance This policy shall be considered primary insurance with respect to any other valid and collectible insurance City may possess, including any self-insured retention City may have, and any other insurance City does possess shall be considered excess insurance only and shall not be called upon to contribute with this insurance (CGL & BAL); and
- d. Notice of Cancellation No cancellation shall be effective until written notice has been given at least thirty (30) days prior to the effective date of such cancellation to City at the address set forth below, except the insurer may give ten (10) days notice for non-payment of premium (CGL, BAL, WC/EL).

///

4. **ABSENCE OF INSURANCE COVERAGE.**

City may direct Contractor to immediately cease all activities with respect to this Agreement if the City determines that Contractor fails to carry, in full force and effect, all

insurance policies with coverages at or above the limits specified in this Agreement. Any delays or expense caused due to stopping of work and change of insurance shall be considered Contractor's delay and expense. At the City's discretion, under conditions of lapse, City may purchase appropriate insurance and charge all costs related to such policy to Contractor.

5. **PROOF OF INSURANCE COVERAGE AND COVERAGE VERIFICATION.**

A Certificate of Insurance, on an Accord form, and implementing endorsements shall be provided to City by each of Contractor's insurance companies as evidence of the stipulated coverages prior to commencement of work under this Agreement, and annually thereafter at least ten (10) days prior to termination of existing coverage for the term of this Agreement. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by this Agreement at any time. All of the insurance companies providing insurance for Contractor shall have, and provide evidence of, a Best Rating Service rate of "A VI" or above.

The Certificate of Insurance and coverage verification and all other notices related to cancellation shall be mailed to:

Office of the City Clerk
Attention: Parks & Recreation Department
1500 Warburton Avenue
Santa Clara, CA 95050

**AMENDMENT NO. 3
TO THE AGREEMENT FOR FACILITY USE
BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
SANTA CLARA SWIM CLUB, INC.**

PREAMBLE

This agreement (Amendment No. 3) is entered into between the City of Santa Clara, California, a chartered California municipal corporation (City) and the Santa Clara Swim Club, Inc. a California corporation (Swim Club). City and Swim Club may be referred to individually as a Party or collectively as the Parties or the Parties to this Agreement.

RECITALS

- A. The Parties previously entered into an agreement entitled Permit for Use of Facilities , dated July 15, 1980 (the Original Agreement) and
- B. The Original Agreement was previously amended by Amendment No. 1, dated June 15, 1982, Amendment No. 2, dated August 17, 2010, and again by this Amendment No. 3. The Agreement and all previous amendments are collectively referred to herein as the Agreement as Amended and
- C. The Parties entered into the Agreement as Amended for the purpose of allowing the Swim Club to provide swim programs during days and hours which the general public has minimal need for use of the George F. Haines International Swim Center (Facility) so as to promote the development of swimming skills and the development of youth of the community, and the hosting of swim competitions and other aquatic related activities for the benefit of the City of Santa Clara, and the Parties now wish to amend the Agreement as Amended to provide a one-time reduction in the amount of \$8,600 in facility use fee payment to the City for calendar year 2020 to address COVID19 pandemic related facility closure for 156 days during the calendar year.

NOW, THEREFORE, the Parties agree as follows:

AMENDMENT TERMS AND CONDITIONS

- 1. Section 5 of the Agreement as Amended (Amendment No. 2), entitled Permit for Use of Facilities is amended to read as follows:

Section 5 Permitted Use of International Swim Center is subject payment to the City in the amount of \$20,000 per calendar year (\$5,000 per quarter); except that in calendar year 2020, the payment shall be in the amount of \$11,400 (a one-time

reduction to address COVID19 pandemic and other closures of the ISC). An Annual payment in the amount of \$20,000 (\$5,000 per calendar quarter) will be in effect beginning January 1, 2021 and subject to a review and adjustment (increase/decrease) in January of each year by City based on the U.S. Bureau of Labor Statistics Consumer Price Index - San Francisco (CPI-U) for the previous 12 months. The amount of fee due will be provided in writing to the Club and the fee effective the calendar quarter beginning July 1 of each year.

2. Except as set forth herein, all other terms and conditions of the Agreement as Amended shall remain in full force and effect. In case of a conflict in the terms of the Agreement and this Amendment No. 3, the provisions of this Amendment No. 3 shall control.

The Parties acknowledge and accept the terms and conditions of this Amendment No. 3 as evidenced by the following signatures of their duly authorized representatives.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

Approved as to Form:

Dated: _____

BRIAN DOYLE
City Attorney

DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

CITY

SANTA CLARA SWIM CLUB

A California, Corporation

Dated: _____

By (Signature): _____

Name: Tom Wilcox

Title: Chief Financial Officer

Principal Place of
Business Address: 2625 Patricia Drive, Santa Clara, CA 95050

Email Address: twilcox@santaclaraswimclub.org

Telephone: 408.246.5050

SWIM CLUB



Agenda Report

21-1136

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Approval of the Annual Investment Policy Statement for the City of Santa Clara, its Agencies and Corporations

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

Council Policy 017 Investment Policy: Annual Statement provides the framework and guidance for managing the City's investment portfolio. The City's Investment Policy expands on the Council Policy framework by providing further guidance and processes.

Section 904 of the City Charter states that the Director of Finance is required to have custody of all investments and invested funds of the City government, or in possession of such government in a fiduciary capacity, and have the safe-keeping of all bonds and notes of the City and the receipt and delivery of City bonds and notes for transfer, registration or exchange. In accordance with Government Code §53646, City Council adopted an investment policy and the Director of Finance brings that policy to Council on an annual basis, particularly highlighting any changes to the policy, for consideration and approval by Council. In addition, the Investment Policy itself (Section P) requires annual approval by Council.

The Investment Policy is a written document that governs the selection of investments and provides staff with guidance for consistent, informed investment decision making. The Investment Policy is reviewed and updated annually in order to promote prudent investment decisions and to remain compliant with State and Federal laws.

DISCUSSION

The City's Investment Policy is continually monitored to determine if periodic updates are necessary. On July 14, 2020, City Council approved entering into a contract with PFM Asset Management LLC ("PFM") for the management of the City's investment portfolio. The City has leveraged PFM's extensive investment management experience and dedicated credit and risk management personnel to further diversify the portfolio and enhance returns. PFM began actively managing the City's investment portfolio on September 1, 2020. Given this engagement and added resources, staff is recommending changes to the Investment Policy. Key changes are detailed below:

Section D - Delegation of Authority (page 2)

Updated to clarify City's ability to engage services of an external investment manager.

Section F - Authorized Financial Institutions (page 3)

Provided external investment manager the ability to use their own list of approved issuers, brokers/dealers and financial institutions to conduct transactions on the City's behalf.

Section H - Authorized and Suitable Investments (pages 3 - 7)

Changes from 2020 Investment Policy:

- U.S. Government Agency Securities
 - Maximum Callable percentage of portfolio dollars decreased to 30% from 50%
- Negotiable Certificates of Deposit
 - Maximum Holdings percentage of portfolio dollars increased to 30% from 25%
 - Maximum Maturity increased to 5 years from 1 year
 - Added credit rating of "A" or better and "A-1" or better for maturities less than 1 year
- Commercial Paper
 - Added required conditions and criteria for entity issuing Commercial Paper consistent with California Government Code.
 - Maximum per Issuer percentage of portfolio dollars decreased to 5% from 10%; and no more than 10% of the outstanding commercial paper of any single issuer
- Municipal Obligations changed from Securities of Local Agencies of California
 - Expanded to allow treasury notes and bonds from other 49 states in addition to the State of California.
 - Added credit rating of "A" or better
- Medium Term Corporate Notes
 - Maximum Holdings percentage of portfolio dollars increased to 20% from 15%
 - Defined credit rating of "A" or better

New additions to 2021 Investment Policy:

- Supranational Obligations
 - United States dollar denominated obligations issued or guaranteed by supranational organizations, such as International Finance Corporation, among others, added as an asset class
 - Credit rating of "AA" or better
 - Maximum Holdings = 20% of portfolio dollars
 - Maximum per Issuer = 10% of portfolio dollars
 - Maximum Maturity = 5 year final maturity

- Asset-Backed and Mortgage-Backed Securities
 - Passthrough securities added as an asset class
 - Credit rating of “AA” or better
 - Maximum Holdings = 10% of portfolio dollars
 - Maximum per Issuer = 5% of portfolio dollars
 - Maximum Maturity = Maximum remaining maturity of 5 years or less
- Non-negotiable Certificates of Deposit
 - Public bank deposits added as an asset class
 - Maximum Holdings = 10% of portfolio dollars
 - Maximum per Issuer = 5% of portfolio dollars
 - Maximum Maturity = 5 year final maturity

Section I (new add) - Sustainable Investing (page 7)

Investments to be made will bear in mind the responsibility of the City to its residents, equity, and climate change. In general, City investments shall support community well-being through safe and environmentally sound practices, fair labor practices and equality of rights regardless of sex, race, age, disability, or sexual orientation. The Investment Policy precludes investments in companies that generate more than 51% of gross revenues from tobacco products, firearms, nuclear weapons, and fossil fuels.

Section J (new add) - Security Downgrades (page 7)

If securities owned by the City are downgraded to a level below the quality required for purchase under the Investment Policy, the Director of Finance will review the credit situation and determine action.

Section P (revised from N) - Performance Standards (page 10)

The new benchmark is the ICE BaML 0-5 Year US Treasury Index, a change from the old standard of 24-month moving average yield of 2-year US Treasury Notes.

Portfolio's defined weighted average maturity of less than three years has been deleted.

Section Q (revised from O) - Reporting (page 10)

Performance of the portfolio will be compared to the established benchmark in Section P.

The approved Investment Policy will be included in the City of Santa Clara Council Policy Manual as Council Policy 017 (Attachment 1) and published on the City's website.

The Investment Policy (Attachment 2 - blackline and Attachment 3) as submitted is in compliance with the City Charter and the California Government Code relevant to the investment of public funds by local agencies.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

There is no cost to the City other than administrative staff time and expense.

COORDINATION

This report has been coordinated with the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Approve the Investment Policy for the City of Santa Clara, its agencies and corporations.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Council Policy 017 Investment Policy: Annual Statement
2. Investment Policy 2021 (blackline)
3. Investment Policy 2021



INVESTMENT POLICY: ANNUAL STATEMENT

PURPOSE

To provide the framework and guidance for managing the City's investment portfolio. It is the policy of the City of Santa Clara (City) to invest public funds, including bond proceeds, reserves and other special City funds, in a manner that maximizes safety and liquidity while earning a market rate of return commensurate with the investment risk; meets the daily cash flow demands of the City; and conforms to all state and local statutes governing the investment of public funds.

POLICY

The investment policy of the City (the "Investment Policy") is intended to provide for the prudent and efficient investment of the City's temporarily idle cash while safely maximizing returns within carefully defined investment parameters. The City shall invest public funds, including bond proceeds, reserves and other special City funds, in a manner consistent with this Investment Policy while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

Authority, Scope and Prudence

- **Authority** - The City Charter, Article IX, Section 904 gives the Director of Finance (the "Director") the authority and responsibility to deposit and invest all City funds.
- **Scope** - The Investment Policy applies to all deposits, investments and other assets of the City, its subsidiaries, the Successor Agency for the Redevelopment Agency of the City of Santa Clara, the Sports and Open Space Authority, the Stadium Authority, and the Housing Authority.
- **Prudence** - Employees delegated responsibility for the investment of public monies by the Director ("Investment Personnel"), as trustees of public monies, shall adhere to the "prudent investor" standard when managing the City's funds in light of the purposes, terms, and other circumstances of the City. Investment Personnel shall refrain from engaging in any activity that impairs, or has the potential to impair, their ability to make impartial investment decisions for the City.

PROCEDURE

Investment Objectives and Criteria

The primary objectives, in priority order, of the City's investment activities shall be safety, liquidity, and yield.

Internal Controls

The City's Finance Department shall establish internal controls that are designed to prevent losses due to fraud, negligence, third-party misrepresentation, and



INVESTMENT POLICY: ANNUAL STATEMENT

other foreseeable circumstances that may arise in the operations of the investment function. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Reporting

The Director of Finance shall provide periodic investment reports to the City Council. The reports shall contain, but not be limited to, the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- The rate of return on the unrestricted investment portfolio compared to selected benchmark.
- Final maturity of all investments listed.
- Weighted average maturity of the unrestricted investment portfolio.
- Coupon, discount or earnings rate.
- Par value, amortized book value and market value.
- Percentage of the portfolio represented by each investment category.

Investment Policy Adoption

The Investment Policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City Council.

Attachments:

1. Investment Policy

CITY OF SANTA CLARA INVESTMENT POLICY

A. Introduction

The investment policy of the City of Santa Clara (the "Investment Policy") is intended to provide for the prudent and efficient investment of the City of Santa Clara's temporarily idle cash while safely maximizing returns within carefully defined investment parameters. The City of Santa Clara (the "City") shall invest public funds, including bond proceeds, reserves and other special City funds, in a manner consistent with this Investment Policy while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

It is the City's full intent, at the time of purchase, to hold all investments until maturity in order to ensure the return of all invested principal. Through the maintenance of sufficient diversification of investments of varying maturities, the forced liquidation of investments at a loss shall be avoided, if at all possible. However, economic or market conditions may change, making it in the City's best interest to sell or trade a security prior to maturity.

For a list of terms and definitions commonly used in cash management, see "Appendix A - Glossary of Cash Management Terms".

B. Authority, Scope and Prudence

- **Authority** - The City of Santa Clara Charter, Article IX, Section 904 gives the Director of Finance (the "Director") the authority and responsibility to deposit and invest all City funds. It authorizes the Director to invest the City's idle cash in allowable investment vehicles with a maximum remaining maturity of five years at the time of purchase. The City Council may grant express authority either specifically or as part of an approved investment program to invest in securities with remaining maturities that exceed the five-year restriction. Authority must be given to the Director at least three months prior to the investment. California Government Code Section 53601 also allows the City to invest in the same investment securities as authorized by the City Council.
- **Scope** - The Investment Policy applies to all deposits, investments and other assets of the City, its subsidiaries, the Successor Agency for the Redevelopment Agency of the City of Santa Clara, the Sports and Open Space Authority, the Stadium Authority, and the Housing Authority. These funds are reported in the City's Comprehensive Annual Financial Report and include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Trust and Agency Funds, and Enterprise Funds. Deposit of funds is in accordance with the provision of the State Constitution and the laws of the State of California (Government Code Sections 53601 and 53635) governing the handling, depositing and securing of public funds. Investment of City issued debt proceeds and debt reserve funds are separately governed by individual bond indentures adopted by the City Council.

Investment of the Forrest and Evalyne Bentzien Trust Fund is governed by the Agreement By and Between the City of Santa Clara, California and the Mission City Community Fund Regarding the Investment, Disbursement and Distribution of Funds in the Forrest and Evalyne Bentzien Non-Expendable Trust Fund approved by City Council and dated July 25, 2000 (the "Bentzien Trust Fund Agreement"), and is not subject to the provisions of this Investment Policy. The Bentzien Trust Fund Agreement defines the rights and responsibilities of the City in its capacity as Trustee and the Mission City Community Fund as the beneficiary of the Trust, to assure compliance with the California Probate Code and the Evalyne Bentzien Will.

- **Prudence** - Employees delegated responsibility for the investment of public monies by the Director (“Investment Personnel”), as trustees of public monies, shall adhere to the “prudent investor” standard when managing the City’s funds in light of the purposes, terms, and other circumstances of the City. This standard requires the exercise of reasonable care, skill, and caution, and is to be applied to investments in the context of the total portfolio and as part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the City. Duties must be performed with the care, prudence and diligence that a person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City.

Investment Personnel shall refrain from engaging in any activity that impairs, or has the potential to impair, their ability to make impartial investment decisions for the City.

Investment Personnel acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

C. Investment Objectives and Criteria

The primary objectives, in priority order, of the City’s investment activities shall be:

- **Safety** - Safety of principal is the foremost objective of the investment program. Investment of City funds shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City shall diversify its investments by investing funds among a variety of financial institutions and securities offering independent returns, all in accordance with this Investment Policy.
- **Liquidity** - The investment portfolio will remain sufficiently liquid to enable the City to meet all cash needs, which may be reasonably anticipated, for the operation of the City.
- **Yield** - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

D. Delegation of Authority

Authority to manage the City’s banking depository and investment program is derived from the City Charter. Management responsibility for the banking depository and investment program is hereby delegated to the Director of Finance who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities and procedures of Investment Personnel.

The City may engage the services of an external investment manager to assist in the management of the City’s investment portfolio in a manner consistent with the City’s objectives (“External Investment Manager”). The External Investment Manager may be granted discretion to purchase and sell investment securities in accordance with the State Constitution, the laws of the State of California and this Investment Policy. Any External Investment Manager must be registered under the Investment Advisers Act of 1940 and shall act as a fiduciary to the City.

E. Ethics and Conflicts of Interest

Officers and Investment Personnel involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or impair their ability

to make impartial investment decisions. Officers and Investment Personnel shall disclose in their annual conflict of interest statement all material financial interests in financial institutions that conduct business within the City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City.

F. Authorized Financial Institutions

The Director of Finance, or his/her designee, shall maintain a list of financial institutions and broker/dealers authorized to provide investment services to the City ("Authorized Financial Institutions"). Authorized Financial Institutions must be authorized to provide investment services in the State of California and may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by State laws.

All financial institutions and broker/dealers who desire to become an Authorized Financial Institution must provide audited financial statements, proof of required licenses or registration, and written confirmation that they have read and shall abide by the City's Investment Policy.

Authorized Financial Institutions shall be expected to actively participate in the bid/offer process for securities in which they are market makers. In addition, it will be expected that the Authorized Financial Institutions will be able to fill the entire order being solicited and that there shall be no delay in completing the transaction on the contractual settlement date.

The Director of Finance, or his/her designee, periodically reviews the financial conditions and registrations of financial institutions and broker/dealers that deal with the City. The City is under no obligation to transact business with any financial institution and may at any time remove a financial institution from the list of Authorized Financial Institutions at the City's discretion.

If the City has contracted with an External Investment Manager, the External Investment Manager may use their own list of approved issuers, brokers/dealers and financial institutions ("Investment Manager Authorized Institutions") to conduct transactions on the City's behalf. All due diligence regarding Investment Manager Authorized Institutions shall be the responsibility of the External Investment Manager, if applicable.

G. Competitive Bidding Process

When practicable, Investment Personnel of the City and any External Investment Manager shall enter into transactions for the purchase or sale of securities on a competitive bid basis, seeking offers or bids from at least three authorized broker/dealers or Investment Manager Authorized Institutions, respectively. From time to time the City may enter into transactions involving securities for which there is not an active secondary market or where other Authorized Financial Institutions do not have the security available for sale and therefore, competitive bidding is not available. If competitive bidding on a security is not practicable or possible, Investment Personnel or any External Investment Manager will seek to verify pricing by other reasonable means.

The bidding process shall be fully documented for all transactions and complete records shall be available for audit and reporting purposes.

In all cases, placement shall be made consistent with the safety, liquidity and yield objectives of this Investment Policy.

H. Authorized and Suitable Investments

Special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. The City is

empowered by the State of California Government Code and the City Charter to invest in the following types of securities. Additionally, bond proceeds are invested in accordance with the requirements outlined in the specific bond indenture of trust. All percentage limitations and credit criteria apply at time of purchase.

➤ **U.S. Treasury Bills, Notes and Bonds and Securities Guaranteed or Backed by the Full Faith and Credit of the U.S. Government**

Maximum Holdings = 100% of portfolio dollars
Maximum per Issuer = 100% of portfolio dollars
Maximum Maturity = 5 year final maturity

➤ ~~**Securities Guaranteed or Backed by the Full Faith and Credit of the U.S. Government**~~

~~Maximum Holdings = 100% of portfolio dollars
Maximum per Issuer = 100% of portfolio dollars
Maximum Maturity = 5 year final maturity~~

➤ **U.S. Government Agency Securities** (exclusive of Agency MBS or CMO Securities) such as the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Farm Credit Bank (FFCB), local agencies, and other U. S. government-sponsored enterprises. These investments must be rated in the top three rating categories by two of the three largest nationally recognized statistical rating organizations (NRSROs).

Maximum Holdings = 80% of portfolio dollars
Maximum per Issuer = 40% of portfolio dollars
Maximum Callable = ~~50~~30% of portfolio dollars
Maximum Maturity = 5 year final maturity

➤ **Negotiable Certificates of Deposit** issued by a nationally or state-chartered bank ~~or by a state-licensed branch of a foreign bank.~~, a savings association or a federal association, a state or federal credit union, or by a federally licensed or by a state-licensed branch of a foreign bank. CDs eligible for investment under this subdivision shall be rated "A" or its equivalent or better by at least one NRSRO or if the CD has a maturity less than 1 year then shall be rated "A-1" or better by at least one NRSRO.

Maximum Holdings = ~~25~~30% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = ~~4~~5 year final maturity

➤ **Bankers Acceptances** otherwise known as bills of any domestic exchange or foreign time drafts that are drawn on and accepted by a commercial bank that are acceptable to the Federal Reserve.

Maximum Holdings = 25% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 180 days

➤ **Commercial Paper** of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service, Inc., Standard and Poor's Corporation, or Fitch Financial Services, Inc. ~~Eligible paper is further limited to paper issued by any U.S. corporation having total assets in excess of \$500 million and having an "A" or higher rating for the issuer's~~

debt.—for by an NRSRO. The entity that issues the commercial paper shall meet all of the conditions in either paragraph (1) or (2) below:

1. The entity meets the following criteria:

- a. Is organized and operating in the United States as a general corporation.
- b. Has total assets in excess of five hundred million dollars (\$500,000,000).
- a.c. Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.

2. The entity meets the following criteria:

- a. Is organized within the United States as a special purpose corporation trust, or limited liability company.
- b. Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
- c. Has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

Maximum Holdings = 25% of portfolio dollars

Maximum per Issuer = 405% of portfolio dollars and no more than 10% of the outstanding commercial paper of any single issuer

Maximum Maturity = 270 days

- **Local Agency Investment Fund of the State of California.** Purchases may be made up to the maximum amount allowed by the State of California. Securities owned in the Local Agency Investment Fund of the State of California will not count towards maximum percentages of other categories.

- **Repurchase Agreements** subject to requirements of the California Government Code Section 53601(j). A Master Repurchase Agreement must be signed with the ~~bank or dealer~~counterparty. The market value of securities that underlay a repurchase agreement shall be ~~valued~~maintained at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted ~~no less than quarterly~~on a daily basis.

Maximum Holdings = 50% of portfolio dollars

Maximum per Issuer = 20% of portfolio dollars

Maximum Maturity = 60 days

- **Reverse Repurchase Agreements.** Reverse repurchase agreements with the prior approval of the City Council and subject to requirements of the California Government Code Sections 53601(j).

Maximum Holdings = 20% of portfolio dollars

Maximum per Issuer = 10% of portfolio dollars

Maximum Maturity = 92 days

- ~~**Securities of Local Agencies of California.** Includes bonds, notes, warrants and other evidences of indebtedness of any local agency.~~

- **Municipal Obligations,** including: (1) bonds, notes, warrants and other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency, (2) registered state warrants or treasury notes or bonds of the state of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state, and (3) registered treasury notes or bonds

of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. These investments shall be rated "A" or its equivalent or better by at least one NRSRO.

Maximum Holdings = 20% of portfolio dollars

Maximum per Issuer = 5% of portfolio dollars

Maximum Maturity = 5 year final maturity

- **Medium Term Corporate Notes** defined as all corporate and depository institution debt securities issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or its equivalent or better by at least one NRSRO and rated no lower than "A" by any NRSRO.

Maximum Holdings = ~~45~~20% of portfolio dollars

Maximum per Issuer = 5% of portfolio dollars

Maximum Maturity = 5 year final maturity

- ~~**Medium Term Corporate Notes** issued by corporations doing business in the United States. These corporations must be rated in the top three rating categories by two of the three largest NRSROs.~~

~~Maximum Holdings = 15% of portfolio dollars~~

~~Maximum per Issuer = 5% of portfolio dollars~~

~~Maximum Maturity = 5 year final maturity~~

- **Mutual Funds, and Money Market Funds, and Investment Pools** consisting of investment vehicles permitted under Sections 53601 and 53635 of the California Government Code. To be eligible for City investments, ~~companies providing~~ mutual funds shall have the following:

1. The highest rating provided by not less than two of the three largest NRSROs.
2. An investment advisor registered with the Securities and Exchange Commission for not less than five years having investment experience in the underlying securities and with assets under management in excess of \$500 million.
3. The purchase price of the shares shall not include any commission fees.

Money Market Funds must meet either 1 or 2 above and 3. A thorough analysis of the pool/fund is required prior to investing, and on a continual basis. Analysis shall include creditworthiness, size, safety, ease of investment liquidation, frequency of earnings distributions, frequency of account statements, and investment portfolio strategy. Securities owned in mutual funds and investment pools will not count towards maximum percentages of other categories.

Maximum Holdings = 20% of portfolio dollars

Maximum per ~~Issuer~~Fund = 10% of portfolio dollars

- **Joint Powers Authority Investment Pools** organized pursuant to Section 6509.7 that invests in the securities and obligations under Sections 53601 of the California Government Code. To be eligible for City investments, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
2. The adviser has not less than five years of experience investing in the securities and obligations authorized in under Section 53601.
3. The adviser has assets under management in excess of \$500 million.

Maximum Holdings = 100% of portfolio dollars
 Maximum per Issuer = 100% of portfolio dollars

- **Supranational Obligations** defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or its equivalent or better by an NRSRO.

Maximum Holdings = 20% of portfolio dollars
Maximum per Issuer = 10% of portfolio dollars
Maximum Maturity = 5 year final maturity

- **Asset-Backed and Mortgage-Backed Securities** defined as a mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated "AA" or its equivalent or better by an NRSRO.

Maximum Holdings = 10% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = Maximum remaining maturity of 5 years or less

- **Non-negotiable Certificates of Deposit** of a public bank, as defined in State of California Government Code Section 57600 and pursuant to collateralization requirements of this Investment Policy.

Maximum Holdings = 10% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 5 year final maturity

I. Sustainable Investing

Investments in entities that support community well-being through safe and environmentally sound practices and fair labor practices and equality of rights regardless of sex, race, age, disability, or sexual orientation is encouraged. No investment is to be made in a company that receives more than 51% of gross revenues from the production or manufacture of tobacco products, firearms, nuclear weapons not used in the national defense of the United States, and fossil fuels.

J. Security Downgrades

If securities owned by the City are downgraded to a level below the quality required for purchase under this Investment Policy, the Director of Finance, or his/her designee, shall review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. Such determination shall be documented and approved by the Director of Finance.

K. Collateralization

Collateralization ~~of~~with marketable securities will be required on non-negotiable certificates of deposit and repurchase (and reverse repurchase) agreements in accordance with California Government Code Section 53601 and 53630 et seq. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be at least 102% of market value of principal and accrued interest. for repurchase (and reverse repurchase) agreements and at least 110% of market value for non-negotiable certificates of deposit. The City reserves the right to require additional collateral if the City believes such additional amount is warranted. The City may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance.

Collateral shall always be held by an independent third party with whom the City or the counterparty has a current custodial agreement. Clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The counterparty shall have the right to substitute substantially the same securities as originally deposited as collateral.

J.L. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third party custodian designated by the Director of Finance, or his/her designee, and evidenced by safekeeping receipts.

K.M. Diversification

The City will diversify its investments by security type and institution. Maximum percentage holdings for each security type and institution shall conform to this Investment Policy and the maximum allowed under the California Government Code Section 53601.

All percentage restrictions on authorized investments are based on the amortized book value of the portfolio as of the trade date of the investment. In the event that portfolio percentage restrictions are violated due to a reduction in book value of the portfolio, the City may, but will not be required to, liquidate securities to meet the maximum holdings requirements.

L.N. Maximum Term of Investment

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than five years from the date of purchase without Council approval. in accordance with State of California Government Code Section 53601. Effective May 25, 1998, the City Council authorized staff to purchase securities with maturities greater than five years, specifically for the Electric Cost Reduction Fund.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

MO. Internal Controls

The City's Finance Department shall establish internal controls that are designed to prevent losses due to fraud, negligence, third-party misrepresentation, and other foreseeable circumstances that may arise in the operations of the investment function. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points:

- **Collusion** - Collusion is a situation where two or more employees are working together to defraud their employer.
- **Separation of duties** - By separating the persons who perform and authorize the transactions from the people who record or otherwise account for the transactions, a separation of duties is achieved.
- **Safekeeping** - Securities purchased from any broker or dealer shall be placed with the City's depository bank in its trust department for safekeeping. Securities shall be held in a manner that establishes the City's right of ownership. Evidence of ownership shall be demonstrated by a monthly safekeeping statement which shall be reconciled on a timely basis to internal holding reports.
- **Clear Delegation of Authority** - Subordinate staff members must have a clear understanding of their authority and responsibility to avoid improper actions.
- **Written Confirmation** - Due to the potential for error arising from telephone transactions, all telephone transactions shall be supported by written communications and approved by appropriate Investment Personnel.
- **Delivery** - Where applicable, investment transactions of the City shall be conducted using standard delivery-vs-payment procedures.
- **Daily Procedures** - Detailed written procedures shall be created and regularly maintained so that critical investment functions may be performed in the absence of the person normally responsible for performing such work. The procedures should include reference to custody and safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in a depository or investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Director of Finance.
- **Annual Audit** - On an annual basis, the City's financial statements and business practices are audited by an external auditor. Included in the annual audit shall be testing of the City's compliance with the Investment Policy.

NP. Performance Standard

As preservation of capital is the City's top priority, the City's investment strategy shall assume that an investment is being held to maturity or other redemption date as set forth in the security's official offering documentation (i.e., callable securities). Trading in response to economic conditions and market valuations will be permitted if the sale of a security can be justified in response to changing market conditions; to improve the quality, yield, or target duration in the portfolio; address a liquidity need of the portfolio; or to remove a security with a declining credit or financial outlook.

The City also recognizes the importance of obtaining an adequate rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow requirements. The performance of the investment portfolio shall be measured as follows: compared to a benchmark established by the Director of Finance. The benchmark shall reflect the objectives, strategy, and goals of the City's investment program.

- The portfolio's yield shall be compared to benchmark is the 24-month moving average yield of 2-year ICE BaML 0-5 Year US Treasury Notes Index.
- The portfolio's weighted average maturity shall be less than three years.

In accordance with generally accepted accounting principles, the City or the External Investment Manager, if any, shall mark-to-market ~~its~~ investments on a monthly basis using an independent pricing source. Market values will be looked upon as indications of market movements and volatility in making investment decisions rather than an indication of performance.

QQ. Reporting

The Director of Finance shall provide periodic investment reports to the City Council. The reports shall contain, but not be limited to, the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- ~~The rate~~performance ~~of return on the unrestricted investment portfolio compared to the 24-month moving average yield of 2-year Treasury Notes established benchmark.~~
- Final maturity of all investments listed.
- Weighted average maturity of the unrestricted investment portfolio.
- Coupon, discount or earnings rate.
- Par value, amortized book value and market value.
- Percentage of the portfolio represented by each investment category.

PR. Investment Policy Adoption

The Investment Policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City Council.

APPENDIX A

GLOSSARY OF CASH MANAGEMENT TERMS

AGENCIES: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of an FSA is the Federal National Mortgage Association (FNMA).

ASK: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield (e.g., 1/4 of 1 percent is equal to 25 basis points).

BID: The price offered by a buyer of securities. (When you are selling securities you ask for a bid.) See Offer.

BOOK VALUE - The value at which a security is carried on the financial records of an investor. The book value may differ significantly from the security's current value in the market.

BROKER: A broker brings buyers and sellers together for a commission.

CALLABLE BOND - A bond issue in which all or part of its outstanding principal amount may be redeemed prior to maturity by the issuer under specified conditions.

CALL PRICE - The price at which an issuer may redeem a bond prior to maturity.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: Short-term obligations with maturity ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest-bearing.

COUPON: Interest rate on a debt security the issuer promises to pay to the holder until maturity, expressed as an annual percentage of face value.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT RATE: Interest rate that the Federal Reserve charges member banks for loans, using government securities or eligible paper as collateral.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DISCOUNT YIELD: Yield on a security sold at a discount.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL DEPOSIT INSURANCE CORPORATON (FDIC): A federal agency that insures bank deposits.

FEDERAL FUNDS (FED FUNDS) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed Funds to each other overnight or on a longer term basis. Depository institutions may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed Funds are considered to be immediately available funds.

FEDERAL FUNDS RATE: The rate of interest at which Federal Funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL FARM CREDIT BANK (FFCB): The Federal Farm Credit Banks Funding Corporation is an integral part of the Farm Credit System, a leading provider of loans, leases and services to U.S. agriculture and rural America. FFCB is a government-sponsored enterprise that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC): A publicly chartered agency that buys qualifying residential mortgages from lenders, packages them into new securities backed by those pooled mortgages, provides certain guarantees, and then resells the securities on the open market. FHLMC's stock is owned by savings institutions across the U.S. and is held in trust by the FHLB System.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of

adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holders are protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

GUARANTEED INVESTMENT CONTRACT (GIC): A contract between an insurance company and a corporate profit-sharing or pension plan that guarantees a specific rate of return on the invested capital over the life of the contract.

IDLE FUNDS: Money in the treasury not required for the immediate needs of the local agency.

INVESTMENT-GRADE OBLIGATIONS - An investment instrument suitable for purchase by institutional investors under the prudent investor rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase---reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement often specifies, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission permits other financial firms to use for certain regulatory purposes.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Ask and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PREMIUM - The amount by which the price paid for a security exceeds the security's par value.

PORTFOLIO: A combined holding of a variety of investments. The purpose of a portfolio is to reduce risk by diversification.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include the Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRIMARY MARKET: A market for new issues of securities. A market is primary if the proceeds of sales go to the issuer of the securities sold.

PRIME RATE - A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

PRINCIPAL - The face value or par value of a debt instrument.

PRUDENT INVESTOR RULE: A guideline that states that a fiduciary must consider the needs of the beneficiaries, the provision of regular income, minimize risk and preserve assets. The Prudent Investor Rule applies to the investment decision-making process and no single investment decision should be judged in isolation, but rather as part of the entire portfolio. The Prudent Investor Rule mandates fiduciaries apply the principle of diversification when constructing portfolios.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him/her for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank services.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vault for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturity more than ten years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturity from two to ten years.

WEIGHTED AVERAGE MATURITY (WAM) - The average maturity of all the securities that comprise a portfolio.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD-TO-CALL (YTC) - The rate of return an investor earns from a security assuming the security is redeemed (called) prior to its stated final maturity date.

YIELD-TO-MATURITY (YTM) - The rate of return an investor earns on a security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.



City of Santa Clara

2021

Investment Policy



**City of
Santa Clara**
The Center of What's Possible



CITY OF SANTA CLARA INVESTMENT POLICY

A. Introduction

The investment policy of the City of Santa Clara (the “Investment Policy”) is intended to provide for the prudent and efficient investment of the City of Santa Clara's temporarily idle cash while safely maximizing returns within carefully defined investment parameters. The City of Santa Clara (the “City”) shall invest public funds, including bond proceeds, reserves and other special City funds, in a manner consistent with this Investment Policy while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

It is the City's full intent, at the time of purchase, to hold all investments until maturity in order to ensure the return of all invested principal. Through the maintenance of sufficient diversification of investments of varying maturities, the forced liquidation of investments at a loss shall be avoided, if at all possible. However, economic or market conditions may change, making it in the City's best interest to sell or trade a security prior to maturity.

For a list of terms and definitions commonly used in cash management, see “Appendix A - Glossary of Cash Management Terms”.

B. Authority, Scope and Prudence

- **Authority** - The City of Santa Clara Charter, Article IX, Section 904 gives the Director of Finance (the “Director”) the authority and responsibility to deposit and invest all City funds. It authorizes the Director to invest the City's idle cash in allowable investment vehicles with a maximum remaining maturity of five years at the time of purchase. The City Council may grant express authority either specifically or as part of an approved investment program to invest in securities with remaining maturities that exceed the five-year restriction. Authority must be given to the Director at least three months prior to the investment. California Government Code Section 53601 also allows the City to invest in the same investment securities as authorized by the City Council.
- **Scope** - The Investment Policy applies to all deposits, investments and other assets of the City, its subsidiaries, the Successor Agency for the Redevelopment Agency of the City of Santa Clara, the Sports and Open Space Authority, the Stadium Authority, and the Housing Authority. These funds are reported in the City's Comprehensive Annual Financial Report and include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Trust and Agency Funds, and Enterprise Funds. Deposit of funds is in accordance with the provision of the State Constitution and the laws of the State of California (Government Code Sections 53601 and 53635) governing the handling, depositing and securing of public funds. Investment of City issued debt proceeds and debt reserve funds are separately governed by individual bond indentures adopted by the City Council.

Investment of the Forrest and Evalyne Bentzien Trust Fund is governed by the Agreement By and Between the City of Santa Clara, California and the Mission City Community Fund Regarding the Investment, Disbursement and Distribution of Funds in the Forrest and Evalyne Bentzien Non-Expendable Trust Fund approved by City Council and dated July 25, 2000 (the “Bentzien Trust Fund Agreement”), and is not subject to the provisions of this Investment Policy. The Bentzien Trust Fund



Agreement defines the rights and responsibilities of the City in its capacity as Trustee and the Mission City Community Fund as the beneficiary of the Trust, to assure compliance with the California Probate Code and the Evalyne Bentzien Will.

- **Prudence** - Employees delegated responsibility for the investment of public monies by the Director (“Investment Personnel”), as trustees of public monies, shall adhere to the “prudent investor” standard when managing the City’s funds in light of the purposes, terms, and other circumstances of the City. This standard requires the exercise of reasonable care, skill, and caution, and is to be applied to investments in the context of the total portfolio and as part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the City. Duties must be performed with the care, prudence and diligence that a person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City.

Investment Personnel shall refrain from engaging in any activity that impairs, or has the potential to impair, their ability to make impartial investment decisions for the City.

Investment Personnel acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

C. Investment Objectives and Criteria

The primary objectives, in priority order, of the City’s investment activities shall be:

- **Safety** - Safety of principal is the foremost objective of the investment program. Investment of City funds shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City shall diversify its investments by investing funds among a variety of financial institutions and securities offering independent returns, all in accordance with this Investment Policy.
- **Liquidity** - The investment portfolio will remain sufficiently liquid to enable the City to meet all cash needs, which may be reasonably anticipated, for the operation of the City.
- **Yield** - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

D. Delegation of Authority

Authority to manage the City’s banking depository and investment program is derived from the City Charter. Management responsibility for the banking depository and investment program is hereby delegated to the Director of Finance who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities and procedures of Investment Personnel.

The City may engage the services of an external investment manager to assist in the management of the City’s investment portfolio in a manner consistent with the City’s objectives (“External Investment Manager”). The External Investment Manager may be granted discretion to purchase and sell investment securities in accordance with the State Constitution, the laws of the State of California and this Investment Policy. Any External Investment Manager must be registered under the Investment Advisers Act of 1940 and shall act as a fiduciary to the City.



E. Ethics and Conflicts of Interest

Officers and Investment Personnel involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or impair their ability to make impartial investment decisions. Officers and Investment Personnel shall disclose in their annual conflict of interest statement all material financial interests in financial institutions that conduct business within the City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City.

Authorized Financial Institutions

The Director of Finance, or his/her designee, shall maintain a list of financial institutions and broker/dealers authorized to provide investment services to the City ("Authorized Financial Institutions"). Authorized Financial Institutions must be authorized to provide investment services in the State of California and may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by State laws.

All financial institutions and broker/dealers who desire to become an Authorized Financial Institution must provide audited financial statements, proof of required licenses or registration, and written confirmation that they have read and shall abide by the City's Investment Policy.

Authorized Financial Institutions shall be expected to actively participate in the bid/offer process for securities in which they are market makers. In addition, it will be expected that the Authorized Financial Institutions will be able to fill the entire order being solicited and that there shall be no delay in completing the transaction on the contractual settlement date.

The Director of Finance, or his/her designee, periodically reviews the financial conditions and registrations of financial institutions and broker/dealers that deal with the City. The City is under no obligation to transact business with any financial institution and may at any time remove a financial institution from the list of Authorized Financial Institutions at the City's discretion.

If the City has contracted with an External Investment Manager, the External Investment Manager may use their own list of approved issuers, brokers/dealers and financial institutions ("Investment Manager Authorized Institutions") to conduct transactions on the City's behalf. All due diligence regarding Investment Manager Authorized Institutions shall be the responsibility of the External Investment Manager, if applicable.

Competitive Bidding Process

When practicable, Investment Personnel of the City and any External Investment Manager shall enter into transactions for the purchase or sale of securities on a competitive bid basis, seeking offers or bids from at least three authorized broker/dealers or Investment Manager Authorized Institutions, respectively. From time to time the City may enter into transactions involving securities for which there is not an active secondary market or where other Authorized Financial Institutions do not have the security available for sale and therefore, competitive bidding is not available. If competitive bidding on a security is not practicable or possible, Investment Personnel or any External Investment Manager will seek to verify pricing by other reasonable means.

The bidding process shall be fully documented for all transactions and complete records shall be available for audit and reporting purposes.

In all cases, placement shall be made consistent with the safety, liquidity and yield objectives of this Investment Policy.



H. Authorized and Suitable Investments

Special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. The City is empowered by the State of California Government Code and the City Charter to invest in the following types of securities. Additionally, bond proceeds are invested in accordance with the requirements outlined in the specific bond indenture of trust. All percentage limitations and credit criteria apply at time of purchase.

➤ ***U.S. Treasury Bills, Notes and Bonds and Securities Guaranteed or Backed by the Full Faith and Credit of the U.S. Government***

Maximum Holdings = 100% of portfolio dollars
Maximum per Issuer = 100% of portfolio dollars
Maximum Maturity = 5 year final maturity

➤ ***U.S. Government Agency Securities*** (exclusive of Agency MBS or CMO Securities) such as the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Farm Credit Bank (FFCB), local agencies, and other U. S. government-sponsored enterprises. These investments must be rated in the top three rating categories by two of the three largest nationally recognized statistical rating organizations (NRSROs).

Maximum Holdings = 80% of portfolio dollars
Maximum per Issuer = 40% of portfolio dollars
Maximum Callable = 30% of portfolio dollars
Maximum Maturity = 5 year final maturity

➤ ***Negotiable Certificates of Deposit*** issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or by a state-licensed branch of a foreign bank. CDs eligible for investment under this subdivision shall be rated "A" or its equivalent or better by at least one NRSRO or if the CD has a maturity less than 1 year then shall be rated "A-1" or better by at least one NRSRO.

Maximum Holdings = 30% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 5 year final maturity

➤ ***Bankers Acceptances*** otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank..

Maximum Holdings = 25% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 180 days

➤ ***Commercial Paper*** of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by an NRSRO. The entity that issues the commercial paper shall meet all of the conditions in either paragraph (1) or (2) below:



1. The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation.
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000).
 - c. Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.
2. The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation trust, or limited liability company.
 - b. Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
 - c. Has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

Maximum Holdings = 25% of portfolio dollars

Maximum per Issuer = 5% of portfolio dollars and no more than 10% of the outstanding commercial paper of any single issuer

Maximum Maturity = 270 days

- **Local Agency Investment Fund of the State of California.** Purchases may be made up to the maximum amount allowed by the State of California. Securities owned in the Local Agency Investment Fund of the State of California will not count towards maximum percentages of other categories.
- **Repurchase Agreements** subject to requirements of the California Government Code Section 53601(j). A Master Repurchase Agreement must be signed with the counterparty. The market value of securities that underlay a repurchase agreement shall be maintained at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted on a daily basis.

Maximum Holdings = 50% of portfolio dollars

Maximum per Issuer = 20% of portfolio dollars

Maximum Maturity = 60 days

- **Reverse Repurchase Agreements.** Reverse repurchase agreements with the prior approval of the City Council and subject to requirements of the California Government Code Sections 53601(j).

Maximum Holdings = 20% of portfolio dollars

Maximum per Issuer = 10% of portfolio dollars

Maximum Maturity = 92 days

- **Municipal Obligations**, including: (1) bonds, notes, warrants and other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency, (2) registered state warrants or treasury notes or bonds of the state of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state, and (3) registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. These investments shall be rated “A” or its equivalent or better by at least one NRSRO.



Maximum Holdings = 20% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 5 year final maturity

- **Medium Term Corporate Notes** defined as all corporate and depository institution debt securities issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or its equivalent or better by at least one NRSRO and rated no lower than "A" by any NRSRO.

Maximum Holdings = 20% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 5 year final maturity

- **Mutual Funds and Money Market Funds** consisting of investment vehicles permitted under Sections 53601 and 53635 of the California Government Code. To be eligible for City investments, mutual funds shall have the following:

1. The highest rating provided by not less than two of the three largest NRSROs.
2. An investment advisor registered with the Securities and Exchange Commission for not less than five years having investment experience in the underlying securities and with assets under management in excess of \$500 million.
3. The purchase price of the shares shall not include any commission fees.

Money Market Funds must meet either 1 or 2 above and 3. A thorough analysis of the pool/fund is required prior to investing, and on a continual basis. Analysis shall include creditworthiness, size, safety, ease of investment liquidation, frequency of earnings distributions, frequency of account statements, and investment portfolio strategy. Securities owned in mutual funds and investment pools will not count towards maximum percentages of other categories.

Maximum Holdings = 20% of portfolio dollars
Maximum per Fund = 10% of portfolio dollars

- **Joint Powers Authority Investment Pools** organized pursuant to Section 6509.7 that invests in the securities and obligations under Sections 53601 of the California Government Code. To be eligible for City investments, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
2. The adviser has not less than five years of experience investing in the securities and obligations authorized in under Section 53601.
3. The adviser has assets under management in excess of \$500 million.

Maximum Holdings = 100% of portfolio dollars
Maximum per Issuer = 100% of portfolio dollars



- **Supranational Obligations** defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated “AA” or its equivalent or better by an NRSRO.

Maximum Holdings = 20% of portfolio dollars
Maximum per Issuer = 10% of portfolio dollars
Maximum Maturity = 5 year final maturity

- **Asset-Backed and Mortgage-Backed Securities** defined as a mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated “AA” or its equivalent or better by an NRSRO.

Maximum Holdings = 10% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = Maximum remaining maturity of 5 years or less

- **Non-negotiable Certificates of Deposit** of a public bank, as defined in State of California Government Code Section 57600 and pursuant to collateralization requirements of this Investment Policy.

Maximum Holdings = 10% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 5 year final maturity

I. Sustainable Investing

Investments in entities that support community well-being through safe and environmentally sound practices and fair labor practices and equality of rights regardless of sex, race, age, disability, or sexual orientation is encouraged. No investment is to be made in a company that receives more than 51% of gross revenues from the production or manufacture of tobacco products, firearms, nuclear weapons not used in the national defense of the United States, and fossil fuels.

J. Security Downgrades

If securities owned by the City are downgraded to a level below the quality required for purchase under this Investment Policy, the Director of Finance, or his/her designee, shall review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. Such determination shall be documented and approved by the Director of Finance.

K. Collateralization

Collateralization with marketable securities will be required on non-negotiable certificates of deposit and repurchase (and reverse repurchase) agreements in accordance with California Government Code Section 53601 and 53630 et seq. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be at least 102% of market value of principal and accrued interest for repurchase



(and reverse repurchase) agreements and at least 110% of market value for non-negotiable certificates of deposit. The City reserves the right to require additional collateral if the City believes such additional amount is warranted. The City may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance.

Collateral shall always be held by an independent third party with whom the City or the counterparty has a current custodial agreement. Clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The counterparty shall have the right to substitute substantially the same securities as originally deposited as collateral.

L. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third party custodian designated by the Director of Finance, or his/her designee, and evidenced by safekeeping receipts.

M. Diversification

The City will diversify its investments by security type and institution. Maximum percentage holdings for each security type and institution shall conform to this Investment Policy and the maximum allowed under the California Government Code Section 53601.

All percentage restrictions on authorized investments are based on the amortized book value of the portfolio as of the trade date of the investment. In the event that portfolio percentage restrictions are violated due to a reduction in book value of the portfolio, the City may, but will not be required to, liquidate securities to meet the maximum holdings requirements.

N. Maximum Term of Investment

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than five years from the date of purchase without Council approval in accordance with State of California Government Code Section 53601. Effective May 25, 1998, the City Council authorized staff to purchase securities with maturities greater than five years, specifically for the Electric Cost Reduction Fund.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

O. Internal Controls

The City's Finance Department shall establish internal controls that are designed to prevent losses due to fraud, negligence, third-party misrepresentation, and other foreseeable circumstances that may arise in the operations of the investment function. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points:



- **Collusion** - Collusion is a situation where two or more employees are working together to defraud their employer.
- **Separation of duties** - By separating the persons who perform and authorize the transactions from the people who record or otherwise account for the transactions, a separation of duties is achieved.
- **Safekeeping** - Securities purchased from any broker or dealer shall be placed with the City's depository bank in its trust department for safekeeping. Securities shall be held in a manner that establishes the City's right of ownership. Evidence of ownership shall be demonstrated by a monthly safekeeping statement which shall be reconciled on a timely basis to internal holding reports.
- **Clear Delegation of Authority** - Subordinate staff members must have a clear understanding of their authority and responsibility to avoid improper actions.
- **Written Confirmation** - Due to the potential for error arising from telephone transactions, all telephone transactions shall be supported by written communications and approved by appropriate Investment Personnel.
- **Delivery** - Where applicable, investment transactions of the City shall be conducted using standard delivery-vs-payment procedures.
- **Daily Procedures** - Detailed written procedures shall be created and regularly maintained so that critical investment functions may be performed in the absence of the person normally responsible for performing such work. The procedures should include reference to custody and safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in a depository or investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Director of Finance.
- **Annual Audit** - On an annual basis, the City's financial statements and business practices are audited by an external auditor. Included in the annual audit shall be testing of the City's compliance with the Investment Policy.

P. Performance Standard

As preservation of capital is the City's top priority, the City's investment strategy shall assume that an investment is being held to maturity or other redemption date as set forth in the security's official offering documentation (i.e., callable securities). Trading in response to economic conditions and market valuations will be permitted in response to changing market conditions; to improve the quality, yield, or target duration in the portfolio; address a liquidity need of the portfolio; or to remove a security with a declining credit or financial outlook.

The City also recognizes the importance of obtaining an adequate rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow requirements. The performance of the investment portfolio shall be compared to a benchmark established by the Director of Finance. The benchmark shall reflect the objectives, strategy, and goals of the City's investment program.

- The benchmark is the ICE BaML 0-5 Year US Treasury Index.

In accordance with generally accepted accounting principles, the City or the External Investment Manager, if any, shall mark-to-market investments on a monthly basis using an independent pricing source. Market values will be looked upon as indications of market movements and volatility in making investment decisions rather than an indication of performance.



Q. Reporting

The Director of Finance shall provide periodic investment reports to the City Council. The reports shall contain, but not be limited to, the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- The performance of the portfolio compared to the established benchmark.
- Final maturity of all investments listed.
- Weighted average maturity of the unrestricted investment portfolio.
- Coupon, discount or earnings rate.
- Par value, amortized book value and market value.
- Percentage of the portfolio represented by each investment category.

R. Investment Policy Adoption

The Investment Policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City Council.



APPENDIX A GLOSSARY OF CASH MANAGEMENT TERMS

AGENCIES: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of an FSA is the Federal National Mortgage Association (FNMA).

ASK: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield (e.g., 1/4 of 1 percent is equal to 25 basis points).

BID: The price offered by a buyer of securities. (When you are selling securities you ask for a bid.) See Offer.

BOOK VALUE - The value at which a security is carried on the financial records of an investor. The book value may differ significantly from the security's current value in the market.

BROKER: A broker brings buyers and sellers together for a commission.

CALLABLE BOND - A bond issue in which all or part of its outstanding principal amount may be redeemed prior to maturity by the issuer under specified conditions.

CALL PRICE - The price at which an issuer may redeem a bond prior to maturity.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: Short-term obligations with maturity ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest-bearing.

COUPON: Interest rate on a debt security the issuer promises to pay to the holder until maturity, expressed as an annual percentage of face value.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the



securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT RATE: Interest rate that the Federal Reserve charges member banks for loans, using government securities or eligible paper as collateral.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DISCOUNT YIELD: Yield on a security sold at a discount.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits.

FEDERAL FUNDS (FED FUNDS) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed Funds to each other overnight or on a longer term basis. Depository institutions may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed Funds are considered to be immediately available funds.

FEDERAL FUNDS RATE: The rate of interest at which Federal Funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL FARM CREDIT BANK (FFCB): The Federal Farm Credit Banks Funding Corporation is an integral part of the Farm Credit System, a leading provider of loans, leases and services to U.S. agriculture and rural America. FFCB is a government-sponsored enterprise that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC): A publicly chartered agency that buys qualifying residential mortgages from lenders, packages them into new securities backed by those pooled mortgages, provides certain guarantees, and then resells the securities on the open market. FHLMC's stock is owned by savings institutions across the U.S. and is held in trust by the FHLB System.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential



mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holders are protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

GUARANTEED INVESTMENT CONTRACT (GIC): A contract between an insurance company and a corporate profit-sharing or pension plan that guarantees a specific rate of return on the invested capital over the life of the contract.

IDLE FUNDS: Money in the treasury not required for the immediate needs of the local agency.

INVESTMENT-GRADE OBLIGATIONS - An investment instrument suitable for purchase by institutional investors under the prudent investor rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement often specifies, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.



NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission permits other financial firms to use for certain regulatory purposes.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Ask and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PREMIUM - The amount by which the price paid for a security exceeds the security's par value.

PORTFOLIO: A combined holding of a variety of investments. The purpose of a portfolio is to reduce risk by diversification.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include the Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRIMARY MARKET: A market for new issues of securities. A market is primary if the proceeds of sales go to the issuer of the securities sold.

PRIME RATE - A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

PRINCIPAL - The face value or par value of a debt instrument.

PRUDENT INVESTOR RULE: A guideline that states that a fiduciary must consider the needs of the beneficiaries, the provision of regular income, minimize risk and preserve assets. The Prudent Investor Rule applies to the investment decision-making process and no single investment decision should be judged in isolation, but rather as part of the entire portfolio. The Prudent Investor Rule mandates fiduciaries apply the principle of diversification when constructing portfolios.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him/her for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank services.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vault for protection.



SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturity more than ten years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturity from two to ten years.

WEIGHTED AVERAGE MATURITY (WAM) - The average maturity of all the securities that comprise a portfolio.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD-TO-CALL (YTC) - The rate of return an investor earns from a security assuming the security is redeemed (called) prior to its stated final maturity date.

YIELD-TO-MATURITY (YTM) - The rate of return an investor earns on a security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.



Agenda Report

21-1198

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Award of Contract for the Pruneridge Avenue-Lawrence Expressway Bicycle Lane Improvements Project (CE 17-18-09)

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

Currently, a gap exists in the bicycle lanes on Pruneridge Avenue between Lawrence Expressway and Harvard Avenue (Attachment No. 1). This is primarily due to the road narrowing in this area; the current roadway dimensions are inadequate for a bicycle lane. This project was developed to eliminate the bicycle lane gap by widening the roadway, installing a new five-foot bicycle lane with a two-foot buffer and creating an eastbound left-turn lane on onto Harvard Avenue. City Council approved the concept and a new CIP Pruneridge Avenue-Lawrence Expressway Bicycle Lane Improvements Project on July 11, 2017.

The Project consists of the installation of new pavement, curb, gutter, sidewalk, ADA ramps, storm drain appurtenances, signage, striping, street lighting and other related work.

DISCUSSION

On November 18, 2020, bids for construction of the Project were opened via video conference. Eleven bids were received ranging from \$352,175 to \$541,122 (Attachment No. 2). The apparent low bid was rejected as non-responsive because the bidder failed to disclose litigation history as required in the bid documents. The second-lowest bid was submitted by ASG Builders in the amount of \$364,096, 0.4 percent below the engineer's estimate of \$365,460. Staff has reviewed and determined it to be the lowest responsible and responsive bid and staff recommends awarding the contract to ASG Builders.

Construction of the Project is scheduled to be completed by late 2021. This timeframe may be subject to change based on the current issues related to the COVID-19 pandemic. The contract includes prevailing wage requirements.

ENVIRONMENTAL REVIEW

This project being considered is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15301(c), work within existing roadways that does not create additional automobile lanes, including the addition of bicycle facilities such as bicycle parking, bicycle-share facilities and bicycle lanes.

FISCAL IMPACT

The cost of the contract is \$364,096, plus approximately 10 percent construction contingency of \$36,504, for any potential change orders for a total not-to-exceed contract amount of \$400,600. Funding for the contract is available in the FY 2020/21 project's capital improvement program budget in the Streets and Highways Capital Fund.

COORDINATION

This report has been coordinated with the City Attorney's Office and Finance Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220 or email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Award the Public Works Contract for the Pruneridge Avenue-Lawrence Expressway Bicycle Lane Improvements Project (CE 17-18-09) to the lowest responsive and responsible bidder, ASG Builders, in the amount of \$364,096 and authorize the City Manager to execute any and all documents associated with, and necessary for the award, completion, and acceptance of this Project; and
2. Authorize the City Manager to execute change orders up to approximately 10 percent of the original contract price, or \$36,504 for a total not to exceed amount of \$400,600.

Reviewed by: Craig Mobeck, Director of Public Works

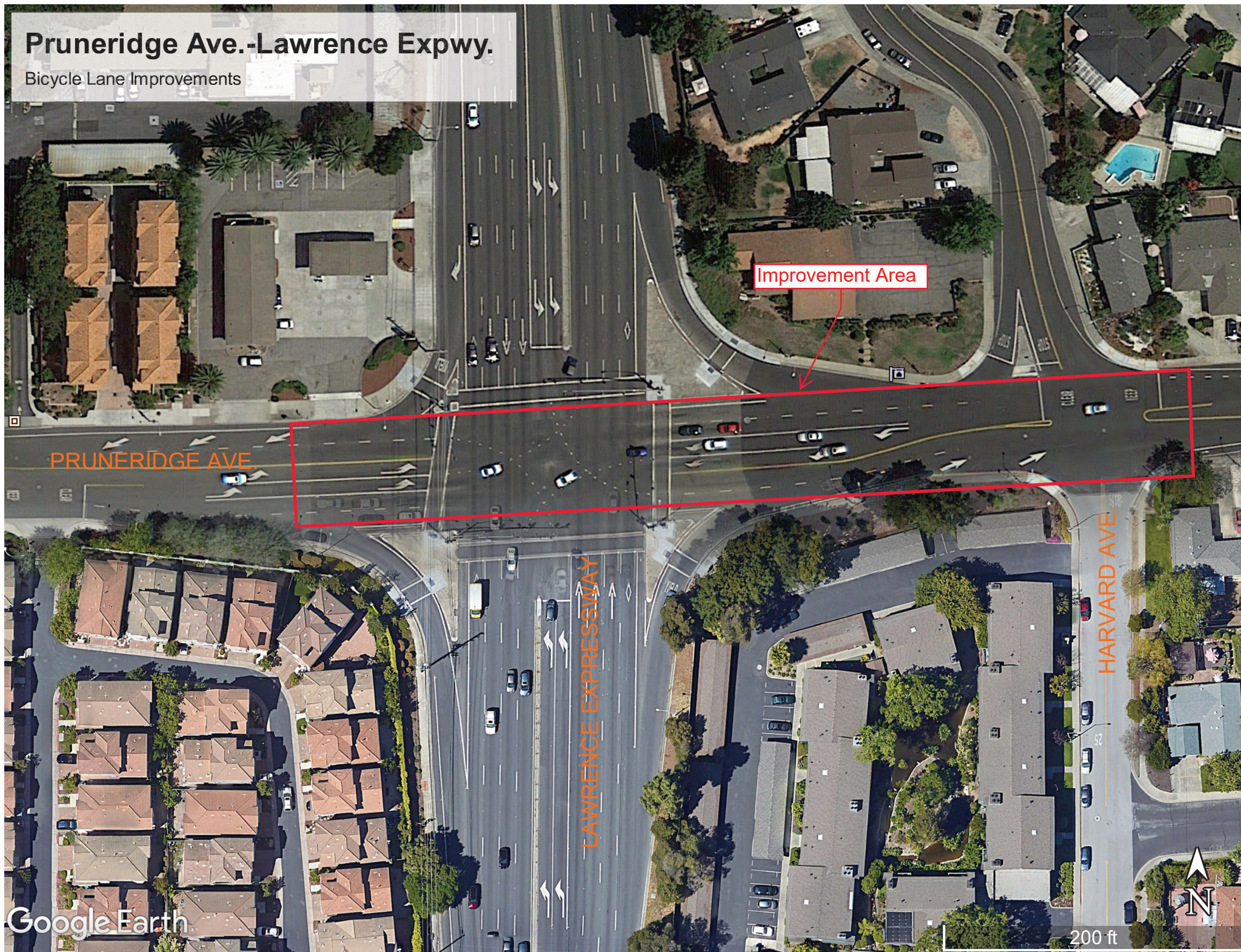
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Location Map
2. Bid Summary

Pruneridge Ave.-Lawrence Expwy.

Bicycle Lane Improvements



Improvement Area

PRUNERIDGE AVE.

LAWRENCE EXPRESSWAY

HARVARD AVE.

Google Earth

200 ft





City of Santa Clara

Attachment No. 2 Bid Summary

20-1198

Council Date:

REPORT TO COUNCIL

SUBJECT

Action on Award of Contract for the Pruneridge Avenue-Lawrence Expressway Bicycle Lane Improvements Project (CE 17-18-09)

BID SUMMARY		Bid Opening Date: November 18, 2020	
ENGINEER'S ESTIMATE:		\$ 365,460.00	
Contractor	Total Bid (\$)	Percentage above/below Engineer's Estimate	
Lewis & Tibbitts, Inc.	\$ 352,175.00	3.6% below	
ASG Builders	\$ 364,096.00	0.4% below	
McKim Corporation	\$ 373,916.30	2.3% above	
FBD Vanguard Construction, Inc.	\$ 390,852.25	6.9% above	
JJR Construction, Inc.	\$ 396,555.25	8.5% above	
GradeTech, Inc.	\$ 403,142.80	10.3% above	
Golden Bay Construction, Inc.	\$ 403,932.50	10.5% above	
Sposeto Engineering, Inc.	\$ 423,575.75	15.9% above	
Redgwick Construction Co.	\$ 427,183.40	16.9% above	
O'Grady Paving, Inc.	\$ 429,020.00	17.4% above	
Wattis Construction Co., Inc.	\$ 541,122.00	48.1% above	



Agenda Report

21-1308

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 2 to an Agreement for Services with Guidehouse, Inc. for Consulting Services for North American Electric Reliability Corporation (NERC) Compliance Support

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

To meet its mission, goals and regulatory needs, the City of Santa Clara's Electric Department, Silicon Valley Power (SVP), requires a variety of specialized services, including North American Electric Reliability Corporation (NERC) Compliance Support currently provided by Guidehouse, Inc.

SVP is required to comply with over 600 NERC Reliability requirements, as approved by the Federal Energy Regulatory Commission (FERC). Every three (3) years, the department undergoes a NERC Compliance audit conducted by the Western Electric Coordinating Council (WECC), the regional entity responsible for compliance enforcement in the Western Interconnection. The most recent WECC Audit was in Spring of 2020 and the next full Audit will be Spring of 2023. In addition to these audits, SVP undergoes a yearly Self-Certification of Compliance with select Standards. The next self-certification is due in February 2021. The NERC Reliability Standards encompass three main areas of electric reliability:

1. Operations
2. Engineering - called Operations and Planning (O & P)
3. Critical Infrastructure Protection (CIP). CIP Standards require SVP to minimize the exposure of cyber security information, such as cybersecurity practices, tools, and logical data.

SVP relies on professional support from industry experts to assist with applying new or revised Standards/Requirements. Services include providing assistance with interpreting the applicability of regulatory requirements to SVP's electric system; drafting internal policies and procedures; assessing and configuring operational technology or program tools; developing appropriate internal controls, reviewing, correcting, improving current compliance practices; and preparing SVP for its next audit.

In October 2018, the City executed an agreement with Navigant Consulting for NERC Compliance Support services. On October 10, 2019 Navigant was acquired by Guidehouse, Inc. (the City and Guidehouse are in the process of executing a Consent to Assignment Agreement to authorize the assignment of all rights, obligations and interest in the Original Agreement from Navigant to Guidehouse).

In December 2019, the City executed Amendment No. 1 to the Agreement to extend the Agreement term to December 31, 2021 and increase maximum compensation from \$95,000 to \$149,000 to finalize open issues from the 2017 audit and prepare for the 2020 audit. It typically takes between 12-18 months to close out action items from an audit.

DISCUSSION

SVP relies on technical expertise of contractors to maintain compliance with the NERC CIP (“Critical Infrastructure Protection” i.e., cybersecurity) Standards. These standards grow and change as cybersecurity trends emerge, or as SVP upgrades its control system technologies. This proposed amendment increases the maximum compensation from \$149,000 to \$274,000 primarily to support SVP in meeting cybersecurity requirements such as updating SVP’s NERC Cybersecurity Program to address new control systems and devices that are being adopted into the NERC Cybersecurity Program. There are two key items for the necessary increase in funding:

1. The City will be updating its SCADA system in the coming months. As a result, of the update which includes new connectivity, this system will now be part of the audit and will require significant additional effort to assure compliance especially associated with cybersecurity.
2. The NERC audit is directly managed by the SVP Compliance Manager and a Staff Aide II (which is vacant). The consultant will help provide additional support to the Compliance Manager during this period. SVP continues to hold some administrative civil service positions vacant: in the event that positions are eliminated in other departments and staff “bump” to those positions. This avoids having to lay-off newly hired staff due to civil service seniority and “bumping rights.”

Services funded by this amendment include:

- Internal audits to prepare for WECC audit
- SVP internal standard development and revisions to assure SVP’s standards are in alignment with NERC standards which change regularly
- Compliance guidesheets for employees (short documents to consolidate Standards for employee reference). These guidesheets are typically drafted by staff and then reviewed by our consultant at Guidehouse to assure they will be found sufficient in an audit.
- Assistance with development of internal controls through use of automation tools. Currently, most of SVP’s tools for internal control and compliance are manual.
- Preparing SVP for compliance with new or revised NERC Standards.

Staff anticipates issuing a competitive RFP for these services before Summer of 2021.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378 (b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment.

FISCAL IMPACT

Staff recommends authorizing the City Manager to execute Amendment No. 2 to the Agreement with

Guidehouse, Inc. to increase maximum compensation from \$149,000 to \$274,000. The costs of these services have been included in the Electric Department Operating Budget.

Funds required for these agreements in future years will be included in proposed budgets for corresponding years.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov [<mailto:clerk@santaclaraca.gov>](mailto:clerk@santaclaraca.gov).

RECOMMENDATION

1. Authorize the City Manager to execute Amendment No. 2 to the Agreement for Services with Guidehouse, Inc. to increase the maximum compensation from \$149,000 to \$274,000; and
2. Authorize the City Manager to add or delete services consistent with the scope of the agreements and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Agreement for Services between the City of Santa Clara and Navigant Consulting
2. Amendment No. 1 to the Agreement for Services between the City of Santa Clara and Navigant Consulting
3. Proposed Amendment No. 2 to the Agreement for Services between the City of Santa Clara and Guidehouse, Inc.
4. Navigant to Guidehouse Consent to Assignment

EBIX Insurance No. S200004094

**AGREEMENT FOR SERVICES
BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
NAVIGANT CONSULTING, INC.**

PREAMBLE

This Agreement is entered into between the City of Santa Clara, California, a chartered California municipal corporation (City) and Navigant Consulting, Inc., a Delaware corporation, (Contractor). City and Contractor may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

RECITALS

- A. City desires to secure the services more fully described in this Agreement, at Exhibit A, entitled "Scope of Services"
- B. Contractor represents that it, and its subcontractors, if any, have the professional qualifications, expertise, necessary licenses and desire to provide certain goods and/or required services of the quality and type which meet objectives and requirements of City; and,
- C. The Parties have specified herein the terms and conditions under which such services will be provided and paid for.

The Parties agree as follows:

AGREEMENT TERMS AND CONDITIONS

1. AGREEMENT DOCUMENTS

The documents forming the entire Agreement between City and Contractor shall consist of these Terms and Conditions and the following Exhibits, which are hereby incorporated into this Agreement by this reference:

Exhibit A – Scope of Services

Exhibit B – Schedule of Fees

Exhibit C – Insurance Requirements

Exhibit D – Labor Compliance Addendum (if applicable)

This Agreement, including the Exhibits set forth above, contains all the agreements, representations and understandings of the Parties, and supersedes and replaces any previous agreements, representations and understandings,

whether oral or written. In the event of any inconsistency between the provisions of any of the Exhibits and the Terms and Conditions, the Terms and Conditions shall govern and control.

2. TERM OF AGREEMENT

Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to this Agreement, the term of this Agreement shall begin on October 15, 2018 and terminate on December 31, 2019.

3. SCOPE OF SERVICES & PERFORMANCE SCHEDULE

Contractor shall perform those Services specified in Exhibit A within the time stated in Exhibit A. Time is of the essence.

4. WARRANTY

Contractor expressly warrants that all materials and services covered by this Agreement shall be fit for the purpose intended, shall be free from defect and shall conform to the specifications, requirements and instructions upon which this Agreement is based. Contractor agrees to promptly replace or correct any incomplete, inaccurate or defective Services at no further cost to City when defects are due to the negligence, errors or omissions of Contractor. If Contractor fails to promptly correct or replace materials or services, City may make corrections or replace materials or services and charge Contractor for the cost incurred by City.

5. QUALIFICATIONS OF CONTRACTOR - STANDARD OF CARE

Contractor represents and maintains that it has the expertise in the professional calling necessary to perform the Services, and its duties and obligations, expressed and implied, contained herein, and City expressly relies upon Contractor's representations regarding its skills and knowledge. Contractor shall perform such Services and duties in conformance to and consistent with the professional standards of a specialist in the same discipline in the State of California.

6. COMPENSATION AND PAYMENT

In consideration for Contractor's complete performance of Services, City shall pay Contractor for all materials provided and Services rendered by Contractor in accordance with Exhibit B, entitled "SCHEDULE OF FEES." The maximum compensation of this Agreement is ninety five thousand dollars (\$95,000), subject to budget appropriations, which includes all payments that may be authorized for Services and for expenses, supplies, materials and equipment required to perform the Services. All work performed, or materials provided, in excess of the maximum compensation shall be at Contractor's expense.

Contractor shall not be entitled to any payment above the maximum compensation under any circumstance.

7. TERMINATION

- A. Termination for Convenience. City shall have the right to terminate this Agreement, without cause or penalty, by giving not less than Thirty (30) days' prior written notice to Contractor.
- B. Termination for Default. If Contractor fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, City may terminate this Agreement immediately upon written notice to Contractor.
- C. Upon termination, each Party shall assist the other in arranging an orderly transfer and close-out of services. As soon as possible following the notice of termination, but no later than ten (10) days after the notice of termination, Contractor will deliver to City all City information or material that Contractor has in its possession.

8. ASSIGNMENT AND SUBCONTRACTING

City and Contractor bind themselves, their successors and assigns to all covenants of this Agreement. This Agreement shall not be assigned or transferred without the prior written approval of City. Contractor shall not hire subcontractors without express written permission from City.

Contractor shall be as fully responsible to City for the acts and omissions of its subcontractors, and of persons either directly or indirectly employed by them, as Contractor is for the acts and omissions of persons directly employed by it.

9. NO THIRD PARTY BENEFICIARY

This Agreement shall not be construed to be an agreement for the benefit of any third party or parties and no third party or parties shall have any claim or right of action under this Agreement for any cause whatsoever.

10. INDEPENDENT CONTRACTOR

Contractor and all person(s) employed by or contracted with Contractor to furnish labor and/or materials under this Agreement are independent contractors and do not act as agent(s) or employee(s) of City. Contractor has full rights to manage its employees in their performance of Services under this Agreement.

11. CONFIDENTIALITY OF MATERIAL

All ideas, memoranda, specifications, plans, manufacturing procedures, data, drawings, descriptions, documents, discussions or other information developed

or received by or for Contractor and all other written information submitted to Contractor in connection with the performance of this Agreement shall be held confidential by Contractor and shall not, without the prior written consent of City, be used for any purposes other than the performance of the Services nor be disclosed to an entity not connected with performance of the Services. Nothing furnished to Contractor which is otherwise known to Contractor or becomes generally known to the related industry shall be deemed confidential.

12. OWNERSHIP OF MATERIAL

All material, which shall include, but not be limited to, data, sketches, tracings, drawings, plans, diagrams, quantities, estimates, specifications, proposals, tests, maps, calculations, photographs, reports, designs, technology, programming, works of authorship and other material developed, collected, prepared or caused to be prepared under this Agreement shall be the property of City but Contractor may retain and use copies thereof. City shall not be limited in any way or at any time in its use of said material. However, Contractor shall not be responsible for damages resulting from the use of said material for work other than Project, including, but not limited to, the release of this material to third parties.

13. RIGHT OF CITY TO INSPECT RECORDS OF CONTRACTOR

City, through its authorized employees, representatives or agents shall have the right during the term of this Agreement and for four (4) years from the date of final payment for goods or services provided under this Agreement, to audit the books and records of Contractor for the purpose of verifying any and all charges made by Contractor in connection with Contractor compensation under this Agreement, including termination of Contractor. Contractor agrees to maintain sufficient books and records in accordance with generally accepted accounting principles to establish the correctness of all charges submitted to City. Any expenses not so recorded shall be disallowed by City. Contractor shall bear the cost of the audit if the audit determines that there has been a substantial billing deviation in excess of five (5) percent adverse to the City.

Contractor shall submit to City any and all reports concerning its performance under this Agreement that may be requested by City in writing. Contractor agrees to assist City in meeting City's reporting requirements to the State and other agencies with respect to Contractor's Services hereunder.

14. HOLD HARMLESS/INDEMNIFICATION

- A. To the extent permitted by law, Contractor agrees to protect, defend, hold harmless and indemnify City, its City Council, commissions, officers, employees, volunteers and agents from and against any claim, injury, liability, loss, cost, and/or expense or damage, including all costs and attorney's fees in providing a defense to any such claim or other action, and whether sounding in law, contract, tort, or equity, in any manner

arising from, or alleged to arise in whole or in part from, or in any way connected with the Services performed by Contractor pursuant to this Agreement – including claims of any kind by Contractor's employees or persons contracting with Contractor to perform any portion of the Scope of Services – and shall expressly include passive or active negligence by City connected with the Services. However, the obligation to indemnify shall not apply if such liability is ultimately adjudicated to have arisen through the sole active negligence or sole willful misconduct of City; the obligation to defend is not similarly limited.

- B. Contractor's obligation to protect, defend, indemnify, and hold harmless in full City and City's employees, shall specifically extend to any and all employment-related claims of any type brought by employees, contractors, subcontractors or other agents of Contractor, against City (either alone, or jointly with Contractor), regardless of venue/jurisdiction in which the claim is brought and the manner of relief sought.
- C. To the extent Contractor is obligated to provide health insurance coverage to its employees pursuant to the Affordable Care Act ("Act") and/or any other similar federal or state law, Contractor warrants that it is meeting its obligations under the Act and will fully indemnify and hold harmless City for any penalties, fines, adverse rulings, or tax payments associated with Contractor's responsibilities under the Act.
- D. Notwithstanding the terms of any other provisions, (i) the total liability of Contractor and its subsidiaries, officers, employees and agents for all claims of any kind arising out of this engagement, whether in contract, tort or otherwise, shall be limited to four (4) times the total fees paid to Contractor under this Agreement; and (ii), neither Contractor nor City shall in any event be liable for any indirect, consequential or punitive damages, even if they have been advised of the possibility of such damages.

15. INSURANCE REQUIREMENTS

During the term of this Agreement, and for any time period set forth in Exhibit C, Contractor shall provide and maintain in full force and effect, at no cost to City, insurance policies as set forth in Exhibit C.

16. WAIVER

Contractor agrees that waiver by City of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement. Neither City's review, acceptance nor payments for any of the Services required under this Agreement shall be constructed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

17. NOTICES

All notices to the Parties shall, unless otherwise requested in writing, be sent to City addressed as follows:

City of Santa Clara
Attention: Department of Electric Utility
1500 Warburton Avenue
Santa Clara, CA 95050
and by e-mail at svpcontracts@santaclaraca.gov, and
manager@santaclaraca.gov

And to Contractor addressed as follows:

Navigant Consulting, Inc.
Attention: Andy Dressel
35 Iron Point Circle, Suite 225
Folsom, CA 95630
and by e-mail at Andrew.dressel@navigant.com

The workday the e-mail was sent shall control the date notice was deemed given. An e-mail transmitted after 1:00 p.m. on a Friday shall be deemed to have been transmitted on the following business day.

18. COMPLIANCE WITH LAWS

Contractor shall comply with all applicable laws and regulations of the federal, state and local government, including but not limited to "The Code of the City of Santa Clara, California" ("SCCC"). In particular, Contractor's attention is called to the regulations regarding Campaign Contributions (SCCC Chapter 2.130), Lobbying (SCCC Chapter 2.155), Minimum Wage (SCCC Chapter 3.20), Business Tax Certificate (SCCC section 3.40.060), and Food and Beverage Service Worker Retention (SCCC Chapter 9.60), as such Chapters or Sections may be amended from time to time or renumbered. Additionally Contractor has read and agrees to comply with City's Ethical Standards (<http://santaclaraca.gov/home/showdocument?id=58299>).

19. CONFLICTS OF INTEREST

Contractor certifies that to the best of its knowledge, no City officer, employee or authorized representative has any financial interest in the business of Contractor and that no person associated with Contractor has any interest, direct or indirect, which could conflict with the faithful performance of this Agreement. Contractor is familiar with the provisions of California Government Code section 87100 and

following, and certifies that it does not know of any facts which would violate these code provisions. Contractor will advise City if a conflict arises.

20. FAIR EMPLOYMENT

Contractor shall not discriminate against any employee or applicant for employment because of race, sex, color, religion, religious creed, national origin, ancestry, age, gender, marital status, physical disability, mental disability, medical condition, genetic information, sexual orientation, gender expression, gender identity, military and veteran status, or ethnic background, in violation of federal, state or local law.

21. NO USE OF CITY NAME OR EMBLEM

Contractor shall not use City's name, insignia, or emblem, or distribute any information related to services under this Agreement in any magazine, trade paper, newspaper or other medium without express written consent of City.

22. GOVERNING LAW AND VENUE

This Agreement shall be governed and construed in accordance with the statutes and laws of the State of California. The venue of any suit filed by either Party shall be vested in the state courts of the County of Santa Clara, or if appropriate, in the United States District Court, Northern District of California, San Jose, California.

23. SEVERABILITY CLAUSE

In case any one or more of the provisions in this Agreement shall, for any reason, be held invalid, illegal or unenforceable in any respect, it shall not affect the validity of the other provisions, which shall remain in full force and effect.

24. AMENDMENTS

This Agreement may only be modified by a written amendment duly authorized and executed by the Parties to this Agreement.

25. COUNTERPARTS

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


The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

Approved as to Form:

Dated: 10/24/18

BRIAN DOYLE
City Attorney



DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

"CITY"

NAVIGANT CONSULTING, INC.
a Delaware corporation

Dated: September 28, 2018By (Signature): Name: Chris LurasTitle: Director, Risk & CompliancePrincipal Place of Business Address: 150 N Riverside Plz, Suite 2100
Chicago, IL 60606Email Address: Chris.Luras@navigant.comTelephone: (801) 891-7127Fax: (916) 852-1073

"CONTRACTOR"

**EXHIBIT A
SCOPE OF SERVICES**

The Services to be performed for the City by the Contractor under this Agreement are set forth below.

NAVIGANT

Proposal for

NERC CIP Compliance Support

Prepared for:



Submitted by:
Navigant Consulting, Inc.
35 Iron Point Circle
Suite 225
Folsom, CA 95630

916.631.3200
navigant.com

August 1, 2018

Table of Contents

1. Overview of Approach 1

 1.1 Support SVP CIP Activities2

 1.2 Cybersecurity Services.....2

2. Project Team..... 4

Navigant Consulting, Inc. (Navigant) is pleased to submit the enclosed proposal to assist the Silicon Valley Power (SVP) in support of its North American Electric Reliability Corporation (NERC) critical Infrastructure protection (CIP) program, and all associated reliability compliance needs. Navigant will bring unrivaled experience and expertise to this project. Specifically, we propose to bring a project team to SVP with extensive assessment, development, and implementation experience with the NERC Reliability Standards, a complete understanding of cyber systems and security, and expert knowledge of the utility industry (including understanding best practices in generation, transmission, and operation of BES facilities, including control systems). We are confident we will exceed SVP's objectives and goals. Our project team includes former key Western Electricity Coordinating Council (WECC), North American Electric Reliability Corporation (NERC), and industry leaders and analysts with demonstrated successes in assessing and improving NERC audit preparedness, assessing and enhancing compliance programs, and generally helping public power entities, like SVP, organize and present evidence to WECC while showcasing the strengths and knowledge of SVP's own subject matter experts (SMEs). We have helped several entities, described in our proposal, identify, develop, implement, and maintain internal controls to ensure these entities maintain (and efficiently demonstrate) compliance with the NERC Reliability Standards.

WHY NAVIGANT?

Our team created WECC processes and shaped the NERC and regional regulatory approaches. Thus, we can advise on all decisions around CIP compliance monitoring and implementation as well as improvement and mitigations. The Navigant team helps clients strengthen reliability compliance programs, identify and evaluate risk and controls, prepare for audits, and develop risk management and risk-informed decision-making platforms or frameworks.

We are confident we can assist you in attaining SVP's goals given:

- Our unmatched experience:** Navigant's proposed team includes recognized industry and reliability compliance experts that have extensive experience working for WECC, NERC, and various registered entities. The project team is led by Andy Dressel, Associate Director of our Risk and Compliance team. Andy is the former GridSME Director of Regulatory Compliance that has been assisting SVP since 2015. Andy will be supported by the entire Navigant Energy Risk and Compliance team which includes, but is not limited to: Chris Luras (Director - former WECC Director of Compliance Risk Analysis and Enforcement), Keshav Sarin, (Associate Director - former WECC Manager of Compliance Risk Analysis and former CIP Analyst), Matt Moore (Associate Director - former WECC Manager of Enforcement), Edd Dobrowolski (Director - former Director of Standards Development at NERC), Tyson Jarrett (Managing Consultant - former WECC CIP Risk Analyst and Auditor), Garret Story (Senior Consultant - former WECC CIP auditor), DJ McCarty (Senior Consultant - former WECC enforcement staff), Brent Read (Managing Consultant - former Texas RE Manager of Risk and Compliance and former WECC auditor), Doug Morrill (Associate Director - CIP and cyber security expert), and Roger Cummins (Associate Director - former WECC operations and planning auditor). This experience is unmatched among energy consulting firms and illustrates our expertise in all aspects of reliability compliance, including our proficiency with all reliability standards, our ability to provide comprehensive audit preparation, expertise in reliability compliance program management and governance, our deep expertise in all aspects of WECC's oversight, including risk-based audit scoping (through implementation of the Inherent Risk Assessment and Compliance Oversight Plan). Our unmatched experience will help SVP improve its processes.
- Our significant knowledge and understanding of SVP:** Andy Dressel has a three-year history of working with SVP; he was part of the core group that developed SVP's NERC CIP Program, he participated in SVP's 2017 WECC/NERC Audit, and he assisted with the development of post-Audit Mitigation Plans. Andy has established strong relationships with SVP's compliance team – including

its management team and SMEs.

- ***Our robust understanding and unrivaled approach:*** Our approach considers SVP's regulatory processes in the context of SVP's business and operations. We will facilitate SVP's CIP compliance audit readiness in such a way that ensures SVP is positioned for success. We will prepare SVP for its audit (and related processes) and ensure SVP's SMEs and evidence are organized and prepared to reduce data requests and limit uncertainty. Significantly, Navigant has customized the approach in this proposal for SVP to achieve even greater long-term effectiveness while also realizing immediate efficiency gains. Our compliance assessment and audit preparation work is done through the lens of WECC's compliance monitoring tools, internal controls processes, Internal Compliance Program Assessment processes, and all other compliance monitoring. This ensures SVP is positioned for all aspects of the NERC and WECC CMEP processes, while positioning SVP to achieve internal benefits. This could include reduced compliance monitoring and enforcement requirements from WECC, reduced audit breadth and depth and, while positioning SVP to achieve reliability and compliance process optimization throughout its organization.

Sincerely,

Chris J. Luras,
Director, Risk & Compliance
Enclosure

1. Overview of Approach

Overview of suggested approach to the project, including schedule of tasks, task duration, resources assigned to tasks, and estimated level of effort for each task. Plan and schedule for each task.

SVP is registered as a Generator Owner, Generator Operator, Transmission Owner, Transmission Operator, Transmission Planner, and Distribution Provider on the NERC Compliance Registry. Navigant will deliver a sustainable CIP compliance approach that will instill and further engrain strong principles throughout SVP's organization. Accordingly, in our approach, we address the following for SVP to ensure a robust preparation leading up to the audit, at the audit, and after the audit.

- Identify and manage risks to reliability, security and compliance;
- Further bolster SVP 's risk-based strategies in scoping, scaling and assessing compliance;
- Assess and strengthen processes and procedures to identify, assess and correct reliability, security and compliance issues;
- Strategically identify and manage internal controls through sharing controls information with WECC auditors to demonstrate SVP has managed these risks;
- Assess and strengthen sufficiency of compliance documentation, including evidence;
- Further develop efficient processes to manage the next WECC audit, the WECC Compliance Oversight Plan and any associated post audit activities;
- Develop and implement strategies to manage any incident management needed including supporting any investigation, self-report, or mitigation plan; and,
- Provide SVP with the ability to use Navigant's depth of over 600 utility consultants, offering expertise in all aspects of utility operations.

Navigant's experience in all aspects of compliance gives SVP the most valuable, end-to-end compliance support before, during, and after a WECC audit. No other firm has as many years of direct WECC Compliance experience as Navigant.

Specifically, we have tailored our approach such that, in working with Navigant, SVP will learn how to effectively translate its compliance assessments into effective compliance, oversight and operational strategies. Further, we will instill risk-based oversight principles into our review, and thereby assist SVP's compliance team and SMEs to think like – and anticipate - WECC auditors.

Given the continued implementation of WECC's risk-based processes, SVP will benefit from having a solid understanding and analysis of its inherent risks and identify any associated internal controls. Once SVP evaluates its risks and associated controls, SVP and Navigant can implement a straightforward, but continuous risk management process. In all cases throughout our approach, Navigant will work with SVP to develop, implement, disseminate and train on all reports, policies, procedures, and processes that arise as part of Navigant's compliance and risk assessments.

1.1 Support SVP CIP Activities

Regular contact to provide advice and guidance on NERC CIP compliance.

- *Schedule:* Weekly check-in calls as scheduled by the Compliance Administrator

Resources: Navigant Project Manager, SVP Compliance Administrator, SVP CIP Senior Manager and other SVP staff as applicable.

Andy Dressel will hold a weekly meeting with the SVP CIP Senior Manager and the Compliance Manager that serves as an opportunity to discuss needs, projects, completed activities, ongoing activities, compliance issues, and upcoming activities within SVP's CIP compliance program. Navigant will support the meeting, as directed by SVP's compliance team, assess current and future compliance risk, and offer solutions and assistance to ensure SVP's CIP compliance performance. Furthermore, we will tailor the work such that SVP's compliance objectives are conveyed with the appropriate context, including SVP's past compliance experiences, the current risk-informed regulatory framework, and goals leading up to, during, and following future compliance audits.

This service will also encompass all support activities to assist SVP in developing and maintaining an effective CIP program that minimizes compliance and security risks to SVP's Bulk Electric System (BES), Cyber Systems and associated CIP-protected devices. Specific activities may include, but is not limited to, policy and procedure improvement; tool development and improvement; compliance guidance; internal control identification and evaluation; self-report guidance; and mitigation plan development.

1.2 Cybersecurity Services

Navigant excels at implementing user, application, and network security infrastructure for utilities. We have successfully assessed, designed, and implemented security improvements on IT and operational technology (OT) environments such as control systems at substations, power plants, and other industrial facilities.

As requested by SVP, Navigant will provide services that address the following:

- **Supply chain risk management (CIP-013, Pending Regulatory Approval)** - Navigant can assist in establishing effective supply chain risk assessment processes (based on what is required by CIP-013 for medium and high impact BES Cyber Systems). We can help SVP mitigate cyber security risks to the BES or to the overall organization by recommending security controls for supply chain risk management. Navigant can assist with the following:
 - Prioritize cyber security risks associated with the supply chain and suppliers including identification of critical suppliers. Some examples of common risks are:
 - Cyber security incidents at suppliers
 - Change in supplier personnel
 - Non-disclosure of known vulnerabilities in supplier products
 - No verification of software integrity and authenticity of security patches
 - No controls for supplier-initiated interactive remote access
 - Develop strategies to manage identified cyber security risks. Some examples of common risks are:
 - Provide recommendations for communication and notification protocols with suppliers
 - Design access controls for network communication with suppliers

- Design supplier education and training
 - Continuous monitoring of high priority risks and suppliers: Once SVP has established a supplier risk management program, Navigant can assist with implementing a monitoring program that includes periodically reviewing supplier risks, evaluate plans, procedures and controls.
- **Application security** – Assess applications running on SVP's IT and OT infrastructure to ensure they configured to run in a secure manner
- **Cyber security awareness and training** - Navigant can provide security awareness training and security awareness programs for SVP 's IT, OT and cybersecurity awareness professionals as required by CIP-003. Navigant can offer the following:
 - Security awareness classes and resources
 - Security training tools, guidance, and support to effectively build a best-in-class program
- **Security controls and framework assessment** - Navigant can help SVP identify cyber security risks based on industry leading security, risk, and resilience frameworks such ES-C2M2, NIST Cyber Security Framework, CMMI and CERT-RMM
- **BES Cyber asset/system identification** – Navigant can review SVP 's BES cyber asset/system identification process to ensure they are properly categorized

2 Project Team

Identification of the vendor's project team and individual resumes, history of related work experience, qualifications, etc.

While Navigant's global energy practice provides significant breadth and depth, the specific project team necessary will be led by Andy Dressel. In addition, we have established a project team to support SVP before, during, and after its compliance engagements. We designed this team to provide comprehensive end-to-end services to SVP with respect to the Critical Infrastructure Protection (CIP) requirements, SME preparation components, risk and controls identification, analysis, and development support, and pre- and post-audit process optimization.

With noted WECC and NERC CIP experts, regulatory process experts (including NERC, WECC, enforcement, mitigation, negotiation, and ICP expertise), O&P experts, and key risk and controls personnel, Navigant is best positioned to provide comprehensive compliance services to assist SVP. Furthermore, as the largest energy services firm, we can call upon over 600 additional consultant resources as SVP's circumstances dictate. We anticipate both a core delivery team and key as-needed resources shown below, and we will also call upon our vast resources to address any specific issues as they may emerge.

Figure 1-1. Project Team

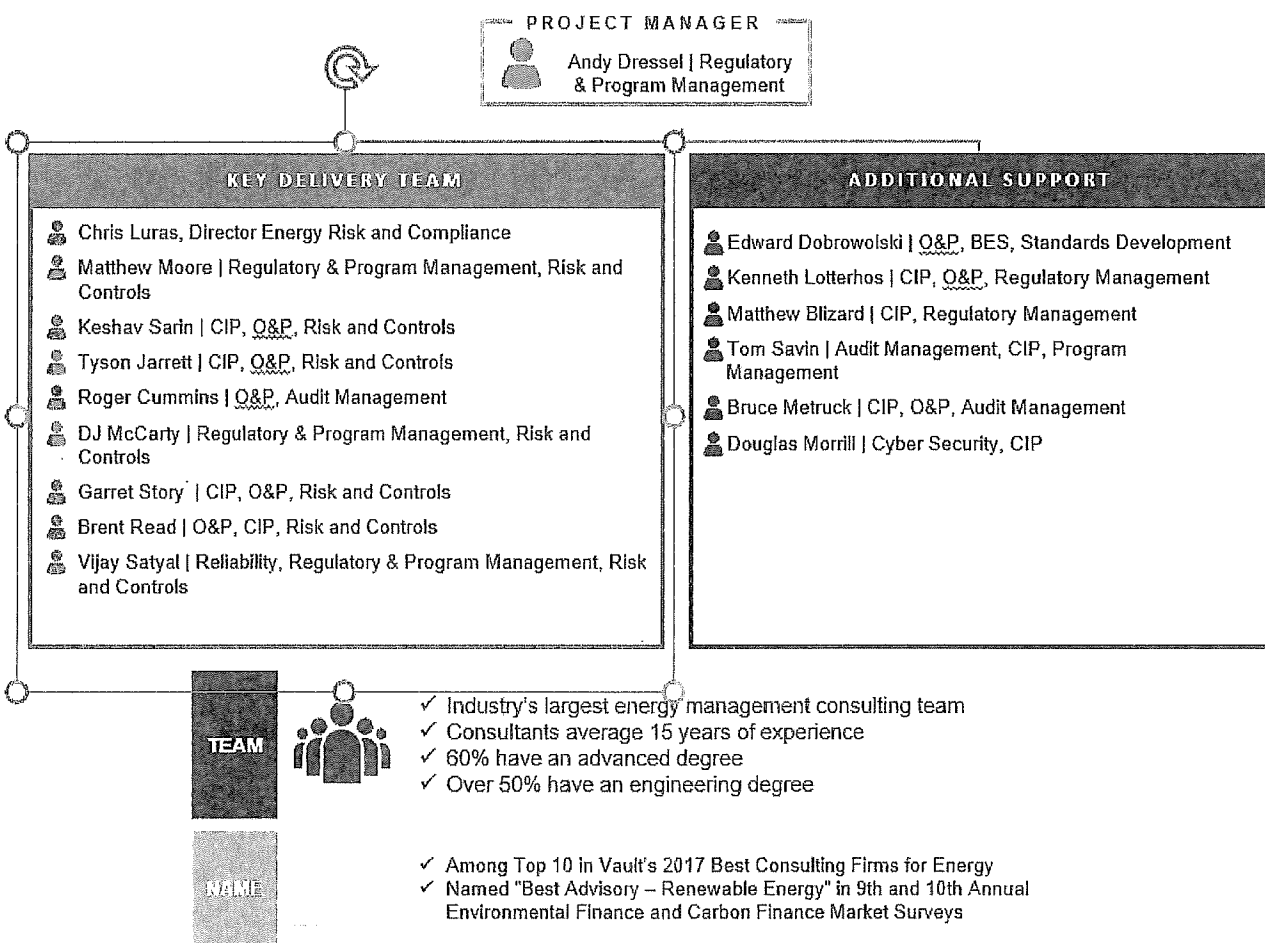


EXHIBIT B
SCHEDULE OF FEES

Contractor will bill City on a monthly basis for Services provided by Contractor during the preceding month on an invoice and in a format approved by City and subject to verification and approval by City. City will pay Contractor within thirty (30) days of City's receipt of an approved invoice.

The following table and total proposed costs includes a not to exceed amount of \$90,000 for professional services on a time and materials and \$5,000 of travel costs. Travel costs will be billed as incurred with no mark up. Navigant will use customary economy travel rates and airfare will be at the coach or main cabin rate.

Table 1-1. Cost by Task

Labor Categories	Fee
Support Internal Compliance Program	\$90,000
Travel Expenses (as accrued for necessary onsite visits)	\$5,000
Total	\$95,000

All work will be billed on a time and materials basis at the rates indicated in Table 1-2 or we could develop specific task orders on a task or fixed fee basis:

Table 1-2. Hourly Rates by Classification

Labor Categories	Hourly Rate
Director	\$323
Associate Director	\$281
Managing Consulting	\$235
Sr. Consultant	\$204
Consultant	\$158

EXHIBIT C

INSURANCE REQUIREMENTS

Without limiting the Contractor's indemnification of the City, and prior to commencing any of the Services required under this Agreement, the Contractor shall provide and maintain in full force and effect, at its sole cost and expense, the following insurance policies with at least the indicated coverages, provisions and endorsements:

A. COMMERCIAL GENERAL LIABILITY INSURANCE

1. Commercial General Liability Insurance policy which provides coverage at least as broad as Insurance Services Office form CG 00 01. Policy limits are subject to review, but shall in no event be less than, the following:

\$1,000,000 Each Occurrence
\$2,000,000 General Aggregate
\$2,000,000 Products/Completed Operations Aggregate
\$1,000,000 Personal Injury
2. Exact structure and layering of the coverage shall be left to the discretion of Contractor; however, any excess or umbrella policies used to meet the required limits shall be at least as broad as the underlying coverage and shall otherwise follow form.
3. The following provisions shall apply to the Commercial Liability policy as well as any umbrella policy maintained by the Contractor to comply with the insurance requirements of this Agreement:
 - a. Coverage shall be on a "pay on behalf" basis with defense costs payable in addition to policy limits;
 - b. There shall be no cross liability exclusion which precludes coverage for claims or suits by one insured against another; and
 - c. Coverage shall apply separately to each insured against whom a claim is made or a suit is brought, except with respect to the limits of liability.

B. BUSINESS AUTOMOBILE LIABILITY INSURANCE

Business automobile liability insurance policy which provides coverage at least as broad as ISO form CA 00 01 with policy limits a minimum limit of not less than one million dollars (\$1,000,000) each accident using, or providing coverage at least as broad as, Insurance Services Office form CA 00 01. Liability coverage shall apply to all owned, non-owned and hired autos.

In the event that the Work being performed under this Agreement involves transporting of hazardous or regulated substances, hazardous or regulated wastes and/or hazardous or regulated materials, Contractor and/or its subcontractors involved in such activities shall provide coverage with a limit of two million dollars (\$2,000,000) per accident covering transportation of such materials by the addition to the Business Auto Coverage Policy of Environmental Impairment Endorsement MCS90 or Insurance Services Office endorsement form CA 99 48, which amends the pollution exclusion in the standard Business Automobile Policy to cover pollutants that are in or upon, being transported or towed by, being loaded onto, or being unloaded from a covered auto.

C. WORKERS' COMPENSATION

1. Workers' Compensation Insurance Policy as required by statute and employer's liability with limits of at least one million dollars (\$1,000,000) policy limit Bodily Injury by disease, one million dollars (\$1,000,000) each accident/Bodily Injury and one million dollars (\$1,000,000) each employee Bodily Injury by disease.
2. The indemnification and hold harmless obligations of Contractor included in this Agreement shall not be limited in any way by any limitation on the amount or type of damage, compensation or benefit payable by or for Contractor or any subcontractor under any Workers' Compensation Act(s), Disability Benefits Act(s) or other employee benefits act(s).
3. This policy must include a Waiver of Subrogation in favor of the City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents.

D. COMPLIANCE WITH REQUIREMENTS

All of the following clauses and/or endorsements, or similar provisions, must be part of each commercial general liability policy, and each umbrella or excess policy.

1. Additional Insureds. City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents are hereby added as additional insureds in respect to liability arising out of Contractor's work for City, using Insurance Services Office (ISO) Endorsement CG 20 10 11 85 or the combination of CG 20 10 03 97 and CG 20 37 10 01, or its equivalent.
2. Primary and non-contributing. Each insurance policy provided by Contractor shall contain language or be endorsed to contain wording making it primary insurance as respects to, and not requiring contribution from, any other insurance which the Indemnities may possess, including any self-insurance or self-insured retention they may have. Any other

insurance Indemnities may possess shall be considered excess insurance only and shall not be called upon to contribute with Contractor's insurance.

3. Cancellation.

- a. Each insurance policy shall contain language or be endorsed to reflect that no cancellation or modification of the coverage provided due to non-payment of premiums shall be effective until written notice has been given to City at least ten (10) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice shall be given at least ten (10) days prior to the effective date of non-renewal.
- b. Each insurance policy shall contain language or be endorsed to reflect that no cancellation or modification of the coverage provided for any cause save and except non-payment of premiums shall be effective until written notice has been given to City at least thirty (30) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice shall be given at least thirty (30) days prior to the effective date of non-renewal.

4. Other Endorsements. Other endorsements may be required for policies other than the commercial general liability policy if specified in the description of required insurance set forth in Sections A through D of this Exhibit C, above.

E. ADDITIONAL INSURANCE RELATED PROVISIONS

Contractor and City agree as follows:

1. Contractor agrees to ensure that subcontractors, and any other party involved with the Services who is brought onto or involved in the performance of the Services by Contractor, provide the same minimum insurance coverage required of Contractor, except as with respect to limits. Contractor agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this Agreement. Contractor agrees that upon request by City, all agreements with, and insurance compliance documents provided by, such subcontractors and others engaged in the project will be submitted to City for review.
2. Contractor agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City or Contractor for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of

complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.

3. The City reserves the right to withhold payments from the Contractor in the event of material noncompliance with the insurance requirements set forth in this Agreement.

F. EVIDENCE OF COVERAGE

Prior to commencement of any Services under this Agreement, Contractor, and each and every subcontractor (of every tier) shall, at its sole cost and expense, provide and maintain not less than the minimum insurance coverage with the endorsements and deductibles indicated in this Agreement. Such insurance coverage shall be maintained with insurers, and under forms of policies, satisfactory to City and as described in this Agreement. Contractor shall file with the City all certificates and endorsements for the required insurance policies for City's approval as to adequacy of the insurance protection.

G. EVIDENCE OF COMPLIANCE

Contractor or its insurance broker shall provide the required proof of insurance compliance, consisting of Insurance Services Office (ISO) endorsement forms or their equivalent and the ACORD form 25-S certificate of insurance (or its equivalent), evidencing all required coverage shall be delivered to City, or its representative as set forth below, at or prior to execution of this Agreement. Upon City's request, Contractor shall submit to City copies of the actual insurance policies or renewals or replacements. Unless otherwise required by the terms of this Agreement, all certificates, endorsements, coverage verifications and other items required to be delivered to City pursuant to this Agreement shall be mailed to:

EBIX Inc.

City of Santa Clara- Department of Electric Utility

P.O. Box 100085 – S2

or 1 Ebix Way

Duluth, GA 30096

John's Creek, GA 30097

Telephone number: 951-766-2280

Fax number: 770-325-0409

Email address: ctsantaclara@ebix.com

H. QUALIFYING INSURERS

All of the insurance companies providing insurance for Contractor shall have, and provide written proof of, an A. M. Best rating of at least A minus 6 (A- VI) or shall be an insurance company of equal financial stability that is approved by the City or its insurance compliance representatives.

**AMENDMENT NO. 1
TO THE AGREEMENT FOR SERVICES
BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
NAVIGANT CONSULTING, INC.**

PREAMBLE

This agreement ("Amendment No. 1") is entered into between the City of Santa Clara, California, a chartered California municipal corporation (City) and Navigant Consulting, Inc., a Delaware corporation, (Contractor). City and Contractor may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

RECITALS

- A. The Parties previously entered into an agreement entitled "Agreement for Services between the City of Santa Clara, California, and Navigant Consulting, Inc.", dated October 24, 2018 (the "Original Agreement"); and
- B. The Parties entered into the Original Agreement for the purpose of having Contractor provide consulting services to support the City's Critical Infrastructure Protection (CIP) Program, and the Parties now wish to amend the Original Agreement to extend the term and increase the schedule of fees.

The Parties agree as follows:

AGREEMENT TERMS AND CONDITIONS

1. AMENDMENT TERMS AND CONDITIONS

That Section 2 of the Original Agreement, entitled "Term of Agreement" is hereby amended to read as follows:

Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to this Agreement, the term of this Agreement shall begin on October 15, 2018 and terminate on December 31, 2021.

That Section 6 of the Original Agreement, entitled "Compensation and Payment" is hereby amended to read as follows:

In consideration for Contractor's complete performance of Services, City shall pay Contractor for all materials provided and Services rendered by Contractor in accordance with Exhibit B, entitled

“SCHEDULE OF FEES.” The maximum compensation of this Agreement is one hundred forty-nine thousand dollar (\$149,000), subject to budget appropriations, which includes all payments that may be authorized for Services and for expenses, supplies, materials and equipment required to perform the Services. All work performed or materials provided in excess of the maximum compensation shall be at Contractor’s expense. Contractor shall not be entitled to any payment above the maximum compensation under any circumstance.

That paragraph number 2 and Table 1-1(Cost by Task) of Exhibit B of the Original Agreement, entitled “Schedule of Fees” is hereby amended to read as follows:

The following table and total proposed costs includes a not to exceed amount of \$139,000 for professional services on time and materials and \$10,000 for travel costs. Travel costs will be billed as incurred with no mark up. Navigant will use customary economy travel rates and airfare will be at the coach or main cabin rate.

Labor Categories	Fee
Support Internal Compliance Program	\$139,000
<i>Travel Expenses (as accrued for necessary onsite visits)</i>	\$10,000
Total	\$149,000

2. TERMS

All other terms of the Original Agreement which are not in conflict with the provisions of this Amendment No. 1 shall remain unchanged in full force and effect. In case of a conflict in the terms of the Original Agreement and this Amendment No. 1, the provisions of this Amendment No. 1 shall control.

3. COUNTERPARTS

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

The Parties acknowledge and accept the terms and conditions of this Amendment No. 1 as evidenced by the following signatures of their duly authorized representatives.


CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

Approved as to Form:

Dated: 12-2-19



BRIAN DOYLE
City Attorney


 FOR

DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

"CITY"

NAVIGANT CONSULTING, INC.
a Delaware corporation

Dated: 11/13/2019

By (Signature): 

Name: Chris Luras

Title: Director, Risk & Compliance

Principal Place of Business Address: 150 N Riverside Plz, Suite 2100
Chicago, IL 60606

Email Address: Chris.Luras@navigant.com

Telephone: (801) 891-7127

Fax: (916) 852-1073

"CONTRACTOR"

**AMENDMENT NO. 2
TO THE AGREEMENT FOR SERVICES
BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
GUIDEHOUSE, INC.**

PREAMBLE

This agreement (Amendment No. 2) is entered into between the City of Santa Clara, California, a chartered California municipal corporation (City) and Guidehouse, Inc., a Delaware corporation (Contractor). City and Contractor may be referred to individually as a Party or collectively as the Parties or the Parties to this Agreement.

RECITALS

- A. The Parties previously entered into an agreement entitled Agreement for the Performance of Services by and between the City of Santa Clara, California and Navigant Consulting, Inc. dated on or about October 24, 2018 (Agreement);
- B. The parties entered into Amendment No. 1 to the Agreement for Services between the City of Santa Clara, California, and Navigant Consulting, Inc., (First Amendment to Agreement") on or about December 2, 2019 to extend the term and add additional funds;
- C. In 2021, due to the acquisition of Navigant by Guidehouse, the Parties are in the process of executing a Consent to Assignment Agreement by and between the City of Santa Clara, California and Guidehouse, Inc. (formerly known as Navigant Consulting);
- D. The Parties entered into the Agreement as Amended for the purpose of having Contractor provide North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) Compliance Support;
- E. The Parties now wish to enter into Amendment No. 2 to this Agreement to add additional services and increase the not to exceed value of the Agreement; and
- F. The Agreement and its amendments are collectively referred to herein as the Agreement as Amended.

NOW, THEREFORE, the Parties agree as follows:

AMENDMENT TERMS AND CONDITIONS

1. Section 6 of the Agreement as Amended, entitled Compensation and Payment is amended to read as follows:

In consideration for Contractor's complete performance of Services, City shall pay Contractor for all materials provided and Services rendered by Contractor in accordance with Exhibit B, entitled "Compensation and Fee Schedule Amended February 1, 2021." The maximum compensation of this Agreement is two hundred seventy four thousand dollars (\$274,000), subject to budget appropriations, which includes all payments that may be authorized for Services

and for expenses, supplies, materials and equipment required to perform the Services. All work performed, or materials provided, in excess of the maximum compensation shall be at Contractor's expense.

2. Exhibit A to the Agreement shall be deleted in its entirety and replaced with Exhibit A Scope of Services Amended February 1, 2021;
3. Exhibit B to the Agreement shall be deleted in its entirety and replaced with Exhibit B Compensation and Fee Schedule Amended February 1, 2021.
4. Except as set forth herein, all other terms and conditions of the Agreement as Amended shall remain in full force and effect. In case of a conflict in the terms of the Agreement as Amended and this Amendment No. 2, the provisions of this Amendment No. 2 shall control.

The Parties acknowledge and accept the terms and conditions of this Amendment No. 2 as evidenced by the following signatures of their duly authorized representatives.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

Approved as to Form:

Dated: _____

BRIAN DOYLE
City Attorney

DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

CITY

GUIDEHOUSE, INC.
a Delaware corporation

Dated: _____
By (Signature): _____
Name: _____
Title: _____
Principal Place of
Business Address: _____
Email Address: _____
Telephone: () _____
Fax: () _____

CONTRACTOR

**AMENDMENT NO. 2
TO THE AGREEMENT FOR SERVICES
BETWEEN THE CITY OF SANTA CLARA, CALIFORNIA,
AND GUIDEHOUSE, INC.**

**EXHIBIT A – SCOPE OF SERVICES
AMENDED FEBRUARY 1, 2021**

1. Silicon Valley Power (SVP) is registered as a Generator Owner, Generator Operator, Transmission Owner, Transmission Operator, Transmission Planner, and Distribution Provider on the NERC Compliance Registry.
2. Guidehouse shall deliver a sustainable NERC compliance approach that instills and further engrains strong principles throughout SVP's organization. Services to be performed:
 - 2.1. Identify and manage risks to reliability, security and compliance;
 - 2.2. Further bolster SVP 's risk-based strategies in scoping, scaling and assessing compliance;
 - 2.3. Assess and strengthen processes and procedures to identify, assess and correct reliability, security and compliance issues;
 - 2.4. Strategically identify and manage internal controls through sharing controls information with Western Electric Coordinating Council (WECC) auditors to demonstrate SVP has managed these risks;
 - 2.5. Assess and strengthen sufficiency of compliance documentation, including evidence;
 - 2.6. Further develop efficient processes to manage the next WECC audit (Audit), the WECC Compliance Oversight Plan and any associated post Audit activities;
 - 2.7. Develop and implement strategies to manage any incident management needed including supporting any investigation, self-report, or mitigation plan; and,
 - 2.8. Provide SVP with the ability to use Contractor's depth of over 600 utility consultants, offering expertise in all aspects of utility operations.
3. Contractor's approach shall include robust preparation leading up to the Audit, at the Audit, and after an Audit including:
 - 3.1. Support SVP in effectively translating SVP's compliance assessments into effective compliance, oversight and operational strategies.
 - 3.2. Instill risk-based oversight principles into each review, and thereby assist SVP's compliance team and Subject Matter Experts (SME) to think like - and anticipate - WECC auditors.
 - 3.3. Support continued implementation of WECC's risk-based processes, by providing a solid understanding and analysis of SVP's inherent risks and identify any associated internal controls.

- 3.4. Once Contractor and SVP evaluate SVP's risks and associated controls, SVP and Contractor shall implement a straightforward, but continuous risk management process.
- 3.5. Contractor shall work with SVP to develop, implement, disseminate and train SVP staff on all reports, policies, procedures, and processes that arise as part of Contractor's compliance and risk assessments.
4. Support SVP CIP Activities including:
 - 4.1. Contractor shall schedule regular contact to provide advice and guidance on NERC CIP compliance including weekly check-in calls as requested by the Compliance Administrator Resources, Contractor Project Manager, SVP Compliance Administrator, SVP CIP Senior Manager, and other SVP staff as applicable. This weekly meeting shall serve as an opportunity to discuss needs, projects, completed activities, ongoing activities, compliance issues, and upcoming activities within SVP's CIP compliance program. Contractor shall support the meeting, as directed by SVP's compliance team, assess current and future compliance risk, and offer solutions and assistance to ensure SVP's CIP compliance performance.
 - 4.2. Contractor shall tailor work such that SVP's compliance objectives are conveyed with the appropriate context, including SVP's past compliance experiences, the current risk-informed regulatory framework, and goals leading up to, during, and following future compliance audits.
 - 4.3. This service shall also encompass all support activities to assist SVP in developing and maintaining an effective CIP program that minimizes compliance and security risks to SVP's Bulk Electric System (BES) Cyber Systems and associated CIP-protected devices. Specific activities may include, but is not limited to, policy and procedure improvement; tool development and improvement; compliance guidance; internal control identification and evaluation; self-report guidance; and mitigation plan development.

5. Cybersecurity Services

Contractor excels at implementing user, application, and network security infrastructure for utilities. Contractor has successfully assessed, designed, and implemented security improvements on Information Technology (IT) and operational technology (OT) environments such as control systems at substations, power plants, and other industrial facilities. As requested by SVP, Contractor shall provide services that address the following:

- 5.1. Supply chain risk management (CIP-013, Pending Regulatory Approval) As requested by SVP, Contractor shall assist in establishing effective supply chain risk assessment processes (based on what is required by CIP-013 for medium and high impact BES Cyber Systems).
- 5.2. Support SVP to mitigate cyber security risks to the BES or to the overall organization by recommending security controls for supply chain risk management including:

- 5.2.1. Prioritize cyber security risks associated with the supply chain and suppliers including identification of critical suppliers. Some examples of common risks are:
 - 5.2.1.1. Cyber security incidents at suppliers
 - 5.2.1.2. Change in supplier personnel
 - 5.2.1.3. Non-disclosure of known vulnerabilities in supplier products
 - 5.2.1.4. No verification of software integrity and authenticity of security patches
 - 5.2.1.5. No controls for supplier-initiated interactive remote access
- 5.2.2. Develop strategies to manage identified cyber security risks. Some examples of common risks strategies include:
 - 5.2.2.1. Provide recommendations for communication and notification protocols with suppliers;
 - 5.2.2.2. Design access controls for network communication with suppliers;
 - 5.2.2.3. Design supplier education and training; and
 - 5.2.2.4. Continuous monitoring of high priority risks and suppliers: Once SVP has established a supplier risk management program, Contractor can assist with implementing a monitoring program that includes periodically reviewing supplier risks, evaluate plans, procedures and controls.
- 5.2.3. Application security - Assess applications running on SVP's IT and OT infrastructure to ensure they configured to run in a secure manner
- 5.2.4. Cyber security awareness and training - Provide security awareness training and security awareness programs for SVP's IT, OT and cybersecurity awareness professionals as required by CIP-003. Contractor shall provide the following on request from SVP:
 - 5.2.4.1. Security awareness classes and resources
 - 5.2.4.2. Security training tools, guidance, and support to effectively build a best-in-class program
 - 5.2.4.3. Security controls and framework assessment - help SVP identify cyber security risks based on industry leading security, risk, and resilience frameworks such Electricity Subsector-Cybersecurity Capability Maturity Model (ES-C2M2), National Institute of Standards and Technology (NIST) Cyber Security Framework, Capability Maturity Model Integration (CMMI) and Computer Emergency Readiness Team Resilience Management Model (CERT-RMM)

5.2.4.4. BES Cyber asset/system identification - Review SVP 's BES cyber asset/system identification process to ensure they are properly categorized

6. Contractor shall make available a team to provide comprehensive end-to-end services to SVP with respect to CIP requirements, SME preparation components, risk and controls identification, analysis, and development support, and pre- and post-audit process optimization. Contractor's project and experience is further detailed in Contractor's proposal dated August 1, 2018, attached as Exhibit A-1, and incorporated by reference and Contractor's proposal dated November 6, 2020, attached as Exhibit A-2 and incorporated by reference. Where either Exhibit A-1 or A-2 are in conflict with the Agreement as Amended, the Agreement as Amended shall control.

AMENDMENT NO. 2
TO THE AGREEMENT FOR SERVICES
BETWEEN THE CITY OF SANTA CLARA, CALIFORNIA, AND
GUIDEHOUSE, INC.

EXHIBIT A-1

NAVIGANT

Proposal for
NERC CIP Compliance Support

Prepared for:



Submitted by:
Navigant Consulting, Inc.
35 Iron Point Circle
Suite 225
Folsom, CA 95630

916.631.3200
navigant.com

August 1, 2018

Table of Contents

1. Overview of Approach	1
1.1 Support SVP CIP Activities	2
1.2 Cybersecurity Services.....	2
2. Project Team.....	4

Navigant Consulting, Inc. (Navigant) is pleased to submit the enclosed proposal to assist the Silicon Valley Power (SVP) in support of its North American Electric Reliability Corporation (NERC) critical Infrastructure protection (CIP) program, and all associated reliability compliance needs. Navigant will bring unrivaled experience and expertise to this project. Specifically, we propose to bring a project team to SVP with extensive assessment, development, and implementation experience with the NERC Reliability Standards, a complete understanding of cyber systems and security, and expert knowledge of the utility industry (including understanding best practices in generation, transmission, and operation of BES facilities, including control systems). We are confident we will exceed SVP's objectives and goals. Our project team includes former key Western Electricity Coordinating Council (WECC), North American Electric Reliability Corporation (NERC), and industry leaders and analysts with demonstrated successes in assessing and improving NERC audit preparedness, assessing and enhancing compliance programs, and generally helping public power entities, like SVP, organize and present evidence to WECC while showcasing the strengths and knowledge of SVP's own subject matter experts (SMEs). We have helped several entities, described in our proposal, identify, develop, implement, and maintain internal controls to ensure these entities maintain (and efficiently demonstrate) compliance with the NERC Reliability Standards.

WHY NAVIGANT?

Our team created WECC processes and shaped the NERC and regional regulatory approaches. Thus, we can advise on all decisions around CIP compliance monitoring and implementation as well as improvement and mitigations. The Navigant team helps clients strengthen reliability compliance programs, identify and evaluate risk and controls, prepare for audits, and develop risk management and risk-informed decision-making platforms or frameworks.

We are confident we can assist you in attaining SVP's goals given:

- **Our unmatched experience:** Navigant's proposed team includes recognized industry and reliability compliance experts that have extensive experience working for WECC, NERC, and various registered entities. The project team is led by Andy Dressel, Associate Director of our Risk and Compliance team. Andy is the former GridSME Director of Regulatory Compliance that has been assisting SVP since 2015. Andy will be supported by the entire Navigant Energy Risk and Compliance team which includes, but is not limited to: Chris Luras (Director - former WECC Director of Compliance Risk Analysis and Enforcement), Keshav Sarin, (Associate Director - former WECC Manager of Compliance Risk Analysis and former CIP Analyst), Matt Moore (Associate Director - former WECC Manager of Enforcement), Edd Dobrowolski (Director - former Director of Standards Development at NERC), Tyson Jarrett (Managing Consultant - former WECC CIP Risk Analyst and Auditor), Garret Story (Senior Consultant - former WECC CIP auditor), DJ McCarty (Senior Consultant - former WECC enforcement staff), Brent Read (Managing Consultant - former Texas RE Manager of Risk and Compliance and former WECC auditor), Doug Morrill (Associate Director - CIP and cyber security expert), and Roger Cummins (Associate Director - former WECC operations and planning auditor). This experience is unmatched among energy consulting firms and illustrates our expertise in all aspects of reliability compliance, including our proficiency with all reliability standards, our ability to provide comprehensive audit preparation, expertise in reliability compliance program management and governance, our deep expertise in all aspects of WECC's oversight, including risk-based audit scoping (through implementation of the Inherent Risk Assessment and Compliance Oversight Plan). Our unmatched experience will help SVP improve its processes.
- **Our significant knowledge and understanding of SVP:** Andy Dressel has a three-year history of working with SVP; he was part of the core group that developed SVP's NERC CIP Program, he participated in SVP's 2017 WECC/NERC Audit, and he assisted with the development of post-Audit Mitigation Plans. Andy has established strong relationships with SVP's compliance team – including

its management team and SMEs.

- ***Our robust understanding and unrivaled approach:*** Our approach considers SVP's regulatory processes in the context of SVP's business and operations. We will facilitate SVP's CIP compliance audit readiness in such a way that ensures SVP is positioned for success. We will prepare SVP for its audit (and related processes) and ensure SVP's SMEs and evidence are organized and prepared to reduce data requests and limit uncertainty. Significantly, Navigant has customized the approach in this proposal for SVP to achieve even greater long-term effectiveness while also realizing immediate efficiency gains. Our compliance assessment and audit preparation work is done through the lens of WECC's compliance monitoring tools, internal controls processes, Internal Compliance Program Assessment processes, and all other compliance monitoring. This ensures SVP is positioned for all aspects of the NERC and WECC CMEP processes, while positioning SVP to achieve internal benefits. This could include reduced compliance monitoring and enforcement requirements from WECC, reduced audit breadth and depth and, while positioning SVP to achieve reliability and compliance process optimization throughout its organization.

Sincerely,

Chris J. Luras,
Director, Risk & Compliance
Enclosure

1. Overview of Approach

Overview of suggested approach to the project, including schedule of tasks, task duration, resources assigned to tasks, and estimated level of effort for each task. Plan and schedule for each task.

SVP is registered as a Generator Owner, Generator Operator, Transmission Owner, Transmission Operator, Transmission Planner, and Distribution Provider on the NERC Compliance Registry. Navigant will deliver a sustainable CIP compliance approach that will instill and further engrain strong principles throughout SVP's organization. Accordingly, in our approach, we address the following for SVP to ensure a robust preparation leading up to the audit, at the audit, and after the audit.

- Identify and manage risks to reliability, security and compliance;
- Further bolster SVP 's risk-based strategies in scoping, scaling and assessing compliance;
- Assess and strengthen processes and procedures to identify, assess and correct reliability, security and compliance issues;
- Strategically identify and manage internal controls through sharing controls information with WECC auditors to demonstrate SVP has managed these risks;
- Assess and strengthen sufficiency of compliance documentation, including evidence;
- Further develop efficient processes to manage the next WECC audit, the WECC Compliance Oversight Plan and any associated post audit activities;
- Develop and implement strategies to manage any incident management needed including supporting any investigation, self-report, or mitigation plan; and,
- Provide SVP with the ability to use Navigant's depth of over 600 utility consultants, offering expertise in all aspects of utility operations.

Navigant's experience in all aspects of compliance gives SVP the most valuable, end-to-end compliance support before, during, and after a WECC audit. No other firm has as many years of direct WECC Compliance experience as Navigant.

Specifically, we have tailored our approach such that, in working with Navigant, SVP will learn how to effectively translate its compliance assessments into effective compliance, oversight and operational strategies. Further, we will instill risk-based oversight principles into our review, and thereby assist SVP's compliance team and SMEs to think like – and anticipate - WECC auditors.

Given the continued implementation of WECC's risk-based processes, SVP will benefit from having a solid understanding and analysis of its inherent risks and identify any associated internal controls. Once SVP evaluates its risks and associated controls, SVP and Navigant can implement a straightforward, but continuous risk management process. In all cases throughout our approach, Navigant will work with SVP to develop, implement, disseminate and train on all reports, policies, procedures, and processes that arise as part of Navigant's compliance and risk assessments.

1.1 Support SVP CIP Activities

Regular contact to provide advice and guidance on NERC CIP compliance.

- *Schedule:* Weekly check-in calls as scheduled by the Compliance Administrator

Resources: Navigant Project Manager, SVP Compliance Administrator, SVP CIP Senior Manager and other SVP staff as applicable.

Andy Dressel will hold a weekly meeting with the SVP CIP Senior Manager and the Compliance Manager that serves as an opportunity to discuss needs, projects, completed activities, ongoing activities, compliance issues, and upcoming activities within SVP's CIP compliance program. Navigant will support the meeting, as directed by SVP's compliance team, assess current and future compliance risk, and offer solutions and assistance to ensure SVP's CIP compliance performance. Furthermore, we will tailor the work such that SVP's compliance objectives are conveyed with the appropriate context, including SVP's past compliance experiences, the current risk-informed regulatory framework, and goals leading up to, during, and following future compliance audits.

This service will also encompass all support activities to assist SVP in developing and maintaining an effective CIP program that minimizes compliance and security risks to SVP's Bulk Electric System (BES), Cyber Systems and associated CIP-protected devices. Specific activities may include, but is not limited to, policy and procedure improvement; tool development and improvement; compliance guidance; internal control identification and evaluation; self-report guidance; and mitigation plan development.

1.2 Cybersecurity Services

Navigant excels at implementing user, application, and network security infrastructure for utilities. We have successfully assessed, designed, and implemented security improvements on IT and operational technology (OT) environments such as control systems at substations, power plants, and other industrial facilities.

As requested by SVP, Navigant will provide services that address the following:

- **Supply chain risk management (CIP-013, Pending Regulatory Approval)** - Navigant can assist in establishing effective supply chain risk assessment processes (based on what is required by CIP-013 for medium and high impact BES Cyber Systems). We can help SVP mitigate cyber security risks to the BES or to the overall organization by recommending security controls for supply chain risk management. Navigant can assist with the following:
 - Prioritize cyber security risks associated with the supply chain and suppliers including identification of critical suppliers. Some examples of common risks are:
 - Cyber security incidents at suppliers
 - Change in supplier personnel
 - Non-disclosure of known vulnerabilities in supplier products
 - No verification of software integrity and authenticity of security patches
 - No controls for supplier-initiated interactive remote access
 - Develop strategies to manage identified cyber security risks. Some examples of common risks are:
 - Provide recommendations for communication and notification protocols with suppliers
 - Design access controls for network communication with suppliers

- Design supplier education and training
 - Continuous monitoring of high priority risks and suppliers: Once SVP has established a supplier risk management program, Navigant can assist with implementing a monitoring program that includes periodically reviewing supplier risks, evaluate plans, procedures and controls.
- **Application security** – Assess applications running on SVP's IT and OT infrastructure to ensure they configured to run in a secure manner
- **Cyber security awareness and training** - Navigant can provide security awareness training and security awareness programs for SVP 's IT, OT and cybersecurity awareness professionals as required by CIP-003. Navigant can offer the following:
 - Security awareness classes and resources
 - Security training tools, guidance, and support to effectively build a best-in-class program
- **Security controls and framework assessment** - Navigant can help SVP identify cyber security risks based on industry leading security, risk, and resilience frameworks such ES-C2M2, NIST Cyber Security Framework, CMMI and CERT-RMM
- **BES Cyber asset/system identification** – Navigant can review SVP 's BES cyber asset/system identification process to ensure they are properly categorized

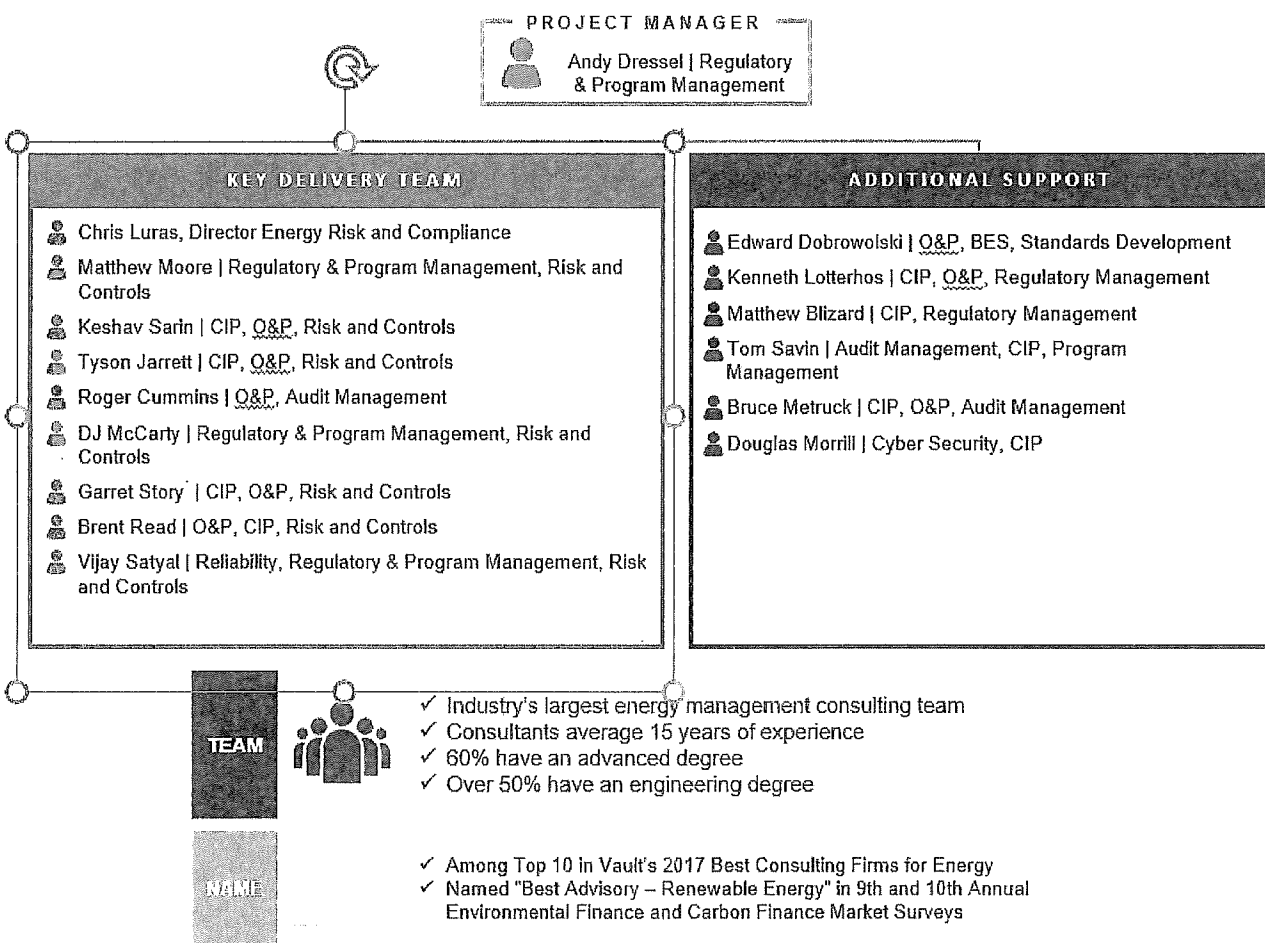
2 Project Team

Identification of the vendor's project team and individual resumes, history of related work experience, qualifications, etc.

While Navigant's global energy practice provides significant breadth and depth, the specific project team necessary will be led by Andy Dressel. In addition, we have established a project team to support SVP before, during, and after its compliance engagements. We designed this team to provide comprehensive end-to-end services to SVP with respect to the Critical Infrastructure Protection (CIP) requirements, SME preparation components, risk and controls identification, analysis, and development support, and pre- and post-audit process optimization.

With noted WECC and NERC CIP experts, regulatory process experts (including NERC, WECC, enforcement, mitigation, negotiation, and ICP expertise), O&P experts, and key risk and controls personnel, Navigant is best positioned to provide comprehensive compliance services to assist SVP. Furthermore, as the largest energy services firm, we can call upon over 600 additional consultant resources as SVP's circumstances dictate. We anticipate both a core delivery team and key as-needed resources shown below, and we will also call upon our vast resources to address any specific issues as they may emerge.

Figure 1-1. Project Team



AMENDMENT NO. 2
TO THE AGREEMENT FOR SERVICES
BETWEEN THE CITY OF SANTA CLARA, CALIFORNIA, AND
GUIDEHOUSE, INC.



EXHIBIT A-2

Proposal

WECC Compliance Consultant

Prepared for: Silicon Valley Power



Submitted by:
Guidehouse Inc.
35 Iron Point Circle
Suite 225
Folsom, CA 95630
801.891.7127
guidehouse.com

Reference No.: 205426
November 6, 2020

Table of Contents

Introduction	1
1. Proposed Work.....	3
1.1 Support CIP Compliance	3
1.2 Cybersecurity Services.....	3
1.3 Operations and Planning Reliability Standards	4
1.4 Technical Guidance for NERC Alerts.....	5
1.5 New and Revised Standards Implementation and Readiness.....	5
1.6 Compliance Management Tool Development and Selection.....	5
2. Cost and Rates	6
3. Project References.....	7
4. Principal Team.....	Error! Bookmark not defined.
5. Qualifications.....	11
Appendix A. Team Resumes	A-1
Appendix B. Guidehouse Overview.....	B-1

Introduction

Silicon Valley Power (SVP) is requesting a proposal for Guidehouse to continue supporting SVP's Reliability Compliance program. SVP is registered as a Generator Owner, Generator Operator, Transmission Owner, Transmission Operator, Operator, Transmission Planner, and Distribution Provider on the NERC Compliance Registry. Guidehouse will deliver a sustainable CIP compliance approach that will instill and further engrain strong principles throughout SVP's organization. Guidehouse's background in the WECC, NERC Reliability Standards, Critical Infrastructure Protection, and Operations and Planning Programs (e.g., knowledge of and expertise with Supervisory Control and Data Acquisition (SCADA) control systems, cyber and physical security, facility connections, and operation systems protection coordination will continue to be an asset for SVP's compliance management.

Guidehouse (the merged company of the PwC Public Sector arm and Navigant Consulting, Inc.) is the most qualified firm in this area. We partner with clients to build, manage, and improve compliance programs, integrate security and operations with reliability and provide strategic recommendations, technical support, cyber security program development, and auditing services related to NERC/WECC reliability compliance. Our goal is efficiency and effectiveness.

Chris Luras, the partner in charge of the Guidehouse Risk, Compliance, and Security team, will oversee the Guidehouse team while Andy Dressel will continue to be the project manager supporting SVP Compliance. Andy will be supplemented on the CIP- and cyber security specific activities with Darren Nielsen and Joseph Baugh, two of the former CIP audit leads at WECC and by Roger Cummins and Brent Read on the O&P implementation work. Guidehouse also has numerous other experts to call upon with expertise in the following:

- Transmission Planning, Transmission Ownership and Operator Readiness, including Dispatch and Operations, Facility Ratings, Wildfire Mitigation, and System Restoration
- Generator Ownership and Operations, FERC Dam Safety, Verification of Models, Voltage and Reactive schedules and coordination
- Internal Compliance Program improvement, augmentation, tracking (including Self Certifications, NERC Alerts, Audits, Investigations and Issue Management)
- Asset Management (including BES Cyber Asset categorization), Access Management, Electronic Security Perimeters and network security, Physical Security, System Security and Patch Management, Incident Response and Recovery, Vulnerability Assessments, Information Protection
- Protection System design, coordination, and load-ability (including operations and misoperations analysis)

Given the continued implementation of WECC's risk-based processes, SVP will benefit from having a solid understanding and analysis of its inherent risks and identify any associated internal controls. Once SVP evaluates its risks and associated controls, SVP and Guidehouse can implement a straightforward, but continuous risk management process. In all cases throughout our approach, Guidehouse will work with SVP to develop, implement, disseminate and train on all reports, policies, procedures, and processes that arise as part of any risk assessments.

Our qualified experts will establish a proactive culture to best position SVP to foresee regulatory changes, adapt, and thrive. Our key personnel's extensive work creating and executing most of these processes for clients such as the FBI, LADWP, American Electric Power, NERC, and WECC can be relied upon to successfully deliver SVP's objectives.

1. Proposed Work

1.1 Support CIP Compliance

Andy Dressel will hold a weekly meeting with the SVP CIP Senior Manager and the Compliance Manager that serves as an opportunity to discuss needs, projects, completed activities, ongoing activities, compliance issues, and upcoming activities within SVP's CIP compliance program. Guidehouse will support the meeting, as directed by SVP's compliance team, assess current and future compliance risk, and offer solutions and assistance to ensure SVP's CIP compliance performance. Furthermore, we will tailor the work such that SVP's compliance objectives are conveyed with the appropriate context, including SVP's past compliance experiences, the current risk-informed regulatory framework, and goals leading up to, during, and following future compliance audits.

This service will also encompass all support activities to assist SVP in developing and maintaining an effective CIP program that minimizes compliance and security risks to SVP's Bulk Electric System (BES) Cyber Systems and associated CIP-protected devices. Specific activities may include, but is not limited to, policy and procedure improvement; tool development and improvement; compliance guidance; internal control identification and evaluation; self-report guidance; and mitigation plan development.

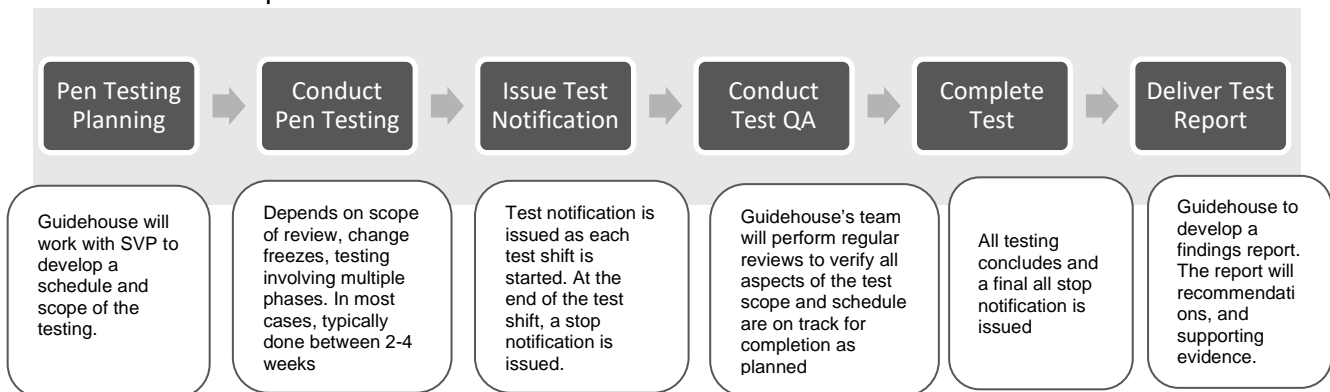
1.2 Cybersecurity Services

Guidehouse excels at implementing user, application, and network security infrastructure for utilities. We have successfully assessed, designed, and implemented security improvements on IT and operational technology (OT) environments such as control systems at substations, power plants, and other industrial facilities.

As requested by SVP, Guidehouse will provide services that address the following:

- **Application security** – Assess applications running on your IT and OT infrastructure to ensure they configured to run in a secure manner
- **Cyber security awareness and training** – Guidehouse can provide security awareness training and security awareness programs for SVP's IT, OT and cybersecurity awareness professionals as required by CIP-003 and CIP-004. Guidehouse offers the following:
 - Security awareness classes and resources
 - Security training tools, guidance, and support to effectively build a best-in-class program
- **Security controls and framework assessment** - Guidehouse can help SVP identify cyber security risks based on industry leading security, risk, and resilience frameworks such as ES-C2M2, NIST Cyber Security Framework, CMMI and CERT-RMM.

- **Cyber Vulnerability Assessments** – Guidehouse brings substantial technical expertise and experience in conducting Cyber Vulnerability Assessments. We have conducted CVAs in accordance with CIP-010 and other industry practices. Guidehouse also has a separate cyber security practice with experience across government and all major industries.
- **Penetration Testing** - This penetration test is performed as a “point in time” engagement, and incorporates preparation, fieldwork, and delivery activities. Guidehouse’s approach utilizes various techniques such as exploitation of host operating systems and network devices, via buffer overflow and code injection. Further, Guidehouse’s team can perform penetration testing via web application or social engineering methods. Guidehouse proposes to help participants understand and utilize the “kill chain” approach that describes each of the steps used by an attacker. During these exercises’ participants will be trained and familiarized with the Kali-Linux hacking and Metasploit toolkits.



1.3 Operations and Planning Reliability Standards

The Guidehouse Risk, Compliance, and Security team also has numerous operations and planning experts on its team that can assist with the entirety of the Operations and Planning (O&P) Reliability Standards. The proposed O&P efforts will be led by Roger Cummins and Brent Read, both of whom bring both audit and compliance experience at WECC as well as operations experience.

Guidehouse proposes to assist SVP with O&P needs which may include, but are not limited to:

- **PRC-005 Maintenance and Testing** – build, reviewed, and improve PRC-005 maintenance and testing programs.
- **FAC-008 Facility Ratings** – Develop a Facility Ratings methodology, ensure a methodology is correctly and consistently applied, and more.
- **PER-005 Operations Personnel Training** – Identify reliability rated tasks, roles, develop and deliver training
- **TOP-001 Transmission Operations** – ensure all compliance responsibilities are met and clearly documented in evidence

1.4 Technical Guidance for NERC Alerts

NERC Alerts can be an often under considered part of an organization's compliance program. However, the Guidehouse team has seen significant NERC Alerts and significant consequences in entity's failing to acknowledge such alerts. Effective NERC Alert processes prove core compliance controls and are particularly important for SVP in its performance of compliance, security, and operations. Recording and disseminating NERC Alert information internally will allow SVP stakeholders, as identified in a quick risk assessment and summarization to take coordinated internal action on the alerts. Tracking and managing the process is best done centrally.

1.5 New and Revised Standards Implementation and Readiness

Guidehouse helps its clients identify and implement new Reliability Standards or requirements prioritized by applicability in the context of client's existing state of operations. We will develop or identify priorities, initiatives, and goals to address identified gaps and weaknesses and provide a tentative project plan (to address any gaps, including potential compliance gaps). In addition, we can develop and implement procedural controls comprised of:

1. Timelines and triggers for assigning an SME prior to the effective date of the Standard
2. Steps to review and keep apprised of new standards Including roles and responsibilities
3. Timelines and compliance implementation plan guidelines
4. Targets and triggers for implementing compliance plan for new Standards (from Preliminary Assessment)
5. Target compliance dates – i.e., 3 months prior to effective date
6. Periodic touchpoints with reliability compliance to validate progress; i.e., every 3 months

Further, we can develop compliance processed for each standard, creating an RSAW, and establishing evidence requirements. We will help implement process for conducting a spot check within 30 months of the standard's effective date

1.6 Compliance Management Tool Development and Selection

Guidehouse can develop a SharePoint-based compliance management tool to organize compliance evidence, automate workflows, enable automated task reminders, and improve visibility across business units. Guidehouse will work with SVP to develop the functionality needed by SVP in a user-friendly format that aligns with SVP's budgetary pressures. A tool of this nature can also safely house any Bulk Electric System Cyber System Information, Critical Energy Infrastructure Information, or other confidential information securely.

2. Cost and Rates

The following table and total proposed costs includes a not to exceed amount of \$135,000 for professional services on a time and materials basis billed monthly and \$5,000 of travel costs. Travel costs will be billed as incurred with no mark up. Navigant will use customary economy travel rates and airfare will be at the coach or main cabin rate. This proposal is for work through the end of 2021.

Table 4-1. Cost by Task

Labor Categories	Fee
Support Internal Compliance Program	\$135,000
<i>Travel Expenses</i>	\$5,000
As accrued for necessary onsite visits	

All work will be billed on a time and materials basis at the rates indicated in Table 4-2 or we could develop specific task orders on a task or fixed fee basis:

Table 4-2. Hourly Rates by Classification

Labor Categories	Hourly Rate
Partner	\$399.50
Associate Director	\$329
Managing Consulting	\$255.50
Sr. Consultant	\$215.50
Consultant	\$165.90
Sr. Analyst	\$160.80
Analyst	\$154.70

3. Project References

Company	American Electric Power (AEP)	
Name & Title	Dan Snider, Managing Director Enterprise NERC Reliability Assurance	
Phone	614.746. 0503	Email dlsnider@aep.com
Street Address	1 Riverside Plaza Columbus, OH, 43215-2372	
Years Service Performed	2018-present	
Services Provided	<ul style="list-style-type: none">• Assessed AEP's new design for a vulnerability management program (Vulnex). Provided recommendations to strengthen how vulnerabilities are being managed and addressed• Comprehensive Compliance Program assessment, development, re-design, and implementation• Fully implement program and process improvements• Conducted organizational assessment with benchmarking (that AEP adopted)• Developed and improved metrics and executive reporting and dashboard• Created strategic plan with short term objectives and three-year phased plan• Developed and currently implementing policies, processes, procedures, training programs, and compliance tools• Conducted an Inherent Risk Assessment and provided recommendations to reduce risk• Conducted an Internal Controls Evaluation (ICE)• Implementing internal controls/operational improvements throughout the organization• Conducted multiple readiness and comprehensive audit management programs• Developed improved mitigation plan processes and supporting implementation of AEP's incident management program	

Company		LADWP	
Name & Title	Pjoy Chua, Compliance Officer Simon Zewdu, P.E. Director of Regulatory Compliance and Specifications Division		
Phone	213.804.4308 213.367.2525	Email	pjoy.chua@ladwp.com simon.zewdu@ladwp.com
Street Address	111 N. Hope St. Los Angeles CA 90012		
Years Service Performed	2016 – present		
Services Provided	<ul style="list-style-type: none">• Conducted multiple active and paper CVAs• Assessed, developed, improved CIP and O&P policies, processes, procedures.• Comprehensive Compliance Program assessment, development, re-design, and implementation• Fully implement program and process improvements• Developed and presenting implementing policies, processes, procedures, training programs, and compliance tools• Conducted an Inherent Risk Assessment and provided recommendations to reduce risk• Conducted an ICE for CIP and O&P standards• Working with LADWP to implement internal controls/operational improvements throughout the organization• Developing a SharePoint tool for compliance and operations• Conducted readiness and mock audit for CIP and O&P standards• Conducted a Cyber Security Capability Maturity Model (ES-C2M2) assessment• Conducted full audit preparation including compliance assessment review, and SME interview preparation		

Company	New York Power Authority		
Name & Title	Saul Rojas, Vice President, Technical Compliance		
Phone	914.681.6471	Email	Saul.Rojas@nypa.gov
Street Address	123 Main Street Corporate Communications Mail Stop 10 B White Plains, NY 10601-3170		
Years Service Performed	2006-present		
Services Provided	<ul style="list-style-type: none">• Configured Interactive remote access for NYPA's facilities• Set up intermediate system for remote access• Configured strong authentication for remote access• Implemented external routable connectivity (ERC) for NYPA's facilities• Designed, developed, and implemented New York Power Authority's (NYPA) compliance program, processes and compliance organization structure• Fully implement program and process improvements• Conducted a full CIP and O&P Audit Preparation including documentation sufficiency review and SME interview preparations• Conducted ICE for CIP and O&P standards, along with creating process maps for the O&P standards• Designed and developed a cyber and physical security incident response plan• Facilitated exercise of the NYPA's cyber and physical security incident response plan (required per CIP-008) with NYPA business managers and personnel• Customized, supported and facilitated active participation in the national cyber and physical security exercise, GridEx to simulate a cyber/physical attack on critical infrastructure across North America		

Company		California Department of Water Resources	
Name & Title	Mike Ramsey, Chi Doan, Ghassan ALQasar		
Phone	916.574.0313, 916.425.7717 916.574.1362	Email	mike.ramsey@water.ca.gov chi.doan@water.ca.gov ghassan.alqaser@water.ca.gov
Street Address	2135 Butano Drive, Sacramento		
Years Service Performed	2016 - present		
Services Provided	<ul style="list-style-type: none">• Successfully petitioned WECC and NERC to remove Transmission Operator registration requirement, including drafting position and leading the NERC-led panel processes• Comprehensive Compliance Program assessment, development, re-design, and implementation• Fully implement program and process improvements• In collaboration with RSO, integrating cross-functional compliance processes between business units, compliance assurance group, and central regulatory office• Developed and presently implementing policies, processes, procedures, training programs• Comprehensive Compliance Program assessment, development, re-design, and implementation• Developed and presenting implementing policies, processes, procedures, training programs, and compliance• Presently conducting a full audit support for CIP and O&P standards including reviewing compliance documentation for sufficiency, and SME interview preparations• Conducted an ICE for CIP and O&P standards• Conducted internal audit for CIP and O&P standards• Conducted comprehensive risk assessment for compliance and operations• Presently providing full support on all aspects of reliability compliance and beyond, including the building of a risk-based framework for the department		

4. Qualifications

Our relevant experience, which is highlighted below, allows us to start fast and become productive immediately. In addition to quick startup, our lessons learned will benefit RSO and SVP generally with deeper insights and more comprehensive results. The following summaries highlight the experience of our project team and as well as those standing by to provide specialized assistance.

AEP

Assessed AEP's new design for a vulnerability management program (Vulnex); Provided recommendations to strengthen how vulnerabilities are being managed and addressed. Recommended and implementing a strategic roadmap to manage risks pertaining to communications and business unit engagement, workforce transition plans, and organizational change management plans. Conducted Internal Compliance Program assessments; Conducted a risk assessment and developed a risk and controls framework to identify and manage risks. Developing and implementing cyber, compliance and business process improvements and advising on all aspects of regulatory compliance Guidehouse implemented a rigorous risk management framework to identify, assess, and correct cyber and physical security issues throughout the enterprise. Guidehouse developed a CIP/cyber security internal controls program that identifies, evaluates, refreshes and validates all controls pertaining AEP's electric cyber systems. Guidehouse develop a program to investigate and conduct due diligence for all CIP/cyber security issues including a methodology to assess risk posed due to each issue. Further, the issue management program includes the process to mitigate and remediate issue mitigations. Guidehouse staff worked as part of AEP team to execute the issue management and allowed AEP to conduct prompt assessment and remediation of cyber security/CIP issues. In addition, Guidehouse developed an AEP wide process to identify and protect critical electrical cyber systems and networks.

San Diego Gas and Electric

Conducted an audit preparation for all O&P Standards including documentation sufficiency review and SME interview preparations.
Conducting an Internal Controls Evaluation for all CIP and O&P Standards
Developing a risk and controls framework to identify and manage risks pertaining to CIP, cyber and physical security

Seattle City Light | NERC Reliability Standard Compliance Violation Investigation

Description: Guidehouse conducted an operations and planning compliance assessment for City Light's Transmission Operator and Balancing Authority functions which arose out of pending confidential litigation. Guidehouse was asked to review compliance documentation and associated evidence to determine the merit of the allegation(s) set forth in the litigation.

Effective Compliance Solution:	Guidehouse reviewed all the evidence provided by City Light to Guidehouse. This included the Plaintiff's complaint, the attached exhibits, and over 100 artifacts submitted for review to Guidehouse that were generated during the time period covered by the suit. Guidehouse produced a report of its findings that determined no instances of non-compliance were uncovered during the assessment. This led to the summary judgment dismissal of this element of the litigation
---------------------------------------	---

Puget Sound Energy | WECC Audit Preparation and Compliance Program Support (2016, 2019)

Description:	Conducted a full audit preparation including assessing compliance evidence, RSAW and SME assessments with dedicated resources to ensure continuous support. Guidehouse also provided onsite and off-site compliance program enhancements, including improving compliance processes, RSAWs, and evidence organization in critical, high risk areas.
---------------------	--

Effective Compliance Solution:	Delivered and developed knowledge and compliance resource base to successfully and strategically prepare the client for the WECC audit. Client leveraged Guidehouse in 2016 and then again in advance of its 2019 WECC audit. Guidehouse Delivered audit-ready RSAWs and evidence packages and helped SMEs become interview ready - positioned to provide the context and knowledge to best position them for pre-, mid-, and post-audit success.
---------------------------------------	---

LADWP | Mock Audit & Audit-Readiness (2016, 2019)

Description:	In 2016 and again in 2019, conducted comprehensive audit-readiness, including both evidence assessment and SME preparation in advance of LADWP's WECC compliance audits. Audit-readiness included a risk assessment with recommendations to improve LADWP's Inherent Risk Assessment (IRA) response to WECC. Guidehouse also conducted a full Internal Compliance Program (ICP) assessment with ICE of both – Operations and Planning and CIP Standards. Lastly, Guidehouse is currently working to implement operational improvements in compliance program processes and tools – throughout LADWP.
---------------------	--

Effective Compliance Solution:	Reviewed and updated LADWP's Compliance Program - processes and procedures - documentation. Provided LADWP with an independent assessment of LADWP's audit-readiness capability (2016 and ongoing in 2019) with RSAW reviews and related evidence. These assessments included an identification of the relevance, quality and completeness of all associated documents and evidence. In terms of operational implementation efforts, Guidehouse has implemented a SharePoint tool for LADWP to efficiently manage their ICP and processes. The customized SharePoint compliance tool will automate, manage, and track compliance activities.
---------------------------------------	--

NYPA | NERC Compliance Program Development

Description:	Conducted multiple mock and readiness audits. Guidehouse conducted a full CIP and operations and planning (O&P) audit preparation including reviewing and revising RSAWs. NYPA has not had a finding in any audit from 2007 to the present and NPCC has consistently recognized NYPA for implementing a variety of best practices in compliance, internal controls identification, and internal controls implementation.
Effective Compliance Solution:	Designed, developed, and implemented NYPA's compliance program and NYPA's compliance organization structure. Further, designed and developed a cyber and physical security incident response plan. Conducted ICE for O&P standards, along with creating process maps that helped NYPA reduce their audit scope by around 75 percent; presently concluding a full CIP ICE; performed a CIP V5 readiness review. Facilitated exercise of the NYPA's cyber and physical security incident response plan (required per CIP-008) with NYPA business managers and personnel. Customized, supported and facilitated active participation in the recent national cyber and physical security exercise, GridEx, a nationwide exercise designed to simulate a cyber/physical attack on electric and other critical infrastructures across North America to test cyber and physical incident response plans.

Appendix A. Team Resumes

Our team of subject matter experts have a reputation for delivering on strategic, innovative, and complex initiatives. We bring years of industry knowledge and a perspective gained through numerous, relevant engagements and direct experience. Resumes for our proposed project team are in the following order:



Andrew Dressel

Associate Director

Professional Summary

Andy Dressel is an energy regulatory and compliance attorney and professional. Andy has provided advice, guidance, and direction to a variety of investor owned utilities, independent power providers, public utilities, technology developers and more from Fortune 500 companies to startups. Mr. Dressel has led risk and controls analyses, developed and supported compliance programs, conducted compliance program benchmarking analyses, navigated state utility commission regulations, and delivered a wide variety of compliance and cyber security plans. As an attorney, Andy has prepared motions and filings for the Federal Energy Regulatory Commission (FERC), developed new regulations, served as an enforcement attorney, and negotiated and advised complex multiparty agreements included operating agreements, power purchase agreements, and interconnection agreements. Mr. Dressel brings extensive compliance program development and management experience, including implementing internal audit plans, conducting internal and mock audits, and assessing overall audit, risk, and compliance readiness.

Professional Experience

Guidehouse Consulting Inc., Salt Lake City, UT
Associate Director of Risk, Compliance, and Security

Leads teams and projects primarily related to NERC compliance. Andy is regulatory and legal expert that delivers a deep understanding of the reliability standards, the electric reliability organization framework and processes, and operating principles to clients. Mr. Dressel led or contributed to valuable projects for clients seeking assistance with internal controls, risk management, compliance program improvement, and audit readiness. Andy also provides unique insight into the NERC Rules of Procedure, the Compliance Monitoring and Enforcement Program, and the standards development process.

Grid Subject Matter Experts, Folsom, CA,
Director of Regulatory Services and Legal Counsel

Execute a variety of duties across the fields of electric reliability, cyber security, regulatory compliance, electricity markets, and independent system operator process guidance. Advise numerous clients across the electric industry including, but not limited to, Fortune 500 investor-owned utilities, municipal utilities, and independent renewable generators. Responsibilities included:

- Assisted clients with their NERC compliance strategies, FERC and NERC policy and regulatory guidance, public utility commissions, and electric markets, compliance program and culture development and training
- Counseled on legal and corporate matters affecting GridSME, a rapidly growing consulting business
- Assisted clients' negotiation of contracts – including power purchase agreements, interconnection agreements, and complex multiparty agreements
- Strategic consulting to improve business processes and management
- Program and project management for GridSME and clients

North American Electric Reliability Corporation, Washington, D.C.**Attorney**

- Prepared regulatory filings for submission to the FERC
- Provided legal counsel to the NERC Standards and Critical Infrastructure Departments
- Supported the NERC Reliability Standards development process
- Regularly met with FERC staff to discuss standards projects
- Served as a liaison to the NERC Standards Committee

Western Electricity Coordinating Council (WECC), Salt Lake City, Utah**Legal Counsel**

- Served as the primary attorney for WECC Reliability Standards development
- Assistance and guidance for the enforcement of the Reliability Standards
- Served as legal liaison to WECC's Transmission Expansion Planning Policy Committee
- Provided counsel on corporate matters including corporate policy, contract, labor, and tax issues
- Provided counsel to the Western Renewable Energy Generation Information System (WREGIS)

WECC, Salt Lake City, Utah**Hearings Clerk**

- Researched and drafted memos and papers on relevant and pending FERC, NERC, and other pertinent legal and policy issues
- Drafted internal policies and procedures for the start-up and certification of WECC's Reliability Coordination centers in compliance with the Reliability Standards

Work History

- Associate Director, Guidehouse
- Director of Regulatory Services and Legal Counsel, Grid Subject Matter Experts, June 2012 – June 2018
- Attorney, North American Electric Reliability Corporation, March 2011 - June 2012
- Legal Counsel, Western Electricity Coordinating Council, January 2009 – February 2011
- Hearings Clerk, Western Electricity Coordinating Council, August 2008 – January 2009
- Law Clerk, Lackawanna County Court of Common Pleas, Judge Michael Barrasse, March 2008-August 2008
- Legislative Intern, Senate and House Transportation Committees, Vermont State Legislature-Legislative Counsel, January 2007 – May 2007

Certifications, Memberships, and Awards

Active member of the Energy Bar Association (2011-present)

- System Reliability, Planning, and Security Committee (2011-present), Chair – April 2015 – April 2016, Vice Chair – April 2014 – April 2015



Education

- **Vermont Law School**, South Royalton, VT, *JD 2007*, Academic Award of Excellence – Legislation, Autumn 2006
- **Massachusetts Institute of Technology Professional Education**, Cambridge, MA, *Professional Certificate 2017, Cybersecurity: Technology, Application and Policy*
- **Stanford Center for Professional Development, Stanford University**, Palo Alto, CA, *Professional Certificate 2014 - Energy Innovation and Emerging Technologies*
- **University of Montana**, Missoula, MT, *BS 2003 - Resource Conservation*

Chris Luras

Partner

Professional Summary

Chris Luras is a Managing Director with Guidehouse's Risk, Compliance, and Security group. Chris was formerly the WECC Director of Compliance Risk Analysis and Enforcement, where he led a team of regulatory professionals, cyber security professionals, and electrical engineers. During his 7 years at WECC, Chris created and developed the Compliance Risk Analysis and Enforcement teams and led the development of all the tools, processes, policies, and procedures, which paved the way for how WECC monitors and enforces all Reliability Standards in the Western Interconnection. Chris created and led most of the WECC Reliability Compliance Processes. Highlights of Chris' most significant experience is provided below.

Professional Experience

Compliance Assessments

- Led, reviewed, and oversaw the assessment of over 3,000 reliability compliance violations in the Western Interconnection. Created the WECC violation assessment process.
- Led, reviewed, and oversaw the review and assessment of over 3,000 reliability compliance mitigation plans and its associated RSAWs and evidence packages. Created the WECC Mitigation Plan review process.
- Led, reviewed, and oversaw the review and assessment of the WECC Self-Certification process. Oversaw the review of more than 1,000 Self-Certifications. Helped create the WECC Self-Certification process.
- Conducted reviews of more than 100 WECC audit reports and participated in WECC audits. Helped develop the scope for more than 75 audits.
- Successfully facilitated over 300 enforcement settlement negotiations. Created the enforcement settlement process at WECC.
- Worked with three Entities on the Self-Logging Process and was part of the NERC and regional process teams that created this process. Chris created the Self-Logging Process at WECC.
- At Guidehouse, successfully led and participated in three audit preparations that resulted in no findings.

Internal Controls Evaluation

- Chris was on the NERC and Regional Project Team that created the ICE process. He also created all the ICE processes at WECC.
- Co-authored the first Internal Controls Evaluation Guide with NERC.
- Designed, developed and supervised WECC's process to conduct ICE for WECC utilities.
- Conducted training for utilities and WECC auditors on the ICE process.
- As WECC staff conducted 10 Internal Controls Evaluations.

- As Guidehouse staff, conducted six ICE including USBR, BPA, PEAK RC, LADWP, CDWR and PRPA. During these projects, Guidehouse evaluated internal controls associated with NERC CIP and O&P Standards. The evaluation included the identification and evaluation of internal controls (including type, maturity level, key controls, and gaps), internal controls process maps and final reports, which included control summaries, analyses of controls and recommendations on how to improve controls.

Risk Assessments

- Helped develop WECC's audit approach for most of WECC's actively monitored Standards.
- Conducted and led more than 25 IRAs. Was on the NERC and Regional Project Team that created the IRA process. He also created the IRA processes at WECC.
- Part of the NERC and Regional team that developed the risk-based framework under Reliability Assurance Initiative (RAI).
- Developed and led WECC's process to conduct IRA for WECC utilities (over 30 IRAs)
- Conducted training for utilities and WECC auditors on the IRA process.
- As Guidehouse staff, conducted 7 IRAs including USBR, BPA, PEAK RC, LADWP, IID, CDWR and PRPA. During these projects, Guidehouse assessed the inherent risk for each utility per the WECC IRA process, identified a prioritized list of requirements based on risk and provided recommendations to reduce future inherent risk and responding to the WECC IRA survey.

Internal Compliance Program Assessments

- Led, reviewed, and oversaw the assessment of over 125 ICPA. Created the WECC ICPA process, which is a tool to assess the effectiveness of compliance programs. He also led the team that assessed the following reliability compliance programs: BPA, Arizona Public Service Company, Pacific Gas and Electric, PacifiCorp, NV Energy, Sacramento Municipal Utility District, and Idaho Power Company.

Other

- Participated in and led the WECC compliance process to assess standards in the NERC development process and provide comments on behalf of WECC Compliance. Under his leadership, WECC Compliance assessed and contributed to the development of more than 50 Reliability Standards.
- Within the past three years, Chris has provided five trainings on compliance and enforcement topics and internal controls and risk assessment topics to an audience of over 300 individuals from electric utilities in the Western Interconnection. Within the last three years, he has conducted over 15 presentations/trainings at NERC outreach events, WECC Board Meetings, and to individual electric utilities, the regional entities, and WECC Staff

Professional Experience

- Guidehouse, Managing Director Risk, Compliance, and Security
- Guidehouse, Director Risk and Compliance (2015-2018)
- WECC, Director of Compliance Risk Analysis and Enforcement (2012-2015)
- WECC, Manager of Compliance Enforcement (2008-2012)



- Utah Division of Public Utilities, Technical Consultant/Utility Analyst (2003-2008)

Education

- Master of Business Administration, Finance and Strategy Emphasis, Honors, University of Utah
- Bachelor of Science, Economics and Communications, University of Utah.



Roger Cummins

Associate Director

Professional Summary

Roger Cummins is an Associate Director in the Energy Practice at Guidehouse. Roger has 30 years of experience in and around energy utilities, System Operations, Market Operations, System Planning and Risk and Compliance. In his current role, Roger assists entities in the performance of Risk Assessments and Mitigation, the development and implementation of Internal Controls and the mitigation of Regulatory and Compliance issues related to the NERC Reliability Standards and state-specific regulations and requirements.

Prior to joining Guidehouse, Roger was Senior Compliance Auditor with the Western Electricity Coordinating Council (WECC) for 8 years where he primarily led audit teams in the performance of audits and investigations related to NERC Reliability Standards. Roger is a Subject Matter Expert for the NERC Operations & Planning standards and participated in the development of the related Risk Factors, Risk Assessment and Internal Controls Evaluation programs at WECC. Roger also led the event-driven Compliance Assessment process and performed Root-Cause Analyses for over 70 system events.

Prior to WECC, Roger was Reliability Coordinator with PJM Interconnection and performed the real-time Transmission and Generator Operator roles during the PJM West expansion that more than doubled the PJM footprint and increased PJM market capacity from approximately 75,000 MW to 165,000 MW.

Roger began his career with Allegheny Energy where he held multiple positions in Protection & Controls, EMS Computer Support, and System Operations. During this time, Roger was a team-member on the Energy Management System/SCADA replacement project that consolidated 4 disparate control centers and systems into a single system operations center. In that capacity, Roger led the System Operator user interface design and development team that created over 500 user interface displays and was responsible for coordinating field personnel for the performance of point-to-point SCADA testing.

Roger earned a Bachelor of Science in Electrical Engineering Technology from Fairmont State University and until recently maintained a NERC Reliability Coordinator Certification. Roger has continued his education at the graduate level in the areas of Power System Dynamics, Statistics, Economics, and Law at both Duquesne and Drexel Universities.

Professional Experience

Associate Director, Guidehouse Consulting

- Perform mock audits and SME interviews, and assist clients with NERC and Regional audit preparation, including evidence reviews, interviewing assessments, and recommendations.
- Perform compliance risk assessments and gap analyses for the NERC O&P and CIP Mandatory Reliability Standards, State, PUC and other regional requirements.
- Conduct Internal Controls Evaluations, an assessment of gaps, and controls testing. Drive the implementation of Internal Controls to minimize compliance risk.
- Assist clients with mitigation plan development, presentation and management.
- Use a wholistic approach to develop and achieve a completely self-monitored find, fix and report compliance program.
- Assist clients in identifying and implementing infrastructure, systems, and processes necessary to comply with requirements associated with NERC functional registration.
- Develop and implement Root Cause Analysis and Internal Compliance Assessment processes.
- Review, as an independent third-party, Wildfire Mitigation Plans in the context of relevant state statutes and other regional regulatory requirements.

Sr. Compliance Auditor, WECC

- Primarily, led teams of auditors in the performance of audits and investigations related to the NERC Reliability Standards.
- Assisted in the development of Regional risk and controls processes, and:
 - Performed Inherent Risk Assessments to evaluate an entities risk to Bulk Electric System security and reliability;
 - Conducted Internal Controls Evaluations to assess can mitigate compliance risk;
 - Reviewed and assessed Internal Compliance Programs and Culture of Compliance;
 - Developed individualized, entity Compliance Oversight Plans.
- Reviewed and assessed entity Root Cause Analyses, Event Analyses, and internal Compliance self-Assessments.
- Performed outreach through workshop, user groups and online presentations.

Reliability Coordinator, System Operator, PJM Interconnection

- Monitored and directed the operations of the PJM Bulk Electric System to maintain reliability and security of the Bulk Electric System as an Reliability Coordinator, Balancing Authority and Transmission Operator.
- Performed day-ahead studies and developed Operating Plans, performed root-cause event-analyses, developed and delivered training, and monitored the PJM market for irregularities.

- Managed the operations of the PJM West footprint during the western expansion of the PJM system from a capacity of 68,000 MW to 168,000 MW, across 13 states and DC.

Hydro-Québec

- Staffed the newly formed US Operations and trained operators to manage US energy contracts and dispatch assets to meet those contracts.
Procured transmission and scheduled energy in the PJM, MISO, NYISO, and ISONE

Allegheny Energy

- Now a subsidiary of First Energy, Allegheny owned and operated electric generation facilities and delivered electric services to customers in Pennsylvania, West Virginia, Maryland, and Virginia.
- As a System Operator, Bulk Power Operations, performed the Transmission Operator, Generation Dispatcher and Scheduling Coordinator functions for Allegheny's Bulk Electric System.
- As an Analyst in the EMS Support group, consolidated four disparate operating centers and associated systems into a single center, and as part of the EMS Replacement Project team:
 - Replaced aging EMS, SCADA and RTU technologies with a single EMS platform.
 - Led the design, development and testing of over 500 user-interface displays used by System Operators and Operations Support personnel.
 - Coordinated field personnel in the installation and testing of re-designed communications circuits, data exchange capabilities, RTUs and metering.
 - Led and coordinated the effort to verify the approximately 25,000 SCADA analog values, status indications and control points against the SCADA/EMS databases and associated user displays.
- As an Engineering Technician in Controls Engineering, designed, installed and maintained protection and control systems, communications infrastructure, metering, RTUs and Disturbance Monitoring Equipment.

Work History

- Associate Director, Guidehouse Consulting, Chicago, IL
- Sr. Compliance Auditor, WECC, Salt Lake City, UT
- Sr. System Operator, Hydro-Québec, Montreal, QC
- Engineering Technician, Analyst, System Operator, Allegheny Energy, Greensburg, PA

Certifications, Memberships, and Awards

- Fellowship: Oak Ridge Associated Universities (ORAU), DOE National Energy Technology Center
- NERC Reliability Coordinator, System Operator Certification, 2001 through 2013.



Education

- BS, Electrical Engineering Technology, Fairmont State University
- Graduate coursework: Power System Dynamics, Statistics, Economics, Law; Duquesne University; Drexel University.



Darren Nielsen

Associate Director

Professional Summary

As an associate director with Guidehouse's Global Energy practice, Darren leads in the assessment and development of business strategies, organizational structures and business processes for utility clients. He performs assessments and evaluations of client business processes and internal controls, and overall enterprise risk and security. Upon evaluation of these disciplines he leads, designs, recommends, and facilitates process improvements throughout the energy market. His broad physical security and leadership experience enables him to successfully manage multiple projects with differing timelines and budgets to ensure the delivery of cost effective client solutions. He has demonstrated success in providing guidance on utility level regulatory compliance; developing and implementing security programs to support continuous quality improvement; reducing enterprise risk and promoting cross-functional collaboration.

Prior to joining Guidehouse, Darren was most recently a Manager of Physical & Cyber Security Audits & Investigations at the Western Electricity Coordinating Council (WECC), A regional regulator for the NERC Electric Reliability Office. He was responsible for a variety of related areas that include staffing, planning, and execution of operations, audits, and the development and implementation of a broad range of topics involving internal and external compliance training.

Professional Experience

Guidehouse Consulting, Inc.

Threat Vulnerability Assessment & Security Plan Implementation

- Managed project to assist a utility in training new staff for security assessments of NERC CIP-014 reliability standard by coordinating both internal and external resources.
- Conducted subject matter expert interviews to identify risks associated with multiple facilities to develop mitigation efforts to ensure compliance with the revised NERC Physical Security standards.
- Developed implementation plan and timeline designed to address all risks identified in the Threat Vulnerability Assessment analysis; ensuring completion of recommendations leading to regulatory compliance by the effective date set forth by the regional entity.

Cyber Vulnerability Assessments

- Managed project to help a utility assess and deliver a complete baseline, patch management and remediation report for a NERC CIP audit by coordinating both internal and external resources.

Low Impact Transition

- Managed project with a large and complex utility by designing and implementing a Low Impact Transition of a revised NERC reliability standard by coordinating both internal and external resources to ensure compliance with CIP-003.

CPUC Distribution Security Assessments

- Managed project with a large utility by designing and implementing a distribution level asset security, resiliency, and recovery program in accordance with a new State of California Public Utilities Commission (CPUC) ruling.

Western Electricity Coordinating Council | Manager, Physical & Cyber Security Audits & Investigations

- Directly responsible for oversight of comprehensive on-site and off-site audits of registered entities in compliance with NERC reliability standards and WECC regional reliability standards, with a special emphasis on the Critical Infrastructure Protection (CIP) Physical & Cyber Security standards.
- Oversaw development and conducted training workshops on a national level for Critical Infrastructure Protection Standards.
- Managed the compliance audit & Investigations processes of the WECC CMEP related to the CIP standards; cyber and physical
- Supervised the Cyber Security Audit Teams during the performance of CMEP processes to include risk assessment, mitigation plan acceptance, completion and validation
- Created and supervised preparation of audit reports with a focus on clear findings documentation and logic trails.



- Supported the Vice President, Entity Oversight in the implementation of the WECC CMEP and specifically the implementation and development of processes associated with audits and mitigation plans.
- Assisted enforcement staff as needed in preparing evidence for use in hearings, settlements, and appeals.
- Developed and presented at WECC Compliance Meetings, Regional Working Group Meetings, NERC and FERC Meetings.
- Developed individual development programs to increase expertise and competency; build bench strength for the department and company.
- As a Senior Compliance Auditor at WECC:
 - Conducted comprehensive on-site and off-site audits of registered entities in compliance with NERC reliability standards and WECC regional reliability standards, with a special emphasis on the Critical Infrastructure Protection (CIP) Physical & Cyber Security standards.
 - Developed and conducted training workshops on a national level for Critical Infrastructure Protection Standards.
 - CIP - Directly responsible for the implementation, design, and compliance of policy and procedure to meet the NERC Critical Infrastructure Protection guidelines at all facilities system-wide.
 - Direct oversight for proactive audits, regulatory overview and corrective action.
 - Managed and had direct oversight for security incidents/investigations regarding internal/external matters.
 - Managed risk and threat assessments for all company facilities annually.
 - Managed the overall process for policies and procedures development and disposition.
 - Assisted the Director in providing direction and oversight to Corporate Security functions.
 - Interacted and partnered with Senior Management on issues related to policy, procedures, information governance, and Human Resource matters.

Arizona Public Service | Corporate Security Program Advisor

- CIP - Direct responsibility for the implementation, design and compliance of policy and procedure to meet the NERC Critical Infrastructure Protection guidelines at all facilities system-wide.
- Chair of the Western Electricity Coordinating Council (WECC) Physical Security Workgroup.
- Gained an authoritative understanding of the CIP Standards used to document and ensure APS achieved compliance in accordance with NERC requirements. Zero infraction audit achieved
- Conducted proactive audits, risk and threat assessments for all company facilities annually.



- Assisted the Director in providing direction and oversight to Corporate Security functions.
- Developed a working and professional relationship with the law enforcement personnel at the Arizona Counter Terrorism Information Center (ACTIC).
- Interacted and partnered with senior leadership on issues related to policy, procedures and human resource matters.
- Investigated security incidents assigned by the Security Director regarding internal/external criminal matters and revenue recovery issues.

Phoenix Police Department | Police Sergeant

- Supervisor responsibilities for responders, encompassing vast array of different scenarios.
- Coordinated work with various community leaders and organizations to formulate policies and procedures to assist with quality of life issues.
- Prepared daily training and managed day-to-day operations of the command officers unit including all administrative, investigative, and human resource issues.
- Developed and conducted training in the areas of occupational safety, hazardous materials, traffic safety, substance abuse and other safety-related issues.

As a police officer with the Phoenix Police Department, held responsibility for:

- First response to various types of criminal and non-criminal events.
- Creating and maintaining, strong, positive, professional relationships with customers, colleagues, and community partners.
- High level organizational skills with respect to managing investigations, briefing superiors, ensuring compliance in all legal and internal regulations, caring for personal property and health and welfare of citizens.
- Working with community leaders, political figures, and community professionals to provide drug identification education and training.

Work History

- Associate Director, Guidehouse
- Manager, Physical & Cyber Security Audits & Investigations, Western Electricity Coordinating Council
- Corporate Security Program Advisor, Arizona Public Service |
- Police Sergeant, Phoenix Police Department

Certifications, Recognitions, Memberships, and Awards

- Executive Board member (President) of Silent Witness of Arizona, a non-profit 501 c(3)
- ASIS International Board of Directors 2018-2020 Term



- ASIS International Council Vice President (2016-2019 term)- Appointed to Board of Directors 2018
- ASIS International Utilities Security Council (Chair) 2012-2015
- ASIS International Physical Security Council (Member)
- ASIS, Certified Protection Professional (CPP), Board Certified in Security Management
- ASIS, Physical Security Professional (PSP), Board Certified in Physical Security
- ASIS, Professional Certified Investigator (PCI), Board Certified Investigator
- ISC², Certified Information Systems Security Professional (CISSP)
- NDPC, Certified Homeland Protection Professional (CHPP)
- BRCCI, Certified Business Resilience Auditor (CBRA)
- BRCCI, Certified Business Resilience Manager (CBRM)
- BRCCI, Master Attainment Business Resilience (MABR)
- ISACA, Certified Information Systems Auditor (CISA)
- ISACA, Certified Information Security Manager (CISM)
- United States Marine Corps 1990-1997 (2) Meritorious Promotions
- Medal of Lifesaving 2001 Phoenix Police Department
- Professional of the Year 2004 Arizona Safety Education Association
- Outstanding Young Arizonan 2004 Arizona Junior Chamber
- Distinguished Service Award 2005 Phoenix Police Department
- Council Chairman of the Year 2015 ASIS International

Education

- MBA (emphasis in Leadership) With Distinction, Northern Arizona University Phoenix Campus
- BA, Police Science (Summa Cum Laude), Ottawa University Phoenix, AZ
- ASIS International Security Executive Management Program, Wharton School, University of Pennsylvania



Dr. Joseph Baugh

Managing Consultant

Professional Summary

Dr. Baugh's professional career spans more than 45 years in the electrical utility and energy fields. Prior to joining Guidehouse, he performed compliance audits and investigations for WECC members and other registered participants in the Western Interconnection for compliance with NERC Critical Infrastructure Protection [CIP] Reliability Standards including cyber security and physical security protective measures. Dr. Baugh also participates in electrical industry workgroups and standards drafting committees. During his time at WECC, Dr. Baugh participated in electrical industry task forces and developed numerous outreach presentations for participants in the North American electrical grid, CIP compliance personnel, and industry user groups at WECC Compliance Workshop meetings, NERC meetings, and other industry outreach venues. Dr. Baugh has been an adjunct faculty member since 1996 and is currently affiliated with the University of Phoenix, where he teaches business management, organizational behaviour, and leadership courses in the College of Doctoral Studies and mentors students throughout the dissertation process in the Doctor of Business Administration and Doctor of Management programs.

Professional Experience

- **Managing Consultant:** Dr. Baugh works closely with Guidehouse clients to assess risk management and compliance needs, identify gaps, develop high-quality solution designs and programs to meet needs and fill gaps, and manage client projects to implement effective solutions across multiple complex workstreams and business units. To accomplish these key objectives, he communicates effectively with client and Guidehouse management teams to keep them abreast of project development issues, project status, and issues associated with project change management.
- **Senior Compliance Auditor:** After taking early retirement from AEPCO, Dr. Baugh gained extensive experience leading and performing compliance audits and other investigations with WECC members and other registered participants in the North American electrical grid for compliance with NERC Critical Infrastructure Protection [CIP] Reliability Standards, including cyber security and physical security protective measures. Dr. Baugh applied his academic research and data analysis skills to develop and implement several qualitative studies, such as his studies that focused on the CIPv5 transition, the CIPv5 implementation, the CIP-002-6 IRC 2.12 Transmission Control Center issue, and CIP-013-1 Supply Chain Risk Management topics. These studies provided guidance to the Electrical Reliability Organization [ERO] and supported policy changes in key areas. Dr. Baugh regularly presents the results of his professional and academic research in domestic and international venues.
- **Power Trading Projects:** When the AEPCO Power Trading Department was outsourced to ACES Power Marketing, Dr. Baugh accepted a new role at AEPCO, where he developed start-up programs for new trading & scheduling services customers, a Physical and Financial Gas Hedging program, and managed special projects, such as the Billing Unit Model software development.

- **Power Trading Services Manager:** Dr. Baugh managed the Power Traders and Schedulers as part of the Energy Marketing function at AEPCO. He is experienced with common tagging systems and practices, forecasting load, negotiating purchase power agreements, and establishing effective power schedules to meet daily, weekly, and monthly load forecasts.
- **IT Management Roles:** While earning his BS (Computer Science), Dr. Baugh moved from Power Operations to the Information Technology department at AEPCO and then Sierra Southwest Cooperative Services when the transmission and generation cooperative split into three entities. Throughout a series of roles, Dr. Baugh managed the cooperative's Tier 2 Internet Service Provider, the network services team, IT programs and projects, and finally the IT support services department before moving back into AEPCO Power Operations as the Power Trading Services Manager.
- **Power System Controller:** Dr. Baugh has extensive experience with transmission system operations. He initiated transmission and distribution outage restoration, maintained system reliability, and matched generation output to anticipated loads. He has experience handling after-hour trouble calls and dispatched distribution crews for five member co-ops. He also wrote and directed switching procedures and field crews. Dr. Baugh currently holds a NERC System Operator certification.
- **Transmission Lineman:** Starting his career in the electrical industry as an apprentice lineman, Dr. Baugh worked on transmission line and substation construction projects (115kv – 765 kV) across the North American electrical grid. He joined the transmission maintenance crew at AEPCO performing hot-stick and barehand transmission live-line maintenance until promoted into the Power System Operations office.

Work History

- Managing Consultant, Guidehouse (2019 – present)
- Senior Compliance Auditor, WECC (2011 – 2019)
- Power Trading Projects, Arizona Electric Power Cooperative Benson (2010-2011)
- Power Trading Services Manager, Arizona Electric Power Cooperative Benson (2008-2010)
- IT Support Services Manager, Sierra Southwest Cooperative Services Benson (2007-2008)
- IT Program Manager, Sierra Southwest Cooperative Services Benson (2005-2007)
- Network Services Manager, Sierra Southwest Cooperative Services Benson (2000-2005)
- Internet Administrator, Arizona Electric Power Co-op (1998-2000)
- Power System Controller, Arizona Electric Power Co-op (1990-1998)
- Transmission Live-line Maintenance, Arizona Electric Power Co-op (1982-1990)
- Transmission Line Construction [Multiple companies] (1973-1982)
- Chief Officer and Firefighter/EMT, Mescal Volunteer Fire Department (1986-2005)
- Adjunct Faculty Member, University of Phoenix (2009 – present)
- Adjunct Faculty Member, University of Arizona (2005-2015)

- Program Coordinator – Network Administration, B.A.S. program (2005-2006)
 - Program Director – Supervision, B.A.S. program (2006-2013)
- Adjunct Faculty Member, Cochise College (1996-2015)
- President and CEO, Baugh Group LTD (2001 – present)

Professional Certifications

- PCI – ASIS Int'l: Professional Certified Investigator, #21806, May 2019
- CPP – ASIS Int'l: Certified Protection Professional, #20742, June 2018
- PSP – ASIS Int'l: Physical Security Professional, #20077, September 2017
- CISA – ISACA: Certified Information Systems Auditor, #12103648, June 2012
- CRISC – ISACA: Certified in Risk and Information Systems Control, #1112935, August 2011
- NERC – Balancing and Interchange System Operator #BI200911009, November 2009
- ITIL – Foundations, Information Technology Infrastructure Library, July 2005
- IEM – NSA: INFOSEC Evaluation Methodology, February 2005
- CISM – ISACA: Certified Information Security Manager #0300492, April 2003
- CCFS – Certified Computer Forensics Specialist, March 2003
- CCFT – Certified Computer Forensics Technician, March 2003
- IAM – NSA: INFOSEC Assessment Methodology, March 2003
- CISSP – ISC^2: Certified Information Systems Security Professional #32233, May 2002
- PMP – PMI: Project Management Professional #41619, December 2001

Education

- PhD, Organization and Management with specialization in Leadership, Capella University, 2008
 - Dr. Baugh's dissertation [*Deregulation and Management Strategies: A Case Study of Georgia System Operations Corporation*, In ProQuest Dissertations and Theses Global database: UMI# 3296749] explored organizations in transition via an examination of the impact of deregulation and other market forces in the electrical utility industry on management strategies, organizational structures, and organizational cultures at a non-profit generation and transmission electrical cooperative.
- MBA, Eller College of Management, University of Arizona, 2004
- BS, Computer Science, (minor in Mathematics), University of Arizona, 2000
- AA, Spanish, Cochise College, 1997
- AS, Computer Science, Cochise College, 1996



Brent Read

Managing Consultant

Professional Summary

John Brent Read is a detail-oriented NERC compliance and risk professional with over 15 years of experience. Brent has significant relationships in the electric utility industry, possessing a diverse set of skills and experience, with a focus on risk, regulatory strategy, and compliance with NERC Reliability Standards. Brent is an energetic, strategic thinker with a strong work ethic, an ability to solve complex problems, and a continuous desire to grow and help utilities improve in risk-based compliance monitoring, enforcement, and regulatory analysis.

Professional Experience

Guidehouse Inc. (2018 - present)

- Assists clients in audit preparation by facilitating and coordinating audit activities across the entity, conducting mock audits, coaching employees on audit tips and techniques, reviewing evidence to determine compliance with NERC Reliability Standards, supporting RSAW development, and identifying internal controls that support ongoing compliance with NERC Standards
- Serves as a Subject Matter Expert on NERC compliance monitoring activities at the regional and enterprise levels, to clarify expectations and requirements for audits, spot checks, mitigation, etc.
- Supports client risk assessments, using NERC and regional guidance, to determine inherent risk and potential impact on overall compliance monitoring.
- Assists in implementation of recommendations for processes, procedures, and operational changes by developing project plans and coordinating activities across the entity.
- Develops reports and communicates results on key activities like risk and control assessments, audit readiness, compliance program reviews, key performance metrics, and other agreed-upon tasks.

Texas Reliability Entity, Risk Assessment Manager (2015-2018)

- Developed, implemented, and continuously improved Texas RE's inherent risk assessment process and internal control evaluation process
- Helped draft, revise, and enhance the ERO Inherent Risk Assessment Guide, ERO Enterprise Guide for Compliance Monitoring, and ERO Enterprise Guide for Internal Controls
- Provided external outreach on NERC compliance and risk based CMEP
- Represented Texas RE in multiple ERO teams and task forces, including the ERO base case team, the Inherent Risk Assessment Task Force, the ERO internal controls team, and the annual ERO implementation plan review team
- Coordinated oversight handovers between Texas RE's Risk Assessment team and Texas RE's Compliance Monitoring team
- Coordinated oversight activities with NERC and FERC staff for risk-based compliance monitoring activities

Texas Reliability Entity, Risk Assessment Engineer 3 (2014-2015)

- Conducted Inherent Risk Assessments for Texas RE
- Developed key outreach material and delivered Texas RE's outreach on the Inherent Risk Assessment process and initial IRA database

Western Electricity Coordinating Council, Senior Compliance Risk Engineer/Compliance Engineer – Enforcement (2012-2014)

- Reviewed self-reported and self-certified violations of NERC Reliability Standards to determine the risk of the violation to the entity as well as the Bulk Electric System
- Reviewed entities' Mitigation Plans to ensure registered entities meet compliance requirements, improved reliability of their systems, and took measures to reduce the likelihood of recurrence of violations
- Reviewed Certificates of Mitigation Plan completion and all associated evidence to verify completion of all mitigation activities for violations of NERC Reliability Standards
- Represented WECC as an operations and planning Subject Matter Expert in settlement negotiations and dispute resolution for violations of NERC Reliability Standards
- Evaluated, reviewed, and provided comments on postings of new or updated NERC Reliability Standards, policies, and guidance documents in the NERC draft process
- Participated in WECC Compliance Audits as a member of the Operations and Planning Audit team for multiple functions and NERC Reliability Standards
- Collaborated with the Manager of Compliance Risk Analysis to develop a WECC Internal Controls Evaluation methodology and process as part of WECC's RAI efforts

College Station Utilities, Utility Dispatch Operations Superintendent (2011-2012)

- Oversaw all aspects of the condition and operation of the College Station Utilities electric transmission system to ensure operating limits were not exceeded and the integrity of the transmission system was maintained
- Assisted in preparing the Capitol Improvement and Operating budgets for College Station Utilities, focusing primarily on the annual budget for the Utility Control Center
- Acted as the staff expert/Subject Matter Expert for NERC, ERCOT, and Texas RE compliance activities involving the NERC Operations and Planning standards
- Developed, reviewed, and edited College Station Utilities Control Center processes and procedures to comply with NERC Reliability Standards and ERCOT Protocols and Operating Guides
- Managed, maintained, and operated the College Station Utilities physical security systems

College Station Utilities, Utility Dispatch Operations Assistant (2009-2011)

- Supervised all aspects of the condition and operation of the College Station Utilities electric transmission system to ensure operating limits were not exceeded and the integrity of the transmission system was maintained
- Reviewed and edited College Station Utilities electric transmission system training program for the College Station Utilities System Operators



- Coordinated transmission outages with ERCOT and neighboring Transmission Operators, including submitting outages into the ERCOT Outage Scheduler

College Station Utilities, Project Coordinator (2004-2009)

- Managed the design and construction of electric distribution lines for a diverse set of industrial, commercial, and residential projects.
- Designed electric distribution lines to meet the needs of developers and contractors, as well as meeting the stringent requirements of the City of College Station and College Station Utilities
- Maintained, upgraded, and modified Utility Sciences US Map GIS mapping, Milsoft Windmill engineering analysis, and Milsoft DisSPatch Outage Management software packages

Education

- Bachelor of Science in Mechanical Engineering Technology, Texas A&M University, College Station, TX (2002)

Appendix B. Guidehouse Overview

Guidehouse is a leading global provider of consulting services to the public and commercial markets with broad capabilities in management, technology, and risk consulting. We help clients address their toughest challenges with a focus on markets and clients facing transformational changes, technology-driven innovation and significant regulatory pressure. Across a range of advisory, consulting, outsourcing, and technology / analytics services, we help clients create scalable, innovative solutions that prepare them for future growth and success. Headquartered in Washington DC, the company has more than 7,000 professionals in more than 50 locations. Guidehouse is led by seasoned professionals with proven and diverse expertise in traditional and emerging technologies, markets and agenda-setting issues driving national and global economies. For more information, please visit:

www.guidehouse.com.

Energy, Sustainability, and Infrastructure Vision

We will be the leading energy, sustainability and infrastructure consulting team and will play a high impact role in the global transformation helping our clients succeed so that together we can build and nurture trust in society, improve quality of life, and enhance stability, resiliency, and sustainability.

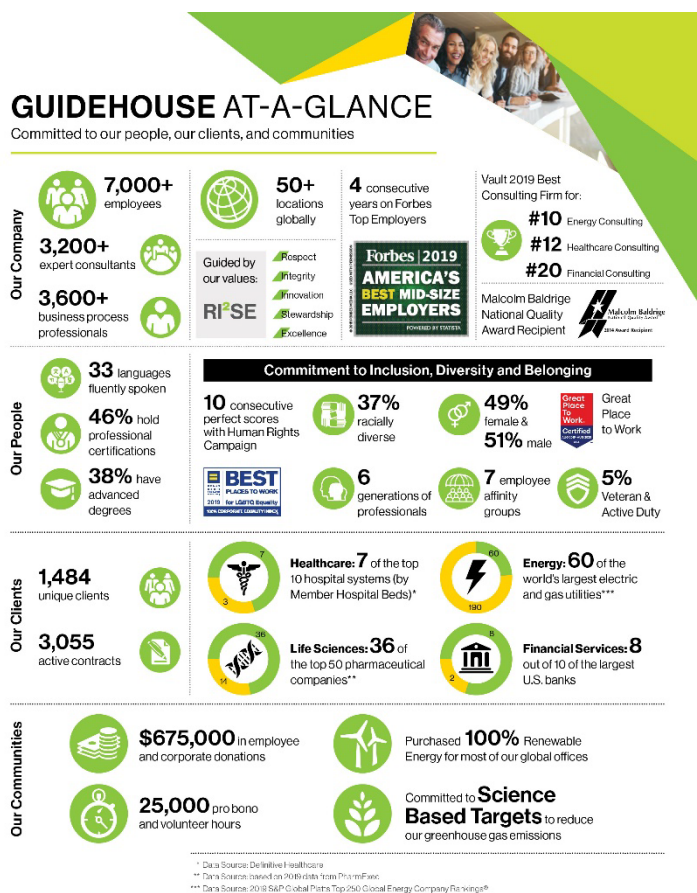


Figure 1. Guidehouse ESI Consulting Team

SCALE	\$500 million in revenue, and 1500+ consultants			
KNOWN FOR...	<ul style="list-style-type: none"> • Helping our clients as they navigate the energy and infrastructure transformation. • Creating value through new innovative, sustainable transformation offerings. • Using our industry expertise, our innovative thinking, and our ability to solve complex issues. • Being the employer of choice in attracting and retaining the best talent. 			
OUR STRATEGY	 PEOPLE Skills and Capability Development	 CLIENTS Key Account Program	 SOLUTION OFFERINGS Innovation and Product Development	 MARKETS AND GEOGRAPHIES Revenue Growth Market Teams and International
OUR FOCUS	<ul style="list-style-type: none"> • Deepen our offerings and capabilities (full lifecycle, increase project size) • Maximize our sales effectiveness (market teams, key/target accounts and collaboration) • Develop our next generation of leaders and workforce • Drive top- and bottom-line growth, improve our discipline and financial performance 			

**AMENDMENT NO. 2
TO THE AGREEMENT FOR SERVICES
BETWEEN THE CITY OF SANTA CLARA, CALIFORNIA,
AND GUIDEHOUSE, INC.**

**EXHIBIT B – COMPENSATION AND FEE SCHEDULE
AMENDED FEBRUARY 1, 2021**

1. Contractor shall bill City on a monthly basis for Services provided by Contractor during the preceding month on an invoice and in a format approved by City and subject to verification and approval by City. City shall pay Contractor within thirty (30) days of City's receipt of an approved invoice.
2. Fee Schedule:
 - 2.1. Director \$323 per hour
 - 2.2. Associated Director \$281 per hour
 - 2.3. Managing Consultant \$235 per hour
 - 2.4. Senior Consultant \$204 per hour
 - 2.5. Consultant \$158 per hour
 - 2.6. Labor rates shall remain in effect throughout the term of this agreement.
3. Services shall be provided according to the rates in Section 2 of this Exhibit B.
4. Services performed prior to this Amendment shall be invoiced at the rates in place at the time of the service.
5. Cost Estimates:
 - 5.1. For ongoing projects such as routine support described in Section 4, Contractor may bill on a time and materials basis. For tasks which require a commitment of over 4 weeks or \$5,000 (Project Assignment), Contractor shall provide a quote which includes the following:
 - 5.1.1. Schedule of tasks,
 - 5.1.2. Task duration,
 - 5.1.3. Resources assigned to tasks, and
 - 5.1.4. Estimated level of effort for each task.
 - 5.1.5. Plan and schedule for each task.
 - 5.2. Contractor shall not initiate any Project Assignment that result in costs exceeding the compensation in the Agreement or are anticipated to extend past the term of this Agreement.
6. Reimbursable / Pass Through Costs
 - 6.1. Pass-Through Costs: In some cases, Contractor may pass-through costs such as, but not limited to: travel, subcontracted activities or materials. Such Pass-Through Costs shall be included in the quote for Additional Services.

- 6.2. When these Pass-Through Costs occur, Contractor shall invoice City for these costs without markup.
- 6.3. Contractor shall provide supporting documentation such as invoices or receipts for all Pass-Through costs. Except in the case of emergency, Contractor shall notify the City in advance when these costs are anticipated.
- 6.4. Reimbursement of expenses is subject to the following conditions.
 - 6.4.1. Expenses shall be reimbursable only to the extent that the Contractor submits sufficient documentation to the City that the expenses were directly incurred in providing the requested services and that such costs are not already included in the fee or hourly rate.
 - 6.4.2. Travel-related expenses (mileage, lodging, meals, etc.).
 - 6.4.2.1. Unless approved in writing (e-mail acceptable) in advance, meals, lodging, and related Per Diem shall not exceed the rates outlined by United States General Services Administration (GSA).
<https://www.gsa.gov/travel-resources>
 - 6.4.2.2. The City shall not reimburse local travel (within Santa Clara County).

**CONSENT TO ASSIGNMENT AGREEMENT
BY AND BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
GUIDEHOUSE INC.
(Formerly known as Navigant Consulting, Inc.)**

PREAMBLE

This consent to assignment agreement (“Consent Agreement”) is by and between the City of Santa Clara, California, a chartered California municipal corporation, with its principal place of business located at 1500 Warburton Avenue, Santa Clara, California 95050 (“City”), Navigant Consulting, Inc., a Delaware Corporation, with its principal place of business located at 150 N. Riverside Plaza, Suite 2100, Chicago, IL 60606 (“Navigant” or “Assignor”) and Guidehouse, Inc., a Delaware Corporation, with its principal place of business located at 150 N. Riverside Plaza, Suite 2100, Chicago, IL 60606 (“Guidehouse” or “Assignee”), the intended successor in interest to Guidehouse. City, Guidehouse and Navigant may be individually referred to in this Consent Agreement as a “Party” or collectively as the “Parties” or the “Parties to this Consent Agreement.”

RECITALS

- A. City and Navigant Consulting, Inc., entered into an agreement entitled, “Agreement by and Between the City of Santa Clara, California and Navigant Consulting, Inc.,” dated October 28, 2018 (the “Original Agreement”) in which Navigant agreed to provide consulting services to/with the City;
- B. Section 8 of the Original Agreement entitled No Assignment of Agreement/Successors in Interest provides as follows:

City and Contractor bind themselves, their successors and assigns to all covenants of this Agreement. This Agreement shall not be assigned or transferred without the prior written approval of City. Contractor shall not hire subcontractors without express written permission from City.

Contractor shall be as fully responsible to City for the acts and omissions of its subcontractors, and of persons either directly or indirectly employed by them, as Contractor is for the acts and omissions of persons directly employed by it.
- C. The City has been informed that due to the acquisition of Navigant and Guidehouse, that Guidehouse is the surviving entity and as such will continue to provide the services to the City under the Original Agreement. Navigant desires to have the City consent to the assignment of all rights, obligations and interest in the Original Agreement from Navigant to Guidehouse;

- D. Based on the final approval of the merger/acquisition, it is the desire of City to formally consent to the assignment by Navigant of all its rights, obligations and interest in the Original Agreement to Guidehouse.

In consideration of the above referenced recitals and the following mutual covenants, commitments and obligations, the Parties agree, as follows:

CONSENT AGREEMENT PROVISIONS

1. Based on a written request received by the City from the Guidehouse, (and contingent upon the finalization of the merger) City hereby consents to the assignment of the Original Agreement and all of the rights, duties, obligations and interest set forth therein from Navigant to Guidehouse. This consent is based on representations made by Guidehouse and Navigant and all the duties and obligations of Navigant to perform specified services included in the Original Agreements shall be performed by Guidehouse after the merger is complete. This Consent is effective as of the completion of the merger. If, for any reason, the pending merger is not completed, this Consent Agreement shall be deemed void and Navigant shall continue to be bound to perform the obligations set forth in the Original Agreements.
2. City acknowledges and relies on this acceptance by Guidehouse of all of the rights, obligations and interest in the Original Agreement and the relinquishment of all such the rights, obligations and interest in the Original Agreement by Navigant. Guidehouse agrees to undertake any and all action(s) necessary to meet the terms and conditions of the Original Agreement referred to in this Consent Agreement.
3. Upon execution of this Consent Agreement (and the completion of the pending merger) any pending debts or obligations due to City and those which subsequently arise or accrue from the terms and conditions of the Original Agreement shall become payable by Guidehouse to the City or its agents, or assigns.
4. This Consent Agreement embodies the entire agreement between City, Guidehouse and Navigant and all of its terms and conditions. No verbal agreements or conversation with any officer, agent or employee of City prior to execution of this Consent Agreement shall affect or modify any of the terms or obligations contained in this Consent Agreement. Any such verbal agreement shall be considered as unofficial information and in no way binding upon City.
5. As a condition of the terms of this Consent Agreement, Guidehouse shall provide the City with the following:
 - a. revised Certificate of Insurance, as well as all policy endorsements to indicate that Guidehouse has purchased, and is maintaining, all of the required insurance policies and has provided the required endorsements which were included in the terms and conditions of the Original Agreement.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but both of which shall constitute one and the same instrument; and, the Parties agree that signatures on this Agreement, including those transmitted by facsimile, shall be sufficient to bind the Parties.

The Parties to this Consent Agreement hereby acknowledge and accept the terms and conditions stated herein by the following signatures of their duly authorized representatives. The signature of the duly authorized representative of Guidehouse confirms its acceptance of the terms and conditions of the Original Agreement and the assignment of the Original Agreement from Navigant. The Effective Date is the date that the final signatory executes the Agreement. It is the intent of the Parties that this Agreement shall become operative on the Effective Date.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

APPROVED AS TO FORM:

Dated: _____

BRIAN DOYLE
City Attorney

DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

“CITY”

NAVIGANT CONSULTING, INC.
a Delaware Corporation

Dated: 1/20/2021



Chris Luras
Partner
400 South 700 East
Murray, Utah 84103

Telephone: (801) 891-7127
Email: chris.luras@navigant.com

“Assignor”

GUIDEHOUSE, INC.
a Delaware Corporation



Chris Luras
Partner
400 south 700 East
Murray, Utah 84103

Telephone: (801) 891-7127
Email: chris.luras@guidehouse.com

“Assignee”



Agenda Report

21-1223

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on an Agreement with EOA, Inc. for Professional Consulting Services Related to Compliance with Stormwater Runoff and Discharge Regulations

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The City of Santa Clara is required to implement provisions of its Municipal Regional National Pollutant Discharge Elimination System (NPDES) Permit (MRP) that was issued by the San Francisco Regional Water Quality Control Board (RWQCB). The primary purpose of the MRP is to reduce stormwater runoff pollutants from storm drain collection systems from entering creeks and rivers that ultimately flow into San Francisco Bay.

Under the MRP, the City is required to reduce stormwater pollutants from development projects, conduct inspections of business and active construction site stormwater pollution prevention programs, establish inspection and enforcement response plans for illegal discharges, and reduce the amounts of trash, pesticides, mercury, polychlorinated biphenyls (PCBs), and copper reaching waterways. The Department of Public Works has utilized the services of a consultant to assist the City in maintaining compliance with certain MRP requirements.

DISCUSSION

On October 16, 2020, the City of Santa Clara released a Statement of Qualifications (SOQ) request for stormwater professional support services. The SOQ process was closed on October 28, 2020, and the City received qualified Statement of Qualifications from three firms: EOA, Inc., Schaaf & Wheeler Consulting Civil Engineers, and Geosyntec. The SOQs were evaluated based on responsiveness, experience, project approach and fees. Based on these criteria, EOA, Inc. was selected as the most qualified consultant. EOA is the program manager for the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP), which is a regional collaboration formed to comply with state mandated stormwater requirements. As the SCVURPPP program manager, EOA is the most familiar with the City's current stormwater programs and very knowledgeable with compliance requirements of the MRP.

The City has previously contracted with EOA to provide compliance assistance services such as annual report preparation, staff training and on-call technical and regulatory support. EOA has the expertise and experience in conducting commercial/industrial stormwater inspections to ensure compliance with the MRP. Additionally, EOA has the knowledge and experience to identify locations for new full-trash capture devices, conduct on-land visual trash assessment and prepare the required documentation for regulatory agencies.

Approval of this Agreement will enable the City of Santa Clara to maintain compliance with the current MRP provisions.

ENVIRONMENTAL REVIEW

The action being considered is exempt from CEQA review under section 15308 of the CEQA Guidelines in that the City's stormwater program is a regulatory program authorized by state law and the City Code to assure the maintenance, restoration, enhancement, or protection of the environment.

FISCAL IMPACT

Funding for this service is budgeted in the Storm Drain - Non-Point Source program in the FY 2020/21 General Fund Operating Budget. Funding for future years will be incorporated into the budget development process. The initial term of this Agreement will be for five years with one additional two-year option after the initial term. Under this agreement, the maximum compensation to the contractor is \$200,000 for the initial five-year term and \$80,000 for the two-year extension option, subject to future budget appropriations.

COORDINATION

This report was coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Approve and authorize the City Manager to finalize and execute an agreement with EOA, Inc. for professional consulting services related to compliance with stormwater runoff and discharge regulations for \$200,000 over the five-year term, subject to the appropriation of funds; and
2. Authorize the City Manager to make minor modifications to the agreement, including time extensions, as necessary.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Agreement

**AGREEMENT FOR SERVICES
BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
EOA, INC.**

PREAMBLE

This Agreement is entered into between the City of Santa Clara, California, a chartered California municipal corporation (City) and EOA, Inc., a California corporation, (Contractor). City and Contractor may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

RECITALS

- A. City desires to secure the services more fully described in this Agreement, at Exhibit A, entitled "Scope of Services";
- B. Contractor represents that it, and its subcontractors, if any, have the professional qualifications, expertise, necessary licenses and desire to provide certain goods and/or required services of the quality and type which meet objectives and requirements of City; and,
- C. The Parties have specified herein the terms and conditions under which such services will be provided and paid for.

The Parties agree as follows:

AGREEMENT TERMS AND CONDITIONS

1. AGREEMENT DOCUMENTS

The documents forming the entire Agreement between City and Contractor shall consist of these Terms and Conditions and the following Exhibits, which are hereby incorporated into this Agreement by this reference:

Exhibit A – Scope of Services

Exhibit B – Schedule of Fees

Exhibit C – Insurance Requirements

Exhibit D – Sample Service Order Form

Exhibit E - Notice of Exercise of Option to Extend Agreement

This Agreement, including the Exhibits set forth above, contains all the agreements, representations and understandings of the Parties, and supersedes and replaces any previous agreements, representations and understandings, whether oral or written. In the event of any inconsistency between the provisions of any of the Exhibits and the Terms and Conditions, the Terms and Conditions shall govern and control.

2. TERM OF AGREEMENT

- A. **Initial Term.** Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to this Agreement, the term of this Agreement shall begin on February 9, 2021 and terminate on February 9, 2026 (“Initial Term”).
- B. **Option to Extend.** After the Initial Term, the City reserves the right, at its sole discretion, to extend the term of this Agreement for one additional two-year term through February 9, 2028 (“Option Period”). See Exhibit E for Notice of Exercise of Option to Extend Agreement Form.

3. SCOPE OF SERVICES & PERFORMANCE SCHEDULE

- A. Contractor shall provide professional services described in Exhibit A to the City on an as-needed basis and as further described pursuant to individual service orders (“Service Orders”) issued in accordance with the Terms and Conditions of this Agreement. Each Service Order shall describe the services and deliverables (collectively “Work”) the Contractor must provide, the time limit within which the Contractor must complete the Work, and the compensation for the Work.
- B. Each Service Order shall be substantially in the form specified in Exhibit D. Subject to the terms and conditions of this Agreement, Contractor and City will negotiate the specific requirements of each Approved Service Order.
- C. The City will not compensate the Contractor for any Work until the City has executed the Service Order for such Work (“Approved Service Order”).
- D. Each Approved Service Order incorporates the Terms and Conditions of this Agreement, and becomes a part of this Agreement. An Approved Service Order must be consistent with – and cannot alter - the terms and conditions of this Agreement. The terms and conditions of this Agreement control over the terms and conditions contained in an Approved Service Order – even if the Approved Service Order expressly states that it is intended to control. Any conflicting terms and conditions in an Approved Service Order are invalid and unenforceable.

- E. The City has no obligation to issue any Approved Service Orders under this Agreement.

4. WARRANTY

Contractor expressly warrants that all materials and services covered by this Agreement shall be fit for the purpose intended, shall be free from defect and shall conform to the specifications, requirements and instructions upon which this Agreement is based. Contractor agrees to promptly replace or correct any incomplete, inaccurate or defective Services at no further cost to City when defects are due to the negligence, errors or omissions of Contractor. If Contractor fails to promptly correct or replace materials or services, City may make corrections or replace materials or services and charge Contractor for the cost incurred by City.

5. QUALIFICATIONS OF CONTRACTOR - STANDARD OF CARE

Contractor represents and maintains that it has the expertise in the professional calling necessary to perform the Services, and its duties and obligations, expressed and implied, contained herein, and City expressly relies upon Contractor's representations regarding its skills and knowledge. Contractor shall perform such Services and duties in conformance to and consistent with the professional standards of a specialist in the same discipline in the State of California.

6. COMPENSATION AND PAYMENT

City shall pay Contractor in accordance with Exhibit B, entitled "SCHEDULE OF FEES." All work performed or materials provided in excess of the maximum compensation shall be at Contractor's expense. Contractor shall not be entitled to any payment above the maximum compensation under any circumstance.

7. TERMINATION

- A. Termination for Convenience. City shall have the right to terminate this Agreement, without cause or penalty, by giving not less than Thirty (30) days' prior written notice to Contractor.
- B. Termination for Default. If Contractor fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, City may terminate this Agreement immediately upon written notice to Contractor.
- C. Upon termination, each Party shall assist the other in arranging an orderly transfer and close-out of services. As soon as possible following the notice of termination, but no later than ten (10) days after the notice of termination, Contractor will deliver to City all City information or material that Contractor has in its possession.

8. ASSIGNMENT AND SUBCONTRACTING

City and Contractor bind themselves, their successors and assigns to all covenants of this Agreement. This Agreement shall not be assigned or transferred without the prior written approval of City. Contractor shall not hire subcontractors without express written permission from City.

Contractor shall be as fully responsible to City for the acts and omissions of its subcontractors, and of persons either directly or indirectly employed by them, as Contractor is for the acts and omissions of persons directly employed by it.

9. NO THIRD PARTY BENEFICIARY

This Agreement shall not be construed to be an agreement for the benefit of any third party or parties and no third party or parties shall have any claim or right of action under this Agreement for any cause whatsoever.

10. INDEPENDENT CONTRACTOR

Contractor and all person(s) employed by or contracted with Contractor to furnish labor and/or materials under this Agreement are independent contractors and do not act as agent(s) or employee(s) of City. Contractor has full rights to manage its employees in their performance of Services under this Agreement.

11. CONFIDENTIALITY OF MATERIAL

All ideas, memoranda, specifications, plans, manufacturing procedures, data, drawings, descriptions, documents, discussions or other information developed or received by or for Contractor and all other written information submitted to Contractor in connection with the performance of this Agreement shall be held confidential by Contractor and shall not, without the prior written consent of City, be used for any purposes other than the performance of the Services nor be disclosed to an entity not connected with performance of the Services. Nothing furnished to Contractor which is otherwise known to Contractor or becomes generally known to the related industry shall be deemed confidential.

12. OWNERSHIP OF MATERIAL

All material, which shall include, but not be limited to, data, sketches, tracings, drawings, plans, diagrams, quantities, estimates, specifications, proposals, tests, maps, calculations, photographs, reports, designs, technology, programming, works of authorship and other material developed, collected, prepared or caused to be prepared under this Agreement shall be the property of City but Contractor may retain and use copies thereof. City shall not be limited in any way or at any time in its use of said material. However, Contractor shall not be responsible for damages resulting from the use of said material for work other than Project, including, but not limited to, the release of this material to third parties.

13. RIGHT OF CITY TO INSPECT RECORDS OF CONTRACTOR

City, through its authorized employees, representatives or agents shall have the right during the term of this Agreement and for four (4) years from the date of final payment for goods or services provided under this Agreement, to audit the books and records of Contractor for the purpose of verifying any and all charges made by Contractor in connection with Contractor compensation under this Agreement, including termination of Contractor. Contractor agrees to maintain sufficient books and records in accordance with generally accepted accounting principles to establish the correctness of all charges submitted to City. Any expenses not so recorded shall be disallowed by City. Contractor shall bear the cost of the audit if the audit determines that there has been a substantial billing deviation in excess of five (5) percent adverse to the City.

Contractor shall submit to City any and all reports concerning its performance under this Agreement that may be reasonably requested by City in writing. Contractor agrees to assist City in meeting City's reporting requirements to the State and other agencies with respect to Contractor's Services hereunder.

14. HOLD HARMLESS/INDEMNIFICATION

- A. To the extent permitted by law, Contractor agrees to protect, defend, hold harmless and indemnify City, its City Council, commissions, officers, employees, volunteers and agents from and against any claim, injury, liability, loss, cost, and/or expense or damage, including all costs and attorney's fees in providing a defense to any such claim or other action, and whether sounding in law, contract, tort, or equity, in any manner arising from, or alleged to arise in whole or in part from, or in any way connected with the Services performed by Contractor pursuant to this Agreement – including claims of any kind by Contractor's employees or persons contracting with Contractor to perform any portion of the Scope of Services – and shall expressly include passive or active negligence by City connected with the Services. However, the obligation to indemnify shall not apply if such liability is ultimately adjudicated to have arisen through the sole active negligence or sole willful misconduct of City; the obligation to defend is not similarly limited.
- B. To the extent Contractor is obligated to provide health insurance coverage to its employees pursuant to the Affordable Care Act ("Act") and/or any other similar federal or state law, Contractor warrants that it is meeting its obligations under the Act and will fully indemnify and hold harmless City for any penalties, fines, adverse rulings, or tax payments associated with Contractor's responsibilities under the Act.

15. INSURANCE REQUIREMENTS

During the term of this Agreement, and for any time period set forth in Exhibit C, Contractor shall provide and maintain in full force and effect, at no cost to City, insurance policies as set forth in Exhibit C.

16. WAIVER

Contractor agrees that waiver by City of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement. Neither City's review, acceptance nor payments for any of the Services required under this Agreement shall be constructed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

17. NOTICES

All notices to the Parties shall, unless otherwise requested in writing, be sent to City addressed as follows:

City of Santa Clara
Attention: Dept. of Public Works – Rinta Perkins
1700 Walsh Avenue
Santa Clara, CA 95050
and by e-mail at rperkins@santaclaraca.gov, and
manager@santaclaraca.gov

And to Contractor addressed as follows:

EOA, Inc.
Attention: Ray Goebel, Vice President
1410 Jackson Street
Oakland, CA 94612
and by e-mail at rpgoebel@eoainc.com

The workday the e-mail was sent shall control the date notice was deemed given. An e-mail transmitted after 1:00 p.m. on a Friday shall be deemed to have been transmitted on the following business day.

18. COMPLIANCE WITH LAWS

Contractor shall comply with all applicable laws and regulations of the federal, state and local government, including but not limited to "The Code of the City of Santa Clara, California" ("SCCC"). In particular, Contractor's attention is called to the regulations regarding Campaign Contributions (SCCC Chapter 2.130), Lobbying (SCCC Chapter 2.155), Minimum Wage (SCCC Chapter 3.20), Business Tax Certificate (SCCC section 3.40.060), and Food and Beverage Service Worker Retention (SCCC Chapter 9.60), as such Chapters or Sections

may be amended from time to time or renumbered. Additionally Contractor has read and agrees to comply with City's Ethical Standards (<http://santaclaraca.gov/home/showdocument?id=58299>).

19. CONFLICTS OF INTEREST

Contractor certifies that to the best of its knowledge, no City officer, employee or authorized representative has any financial interest in the business of Contractor and that no person associated with Contractor has any interest, direct or indirect, which could conflict with the faithful performance of this Agreement. Contractor is familiar with the provisions of California Government Code section 87100 and following, and certifies that it does not know of any facts which would violate these code provisions. Contractor will advise City if a conflict arises.

20. FAIR EMPLOYMENT

Contractor shall not discriminate against any employee or applicant for employment because of race, sex, color, religion, religious creed, national origin, ancestry, age, gender, marital status, physical disability, mental disability, medical condition, genetic information, sexual orientation, gender expression, gender identity, military and veteran status, or ethnic background, in violation of federal, state or local law.

21. NO USE OF CITY NAME OR EMBLEM

Contractor shall not use City's name, insignia, or emblem, or distribute any information related to services under this Agreement in any magazine, trade paper, newspaper or other medium without express written consent of City.

22. GOVERNING LAW AND VENUE

This Agreement shall be governed and construed in accordance with the statutes and laws of the State of California. The venue of any suit filed by either Party shall be vested in the state courts of the County of Santa Clara, or if appropriate, in the United States District Court, Northern District of California, San Jose, California.

23. SEVERABILITY CLAUSE

In case any one or more of the provisions in this Agreement shall, for any reason, be held invalid, illegal or unenforceable in any respect, it shall not affect the validity of the other provisions, which shall remain in full force and effect.

24. AMENDMENTS

This Agreement may only be modified by a written amendment duly authorized and executed by the Parties to this Agreement.

25. COUNTERPARTS

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

The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

Approved as to Form:

Dated: _____

BRIAN DOYLE
City Attorney

DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

"CITY"

EOA, INC.
a California corporation

Dated: _____

By (Signature): _____

Name: Ray Goebel, P.E.

Title: Vice President

Principal Place of
Business Address: 1410 Jackson St., Oakland, CA 94612

Email Address: rpgoebel@eoainc.com

Telephone: (510) 832-2852 x113

"CONTRACTOR"

EXHIBIT A SCOPE OF SERVICES

1. INTRODUCTION

Consultant shall provide technical and regulatory assistance to the City of Santa Clara (City) in connection with the City's implementation of the Bay Area Municipal Stormwater Regional NPDES Permit (MRP) program requirements issued by the Regional Water Quality Control Board.

2. SCOPE OF SERVICES

Contractor shall provide professional services to the City on an as-needed basis pursuant to individual services orders issued in accordance with the terms and conditions of this Agreement and further described in Section 3 of this Exhibit. Services that Contractor will perform under this Agreement are described generally below.

- 2.1. Assistance with Provision C.3 Implementation.** Consultant shall assist the City with implementing Provision C.3 requirements in the current and reissued MRP. Assistance may include the provision of training to City staff and technical and regulatory services as directed by the City.
- 2.2. Assistance with Provision C.3. Reporting Requirements.** Consultant shall assist the City in reporting information on new and redevelopment projects required by Provision C.3 and preparing the applicable Provision C.3 sections.
- 2.3. Assistance with Provision C.4 Industrial and Commercial Site Inspections.**
 - 2.3.1.** Consultant shall assist the City with conducting business stormwater inspections in a manner that complies with Provision C.4. The City will provide a list of businesses for inspection in order of priority. If inspections need to be scheduled, the City will be responsible for contacting the businesses and scheduling inspections on dates provided by Consultant. If needed, the City will send a letter to the businesses advising them of potential upcoming stormwater inspections, that the inspections will be conducted by a city-approved contractor, and the procedures the inspectors will be taking for controlling the spread of COVID-19.
 - 2.3.2.** During each inspection, Consultant shall observe all outdoor business areas for appropriate Best Management Practices and illicit discharges. If violations are observed, Consultant shall follow the City's enforcement response protocol, making referrals and/or conducting follow-up inspections as needed and as directed by the City.

- 2.4. Assistance with Provision C.10 Trash Management.** Consultant shall provide on-call technical and regulatory services as directed by the City. Services may include, but are not limited to, identification of locations for new full-capture trash devices, delineation of control measures in treatment areas, development of bid packages, or other related activities.
- 2.5. Assistance with Other MRP Provisions.** Consultant shall provide on-call technical and regulatory services related to other MRP provisions as required by the City to meet MRP program requirements. Services may include but are not limited to technical assistance with PCBs, mercury and other pollutants of concern as assigned in the MRP and assistance with ordinance development.

3. SERVICE ORDERS

Each Approved Service Order shall be substantially in the form specified in Exhibit D.

3.1. Preparation

- 3.1.1.** The City will request Contractor to prepare a written service order proposal. The City will either request the Contractor to include a draft scope of services in its proposal, or provide the Contractor with a draft scope of services upon which the Contractor must base its proposal.
- 3.1.2.** As part of the City's request for the Contractor to prepare a service order proposal, the City may require the Contractor to meet to discuss the scope of the services, the schedule of performance, and any other relevant details.
- 3.1.3.** Contractor will prepare a written service order proposal in accordance with the City's request. Contractor will provide the proposal in both paper and electronic form.

3.2. Numbering

- 3.2.1.** Approved Service Orders shall be attached to this Agreement as consecutive exhibits beginning with Approved Service Order 1.

3.3. Compensation

- 3.3.1.** Each Approved Service Order shall set forth the maximum compensation to complete the services. Contractor shall not perform any additional services that will exceed the maximum compensation for the Approved Service Order without further authorization by the City.
- 3.3.2.** Each Approved Service Order shall set forth the basis of compensation (fixed fee, time and materials, etc.). Payment schedules must be identified and tied to successful completion of designated deliverables/milestones.

EXHIBIT B

SCHEDULE OF FEES

1. SERVICE ORDERS MAXIMUM COMPENSATION

The maximum total, aggregate compensation the City will pay Contractor for all professional services for all Approved Service Orders issued under this Agreement shall not exceed Two Hundred Thousand Dollars (\$200,000) during the Initial Term, subject to the annual appropriation of funds. Any additional services requested by the City that would exceed the preceding maximum amount will be addressed in an Amendment to the Agreement.

2. SCHEDULE OF RATES

The following table sets forth the schedule of the Contractor's rates that applies to any services provided in an Approved Service Order:

Staff Classification	Hourly Rates
Principal	\$287
Managing Engineer/Scientist III	\$279
Managing Engineer/Scientist II	\$264
Managing Engineer/Scientist I	\$252
Senior Engineer/Scientist III	\$232
Senior Engineer/Scientist II	\$212
Senior Engineer/Scientist I	\$194
Associate Engineer/Scientist III	\$184
Associate Engineer/Scientist II	\$175
Associate Engineer/Scientist I	\$149
Associate Engineer/Scientist	\$134
Technician	\$117
Clerical	\$82

The City reserves the right to request a fixed price basis of compensation in lieu of time and materials.

The rates set forth above shall remain fixed for five (5) years through February 9, 2026. Thereafter, Contractor will notify City of any changes to the rates for any Option Period at least forty-five (45) days prior to the start of the option term. .

3. REIMBURSABLE EXPENSES

Any reimbursement to the Consultant is limited to the expenses set forth below in the Reimbursable Expense Schedule. The City will reimburse these expenses at actual cost only unless a markup is specified.

Reimbursable Expense Schedule		Mark Up
1.	The cost of mailing, shipping and/or delivery of any documents or materials.	No Markup
2.	The cost of photographing, printing, reproducing and/or copying any documents or materials.	No Markup
3.	Telephone and facsimile transmission charges.	No Markup
4.	The rental of any specialized equipment to the extent the City has preapproved, in writing, the cost of such rental.	As specified, not to exceed 10%
5.	All actual, documented and reasonable travel expenses that have been approved in advance in writing by City; provided, that such expenses conform to City's standard travel reimbursement policy, a copy of which has been provided to Consultant.	No Markup
6.	Other reimbursable expenses with prior written approval from the City.	As specified, not to exceed 10%

4. INVOICING

- 4.1.** Contractor shall render invoices in accordance with the fees, payment schedule, and other terms and conditions specified in the applicable Approved Service Order.
- 4.2.** City will pay Contractor within thirty (30) days of City's receipt of an approved invoice.

EXHIBIT C

INSURANCE REQUIREMENTS

Without limiting the Contractor's indemnification of the City, and prior to commencing any of the Services required under this Agreement, the Contractor shall provide and maintain in full force and effect during the period of performance of the Agreement and for twenty-four (24) months following acceptance by the City, at its sole cost and expense, the following insurance policies from insurance companies authorized to do business in the State of California. These policies shall be primary insurance as to the City of Santa Clara so that any other coverage held by the City shall not contribute to any loss under Contractor's insurance. The minimum coverages, provisions and endorsements are as follows:

A. COMMERCIAL GENERAL LIABILITY INSURANCE

1. Commercial General Liability Insurance policy which provides coverage at least as broad as Insurance Services Office form CG 00 01. Policy limits are subject to review, but shall in no event be less than, the following:
 - \$1,000,000 Each Occurrence
 - \$2,000,000 General Aggregate
 - \$2,000,000 Products/Completed Operations Aggregate
 - \$1,000,000 Personal Injury
2. Exact structure and layering of the coverage shall be left to the discretion of Contractor; however, any excess or umbrella policies used to meet the required limits shall be at least as broad as the underlying coverage and shall otherwise follow form.
3. The following provisions shall apply to the Commercial Liability policy as well as any umbrella policy maintained by the Contractor to comply with the insurance requirements of this Agreement:
 - a. Coverage shall be on a "pay on behalf" basis with defense costs payable in addition to policy limits;
 - b. There shall be no cross liability exclusion which precludes coverage for claims or suits by one insured against another; and
 - c. Coverage shall apply separately to each insured against whom a claim is made or a suit is brought, except with respect to the limits of liability.

B. BUSINESS AUTOMOBILE LIABILITY INSURANCE

Business automobile liability insurance policy which provides coverage at least as broad as ISO form CA 00 01 with policy limits a minimum limit of not less than one million dollars (\$1,000,000) each accident using, or providing coverage at

least as broad as, Insurance Services Office form CA 00 01. Liability coverage shall apply to all owned (if any), non-owned and hired autos.

In the event that the Work being performed under this Agreement involves transporting of hazardous or regulated substances, hazardous or regulated wastes and/or hazardous or regulated materials, Contractor and/or its subcontractors involved in such activities shall provide coverage with a limit of one million dollars (\$1,000,000) per accident covering transportation of such materials by the addition to the Business Auto Coverage Policy of Environmental Impairment Endorsement MCS90 or Insurance Services Office endorsement form CA 99 48, which amends the pollution exclusion in the standard Business Automobile Policy to cover pollutants that are in or upon, being transported or towed by, being loaded onto, or being unloaded from a covered auto.

C. WORKERS' COMPENSATION

1. Workers' Compensation Insurance Policy as required by statute and employer's liability with limits of at least one million dollars (\$1,000,000) policy limit Bodily Injury by disease, one million dollars (\$1,000,000) each accident/Bodily Injury and one million dollars (\$1,000,000) each employee Bodily Injury by disease.
2. The indemnification and hold harmless obligations of Contractor included in this Agreement shall not be limited in any way by any limitation on the amount or type of damage, compensation or benefit payable by or for Contractor or any subcontractor under any Workers' Compensation Act(s), Disability Benefits Act(s) or other employee benefits act(s).
3. This policy must include a Waiver of Subrogation in favor of the City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents.

D. PROFESSIONAL LIABILITY

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against negligent acts, errors or omissions of the Contractor. Covered services as designated in the policy must specifically include work performed under this agreement. Coverage shall be in an amount of not less than one million dollars (\$1,000,000) per claim or two million dollars (\$2,000,000) aggregate. Any coverage containing a deductible or self-retention must first be approved in writing by the City Attorney's Office.

E. COMPLIANCE WITH REQUIREMENTS

All of the following clauses and/or endorsements, or similar provisions, must be part of each commercial general liability policy, and each umbrella or excess policy.

1. Additional Insureds. City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents are hereby added as additional insureds in respect to liability arising out of Contractor's work for City, using Insurance Services Office (ISO) Endorsement CG 20 10 11 85, or the combination of CG 20 10 03 97 and CG 20 37 10 01, or its equivalent.
2. Primary and non-contributing. Each insurance policy provided by Contractor shall contain language or be endorsed to contain wording making it primary insurance as respects to, and not requiring contribution from, any other insurance which the indemnities may possess, including any self-insurance or self-insured retention they may have. Any other insurance indemnities may possess shall be considered excess insurance only and shall not be called upon to contribute with Contractor's insurance.
3. Cancellation.
 - a. Each insurance policy shall contain language or be endorsed to reflect that no cancellation or modification of the coverage provided due to non-payment of premiums shall be effective until written notice has been given to City at least ten (10) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice shall be given at least ten (10) days prior to the effective date of non-renewal.
 - b. Each insurance policy shall contain language or be endorsed to reflect that no cancellation or modification of the coverage provided for any cause save and except non-payment of premiums shall be effective until written notice has been given to City at least thirty (30) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice shall be given at least thirty (30) days prior to the effective date of non-renewal.
4. Other Endorsements. Other endorsements may be required for policies other than the commercial general liability policy if specified in the description of required insurance set forth in Sections A through E of this Exhibit C, above.

F. ADDITIONAL INSURANCE RELATED PROVISIONS

Contractor and City agree as follows:

1. Contractor agrees to ensure that subcontractors, and any other party involved with the Services, who is brought onto or involved in the performance of the Services by Contractor, provide the same minimum insurance coverage required of Contractor, except as with respect to limits. Contractor agrees to monitor and review all such coverage and

assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this Agreement. Contractor agrees that upon request by City, all agreements with, and insurance compliance documents provided by, such subcontractors and others engaged in the project will be submitted to City for review.

2. Contractor agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City or Contractor for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.
3. The City reserves the right to withhold payments from the Contractor in the event of material noncompliance with the insurance requirements set forth in this Agreement.

G. EVIDENCE OF COVERAGE

Prior to commencement of any Services under this Agreement, Contractor, and each and every subcontractor (of every tier) shall, at its sole cost and expense, provide and maintain not less than the minimum insurance coverage with the endorsements and deductibles indicated in this Agreement. Such insurance coverage shall be maintained with insurers, and under forms of policies, satisfactory to City and as described in this Agreement. Contractor shall file with the City all certificates and endorsements for the required insurance policies for City's approval as to adequacy of the insurance protection.

H. EVIDENCE OF COMPLIANCE

Contractor or its insurance broker shall provide the required proof of insurance compliance, consisting of Insurance Services Office (ISO) endorsement forms or their equivalent and the ACORD form 25-S certificate of insurance (or its equivalent), evidencing all required coverage shall be delivered to City, or its representative as set forth below, at or prior to execution of this Agreement. Upon City's request, Contractor shall submit to City copies of the actual insurance policies or renewals or replacements. Unless otherwise required by the terms of this Agreement, all certificates, endorsements, coverage verifications and other items required to be delivered to City pursuant to this Agreement shall be mailed to:

EBIX Inc.

City of Santa Clara - Dept. of Public Works

P.O. Box 100085 – S2

or

1 Ebix Way

Duluth, GA 30096

John's Creek, GA 30097

Telephone number: 951-766-2280

Fax number: 770-325-0409
Email address: ctsantaclara@ebix.com

I. QUALIFYING INSURERS

All of the insurance companies providing insurance for Contractor shall have, and provide written proof of, an A. M. Best rating of at least A minus 6 (A- VI) or shall be an insurance company of equal financial stability that is approved by the City or its insurance compliance representatives.

EXHIBIT D SAMPLE SERVICE ORDER FORM

This Service Order is issued by the City of Santa Clara to the contractor listed below. This Service Order shall constitute a binding legal contract between the City and Contractor pursuant to the terms of the Agreement referenced below. In the event of any inconsistency between this Service Order and the Terms and Conditions of the Agreement, the Terms and Conditions of the Agreement shall govern and control.

PART A: GENERAL INFORMATION

Service Order No.:		<input type="checkbox"/> Original <input type="checkbox"/> First Revised <input type="checkbox"/> Second Revised <input type="checkbox"/> Other _____
Contract No.		
Contractor Name/Address:		
Master Agreement Name:		
Expiration Date of Agreement:		
Contractor's Project Manager:	Name:	Email:
City's Project Manager	Name:	Email:
Period of Performance for this Service Order:	Start Date:	Expected Completion Date:
Maximum Service Order Compensation:		
Sufficient funds are available in Fund #: (to be completed by City)		
Signatures: <div style="display: flex; justify-content: space-between;"> <div>Contractor Name [Print]:</div> <div>Date:</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: center; margin-top: 5px;"> <i>Signature</i> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>City's Project Manager [Print]:</div> <div>Date:</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: center; margin-top: 5px;"> <i>Signature</i> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>City's Department Director Name [Print]:</div> <div>Date:</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: center; margin-top: 5px;"> <i>Signature</i> </div>		

PART B: SERVICES TO BE PERFORMED FOR SERVICE ORDER

1. REVISED SERVICE ORDER

- ☐ No
☐ If yes, provide a brief description of the change(s).

2. SCOPE OF WORK TO BE PERFORMED

The Contractor shall perform the service(s) described below in accordance with all of the Terms and Conditions of the Agreement. (Insert a detailed scope of work below or attach as a separate file.)

3. COMPENSATION

a. Basis of Compensation: ☐ Time & Materials ☐ Fixed Fee

b. Reimbursable Expenses:

- ☐ No expenses are reimbursable.
☐ Expenses are separately reimbursable in the maximum amount of: _____

c. Payment Schedule: ☐ Monthly ☐ Completion of Deliverable/Milestone ☐ Completion of Work

d. Payment Terms. Provide payment terms below or attach as a separate file.

EXHIBIT E
NOTICE OF EXERCISE OF OPTION TO EXTEND AGREEMENT

AGREEMENT TITLE:	
CONTRACTOR:	
DATE:	

Pursuant to Section ___ of the Agreement referenced above, the City of Santa Clara hereby exercises its option to extend the term under the following provisions:

OPTION NO.	# of #
-------------------	---------------

NEW OPTION TERM

Begin date:	
End date:	

☐ **CHANGES IN RATE OF COMPENSATION**

Percentage change in CPI upon which adjustment is based:	
--	--

Pursuant to Section ___ of the Agreement the rates of compensation are hereby adjusted as follows:
(use attachment if necessary)

MAXIMUM COMPENSATION for New Option Term:	
--	--

For the option term exercised by this Notice, City shall pay Contractor an amount not to exceed the amount set forth above for Contractor's services and reimbursable expenses, if any. The undersigned signing on behalf of the City of Santa Clara hereby certifies that an unexpended appropriation is available for the term exercised by this Notice, and that funds are available as of the date of this signature.

Dated: _____

Approved as to Form: _____

BRIAN DOYLE
City Attorney

DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771



Agenda Report

21-1317

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on the FY 2020/21 California Library Literacy Services Grant Award and Related Budget Amendment

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

The California State Library, California Library Literacy Services (CLLS), provides an annually funded grant for ongoing operations of public library adult and family literacy programs. The Library Department's Read Santa Clara program qualifies for this grant.

DISCUSSION

For Fiscal Year 2020-2021, Read Santa Clara qualified for a total award of \$78,924, with \$48,924 for adult literacy and \$30,000 for family literacy programs.

The grant is to help cover the operating expenses for the Library Department's Adult Literacy and Family Literacy Programs and will be paid in two installments. The first installment is for 90% of the total award, which includes \$44,032 for adult literacy and \$27,000 for family literacy. The remaining 10% will be awarded after completion of a mid-year or final grant report and expenditure of 75% of grant funds by the end of the fiscal year.

The grant has a three-part funding formula:

1. A baseline amount of \$20,000 for each approved literacy program;
2. A per capita amount for each adult learner served based on the most recent Final Grant Report; and
3. Local funding for Read Santa Clara, which is a combination of
 - a. Donations and grants raised by the Santa Clara City Library Foundation and Friends, and
 - b. Staff salary and expenditures for books and materials covered by the City's General Fund.

A copy of the California State Library award letter, dated August 26, 2020, is attached to this report (Attachment 1).

Staff recommends the City Council accept the total CLLS grant award of \$78,924 to support Read Santa Clara's Adult and Family Literacy programs. The Board of Library Trustees approved the staff recommendation at its December 7, 2020 meeting (Attachment 2).

The grant funds will be used to fund as-needed positions of Family Literacy Coordinator, Adult

Literacy Technology Assistant, Family Literacy Technology Assistant, Tutor Trainer (on contract) for training adult literacy tutors and instructional resources, including books, workbooks and devices, for the adult and family literacy programs. The family literacy services will be offered for adult learners and their families online, during the pandemic and at the Library and outreach sites, when it is safe to resume in-person programs.

The CLLS grant requires that the grant funds are deposited in the City's accounting system by June 30, 2021 and expended by December 31, 2021. Staff will monitor and evaluate any unexpended funds against budget and expenses to ensure requirements are met.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

Acceptance of the \$78,924 total CLLS grant award and appropriation of these grant funds will help with operational costs of the adult and family literacy programming for the Read Santa Clara program. There are no matching fund requirements. The FY 2020/21 Adopted Operating Budget includes \$40,000 in estimated revenue of California Library Literacy Services Grant for the Adult and Family Literacy Program in the Library Operating Grant Fund. Staff recommends an increase in the estimated revenue by \$38,924 (from \$40,000 to \$78,924) and appropriation of these funds to the Adult Literacy Program.

Following is the budget amendment that is recommended to be brought forward for City Council approval.

Budget Amendment FY 2020/21

	Current	Increase/ (Decrease)	Revised
Fund 112 - Library Operating Grant Trust Fund			
<u>Revenues</u>			
California Library Literacy Services Grant	\$40,000	\$38,924	\$78,924
<u>Expenditures</u>			
FY 2020/21 Adult Literacy Program	\$40,000	\$38,924	\$78,924

COORDINATION

This report has been coordinated with the Finance Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Accept the California Library Literacy Services grant award of \$78,924 for Read Santa Clara; and
2. Approve the related FY 2020/21 budget amendment in the Library Operating Grant Trust Fund to recognize grant revenue in the amount of \$38,924 and increase the FY 2020/21 Adult Literacy Program appropriation by \$38,924 (**five affirmative Council votes required for revenue actions only Pursuant to Santa Clara Charter Section 1305 Budget - Appropriations**)

Reviewed by: Cynthia Bojorquez, Acting City Librarian

Reviewed by: Kenn Lee, Finance Director

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. California State Library's grant award letter dated August 26, 2020
2. Report to Board of Library Trustees dated December 7, 2020



August 26, 2020

Hilary Keith, City Librarian
Santa Clara City Library
2635 Homestead Road
Santa Clara, CA 95051

hkeith@santaclaraca.gov

Dear Ms. Keith:

We're pleased to provide funds to support your California Library Literacy Services program and the important work that you and your staff and volunteers do in your community.

The state budget continues California Library Literacy Services funding at \$4.82 million for adult literacy services and \$2.5 million for family literacy services.

Your total award for the fiscal year that began July 1, 2020, is:

- Adult Literacy Services: \$48,924
- Family Literacy Services: \$30,000
- Total Award: \$78,924

Your award will be claimed in two stages. The attached claim form will allow you to request the first 90% of your Adult Literacy and Family Literacy Award:

- 90% of the Adult Literacy Award - \$44,032
- 90% of the Family Literacy Award - \$27,000
- Total Initial Award Amount - \$71,032

Note: Information about claiming the remainder of your award is included in the payment schedule at the back of your award packet.

There are three parts to the funding formula for California Library Literacy Services' adult literacy services program:

- A baseline amount (\$20,000) for each approved library literacy program;
- A per capita amount per adult learner served in your program as reported in the most recent Final Report on file from your library; and
- Additional funding based on local funds raised and expended for adult literacy services—reflecting a commitment to state/local partnerships in support of literacy services.

Your funds must be encumbered by June 30, 2021, and fully expended, in accordance with your approved budget on file with the State Library, by December 31, 2021. Encumbered funds are those that have been deposited in the awardee's accounting system and for which a budget has been provided to and approved by the State Library.

Please be sure your program expenditures are consistent with the California Library Literacy Services allowable and unallowable costs guide. If you have any questions about expending your funds please reach out to the library.

We strongly encourage your program staff to develop and maintain community partners to strengthen your program as well as attend regular regional library literacy network meetings and participate in library literacy training opportunities offered by the State Library and the regional networks.

The payment process begins when we receive your signed claim and certification forms (attached). Both forms must be completed, signed with original signatures, and mailed to the State Library's Fiscal Office in order to be processed for payment.

Best wishes for a successful year. Our library literacy staff is available to assist you throughout the year.

Your grant monitor is Natalie Cole: natalie.cole@library.ca.gov and your literacy grant coordinator is Annly Roman: annly.roman@library.ca.gov. For application and reporting questions please contact Annly and for programmatic questions please contact Natalie.

Thank you for your willingness to do so much for so many people in need.

Respectfully yours,

A handwritten signature in cursive script that reads "Greg Lucas".

Greg Lucas
California State Librarian

Cc: Natalie Cole, natalie.cole@library.ca.gov
Annly Roman, annly.roman@library.ca.gov
Nicole Bravin, nicole.bravin@library.ca.gov
Shanti Bhaskaran, sbhaskaran@santaclaraca.gov

Enc: Claim form, certification form, and payment scheduled/reporting information

PLEASE COMPLETE AND RETURN THIS PAGE**Claim Form****State of California
California Library Literacy and English Acquisition Services (CLLS)****California Education Code; Section 18880-18883
Budget Citation Chapter 23 – Budget Item 6120-213-0001**

Fiscal Year: 2020-2021		
Reporting Structure: 61202000	COA: 5432000;	Approp. Ref: 213
Purchasing Authority Number: CSL-6120	Category: 84121600	Program #: 5312

FOR PAYMENT OF CALIFORNIA LIBRARY LITERACY SERVICES GRANT**Amount Claimed –\$71,032**

\$44,032 for ALS (90% of award) and \$27,000 for FLS (90% of award)

Santa Clara City Library

claims the indicated allowance for the purposes of carrying out the functions stated in its CLLS application and in Sections 18880-18883 of the California Education Code.

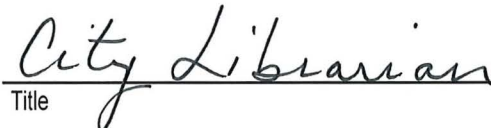
*Warrant to be issued for payment to the library to be addressed to:***Santa Clara Public Library, 2635 Homestead Rd, Santa Clara, CA 95051-5322**

(Authorized agency to receive, disburse and account for CLLS funds)

I hereby certify under penalty of perjury: that the library named above shall use their allowance solely for the purposes indicated in their CLLS application and in Sections 18880-18883 of the California Education Code.



Official Representative or Fiscal Agent (Signature Required)



Title
EMAIL A COPY OF YOUR EXECUTED
CLAIM AND CERTIFICATION TO:Nicole.Bravin@library.ca.gov**Email Subject:**Claim and Certification – CLLS Grant -
Library invoice number**AND**MAIL ONE ORIGINAL SIGNATURE TO:**California State Library****Fiscal Office – CLLS****P. O. Box 942837****Sacramento, CA 94237-0001***State Library Local Assistance Office Use Only*

STATE OF CALIFORNIA, State Library Fiscal Office

By _____
State Library Representative*Approval by State:*

CLLS \$ _____

Date: _____

PLEASE COMPLETE AND RETURN THIS PAGE

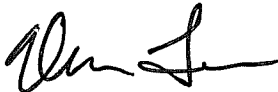
CERTIFICATION

I hereby certify under penalty of perjury; that I am the duly authorized representative of the claimant herein; that the claim is in all respects true, correct and in accordance with law and the terms of the agreement; and that payment has not previously been received for the amount claimed herein.

The claims the indicated allowance for the purposes of carrying out the functions stated in its CLLS application and in Sections 18880-18883 of the California Education Code.

Santa Clara Public Library, 2635 Homestead Rd, Santa Clara, CA 95051-5322

SIGNED



Signature - Authorized representative

DATE

9/10/20

KENN LEE, DIRECTOR OF FINANCE

Typed/Printed Name and Title of Authorized Representative

klee@santacclaraca.gov

Email address of authorized representative

MAIL ONE ORIGINAL SIGNATURE TO:
**California State Library
Fiscal Office – CLLS
P. O. Box 942837
Sacramento, CA 94237-0001**

CALIFORNIA LIBRARY LITERACY SERVICES DOCUMENTATION
Budget Item 6120-213-0001

Project Information:

Invoice #: 20-7212-1

Project Title: California Library Literacy Services

Grantee: Santa Clara City Library

Funding Start Date: upon execution

Term completion: December 31, 2021

Total Adult Literacy Services Funded Amount: \$48,924

Total Family Literacy Services Funded Amount: \$30,000

Total Award: \$78,924

Payment schedule:

Libraries may request 90% of their total CLLS award upon receipt of the award letter.

Libraries may request the final 10% of their award upon the completion of the following items:

1. submission of the mid-year financial report
2. submission of a mid-year narrative report that demonstrates project activity
3. confirmation that 75% of the award has been expended

Libraries that have not expended 75% of the total CLLS award (ALS and FLS funds) by the end of the fiscal year may request the final 10% of their award upon completion of the Final Report and an approved expenditure plan through December 31.

Libraries that expend the first 90% of their total project CLLS funds (ALS and FLS funds), can demonstrate project activity, and need the final 10% of their award before the mid-year reports are due may apply to CLLS staff to receive those funds.

Note:

Libraries have 18 months to spend their CLLS funds, from the start of the fiscal year in which the funds are awarded until December 31 of the following fiscal year.

	Adult Literacy Services	Family Literacy Services	Total Allocation
Initial Payment	\$44,032	\$27,000	\$71,032
Final Payment	\$4,892	\$3,000	\$7,892
Total:	\$48,924	\$30,000	\$78,924

Reporting

Libraries will be required to submit mid-year financial and program narrative reports as well as a final report. Reminder emails will be sent out beginning six weeks before each required report.

All required reporting materials will be located on the California State Library's website. The reporting schedule is detailed below.

Note:

A budget modification form will be required for all budget changes regardless of amount. Modification form may be submitted throughout the year but no later than May 31st.

Mid-year financial and Narrative report	Due January 29, 2021
Final Report	Due August 31, 2021

Approved Budget:

Below is the state fund award budget the California State Library has on file for the 2020-2021 fiscal year based on your approved application.

Note:

Your actual award for Adult Literacy Services may be slightly adjusted from the original proposed award amount due to a small re-calculation right before funds were awarded. If this is the case, the State Library will contact you later in the fiscal year to complete a Budget Modification form.

Category	Adult Literacy Services	Family Literacy Services
Salaries and Benefits	\$28,370	\$24,500
Contract Staff	\$3,500	\$0
Operations	\$12,126	\$5,000
Literacy Materials	\$0	\$0
Small Equipment	\$2,000	\$0
Equipment	\$0	\$0
Indirect Costs	\$1,000	\$500

City of Santa Clara Grant Information Form

Complete this form for each grant awarded. See instructions on the following page.

1. City Department: Library Division: Read Santa Clara (Adult Services Division)
Date Prepared: 9/4/2020
2. Grant Coordinator: Shanti Bhaskaran Extension#: 2957
3. a. Grant Name: California Library Literacy Services b. Grant Code: ADU21
4. Which Agency is the Grant From (City, County, State, etc.): California State Library
5. Total Grant Amount/Award: \$71,032 (Base amount); 2nd installment \$7,892 (to be received after 90% of the grant is spent down).
6. What will this grant be used for? The grant will be used for operating expenses for Read Santa Clara's adult literacy and families for literacy programs.
7. Fiscal year of the Grant: 2020-21
8. Term of Grant: Start: July 1, 2020 End: December 31, 2021
Extended/renewed through: _____
9. Original Source of Grant Funds: Federal _____ State X County _____ Other _____
 - a. Please explain Other: _____
 - b. If Federal, provide the Award Number: _____
Federal Catalog (CFDA) Number: _____ US Department name: _____
 - c. If not Federal, provide a reference Number, if applicable: _____
10. Method of Funding: Advance X Reimbursement _____ Other _____
11. If City Match required: Amount from Agency: \$ _____
City Matching Funds: \$ _____.
Account String of City Matching Funds: _____
12. Account Number(s) that will be used for the Grant:
112-1263-55580/87020/87030/87500/87870(G)ADU21
13. Is the grant **required** to be in addition to (supplement) the adopted budget? _____ Yes X No
14. Does the grant include a non-cash award (property transfer)? _____ Yes X No
If yes, explain: _____

15. Will the grant be passed on to another agency/organization, a.k.a. sub-recipient? _____ Yes X No
If yes, is a sub-recipient agreement required? _____ Yes _____ No
If yes, is there a sub-recipient agreement? _____ Yes _____ No
How will the sub-recipient be monitored? _____

16. Are unspent grant funds required to earn interest? _____ Yes X No
17. Does the granting agency require a copy of the Single Audit Report? _____ Yes X No

City of Santa Clara Grant Information Form

General Instructions

The form to complete and these instructions are available on the S Drive at:
S:\Finance\Grant Accounting\GrantInformationForm rev June 2009 doc.

The purpose of the grant information form is to assist departments in meeting the grant compliance requirements, including appropriate accounting and reporting, and to assist the Finance department in coordinating the annual external audit of grants under the federal Single Audit Act.

This form should be completed for each new grant awarded and for each extension/renewal of an existing grant. Either email the completed form to DL SHR Accounting Distribution Request Group or fax it to Accounting at 408-243-8687.

Accounting staff will contact the Grant Coordinator to determine if a meeting should be scheduled. The meeting would include discussion of the appropriate account coding for the grant based on a review of the grant compliance requirements and the City's responsibilities under the grant agreement. After the meeting, the Grant Coordinator will be able to work with the Agenda Report Coordinator to prepare the grant acceptance and appropriation Agenda Report.

If you would like Finance staff to review the Agenda Report, email a draft to DL SHR Accounting Distribution Request Group.

When you forward the final Agenda Report to Finance for certification, please include a copy of the Grant Information Form with the Agenda Report (the form will be retained or returned but not included with the final Agenda Report).

Please send the following documents to Accounting: Grant application and any agreement (if lengthy, send summary, cover letter and selected pages with key information such as the CFDA); City agenda reports; Grant award letter and any amendments; Reimbursement requests; Any related reports or agreements.

Selected Line Instructions

Line 2: The Grant Coordinator is the staff person who was assigned by their Department to be in charge of the grant. This form would normally be filled out by the Grant Coordinator.

Line 3b: If a PeopleSoft grant chartfield value has already been assigned by Accounting, enter it here. Otherwise, this will be filled in later when the code is assigned.

Line 4: Granting Agency is where the City got the money. For instance, the City gets money from the County that they got from the State OES which got the money from Homeland Security, a Federal Agency.

Line 9: The type of grant is based on the originating agency. For instance, a FEMA grant is Federal even though the City may get the funds from the State OES.

Line 11: Account string where the appropriation is that will be used to pay the cost of the matching funds.

Line 12: PeopleSoft chartfield combination (account string) that will be used to deposit money and/or charge expenditures. If those numbers haven't been assigned, indicate at least the fund and department or project that is involved. Also indicate what follow up is needed to get that assignment (does a grant code need to be created, do payroll combo codes need to be created, etc.).

Line 15: If the City is working with another agency or a non-profit who is receiving part of the grant funding from the City to implement the program funded by the grant, that other agency or non-profit is a sub-recipient. If so, the City may need a sub-recipient agreement with them to comply with the audit requirements.



Agenda Report

20-1177

Agenda Date: 12/7/2020

REPORT TO BOARD OF LIBRARY TRUSTEES

SUBJECT

Action to Recommend to Council the FY 2020/21 California Library Literacy Services Grant Award and Related Budget Amendment

BACKGROUND

The California State Library, California Library Literacy Services (CLLS) provides an annually funded grant for ongoing operations of public library adult and family literacy programs. The Library Department's Read Santa Clara program qualifies for this grant.

DISCUSSION

For fiscal year 2020-2021, Read Santa Clara qualified for a total award of \$78,924, with \$48,924 for adult literacy and \$30,000 for family literacy programs.

The grant is to help cover the operating expenses for the Library Department's Adult Literacy and Family Literacy Programs and will be paid in two installments. The first installment is for 90% of the total award, which includes \$44,032 for adult literacy and \$27,000 for family literacy. The remaining 10% will be awarded after completion of a mid-year or final grant report and expenditure of 75% of grant funds by the end of the fiscal year. The grant has a three-part funding formula: 1. A baseline amount of \$20,000 for each approved literacy program; 2. A per capita amount for each adult learner served based on the most recent Final Grant Report; and 3. Local funding for Read Santa Clara, which is a combination of 1) donations and grants raised by the Santa Clara City Library Foundation and Friends and 2) staff salary and expenditures for books and materials covered by the City's General Fund. A copy of the California State Library award letter, dated August 26, 2020 is attached to this report (Attachment 1)

Staff recommends acceptance of the total CLLS grant award of \$78,924 to support Read Santa Clara's Adult and Family Literacy programs. The grant funds will be used for as-needed positions of Family Literacy Coordinator, an Adult Literacy Technology Assistant, a Family Literacy Technology Assistant, a Tutor Trainer (on contract) for training adult literacy tutors and instructional resources, including books, workbooks and devices, for the adult and family literacy programs. The family literacy services will be offered for adult learners and their families online, during the pandemic and at the library and outreach sites, when it is safe to resume in-person programs.

The CLLS grants require that the grant awards are deposited in the City's accounting system and expended by December 31, 2021. Staff will monitor and evaluate any unexpended funds against budget and expenses to ensure requirements are met.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California

Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

Acceptance of the \$78,924 total CLLS grant award and appropriation of these grant funds will help with operational costs of the adult and family literacy programming for the Read Santa Clara program. There are no matching fund requirements. The FY 2020/21 Adopted Operating Budget includes \$40,000 in estimated revenue of California Library Literacy Services Grant for the Adult and Family Literacy Program in the Library Operating Grant Fund. Staff recommends an increase in the estimated revenue by \$38,924 (from \$40,000 to \$78,924) and appropriation of these funds to the Adult Literacy Program.

Following is the budget amendment that is recommended to be brought forward for City Council approval.

Budget Amendment FY 2020/21

	Current	Increase/ (Decrease)	Revised
Fund 112 - Library Operating Grant Trust Fund			
<u>Revenues</u>			
California Library Literacy Services Grant	\$40,000	\$38,924	\$78,924
<u>Expenditures</u>			
FY 2020/21 Adult Literacy Program	\$40,000	\$38,924	\$78,924

COORDINATION

This report has been coordinated with the Finance Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Recommend to City Council to accept the total California Library Literacy Services grant award of \$78,924 for Read Santa Clara and approve a FY 2020/21 budget amendment in the Library Operating Grant Trust Fund to recognize grant revenue in the amount of \$38,924 and increase the FY 2020/21 Adult Literacy Program appropriation by \$38,924.

Approved by: Cynthia Bojorquez, Assistant City Manager/Acting City Librarian

ATTACHMENTS

1. California State Library's grant award letter dated August 26, 2020



Agenda Report

21-1218

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Final Map Tract 10524 at 1900 Warburton Avenue

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

On July 10, 2018, the City Council approved the Residential Condominium project (Project) located at 1900 Warburton Avenue to allow the construction of 12 condominium units on a 0.55 acre site (Agenda Item 5). A Final Map for Tract 10524 is required to be filed by the applicant as part of the Project.

DISCUSSION

The Final Map has been reviewed by staff and meets the Project's Tentative Condominium Map requirements. The Conditions, Covenants, and Restrictions (CC&R's) have been reviewed and approved by the Community Development Department and the City Attorney's Office.

ENVIRONMENTAL REVIEW

The Mitigated Negative Declaration for the Project was approved by Council on July 10, 2018.

FISCAL IMPACT

There is no additional cost to the City other than staff time.

COORDINATION

This report has been coordinated with the Community Development Department and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov.

RECOMMENDATION

1. Approve Final Map for Tract 10524;
2. Authorize the City Manager to make minor modifications, if necessary, prior to recordation; and,
3. Authorize the recordation of Final Map Tract 10524, located at 1900 Warburton Avenue [APN 224-20-027 (2020-21)].

Reviewed by: Craig Mobeck, Director of Public Works
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. 1900 Warburton Final Map for Tract 10524

OWNER'S STATEMENT

WE HEREBY STATE THAT WE ARE THE OWNERS OF OR HAVE SOME RIGHT, TITLE, OR INTEREST IN AND TO THE REAL PROPERTY INCLUDED WITHIN THE SUBDIVISION SHOWN UPON THIS MAP; THAT WE ARE THE ONLY PERSONS WHOSE CONSENT IS NECESSARY TO PASS A CLEAR TITLE TO SAID PROPERTY; THAT WE HEREBY CONSENT TO THE MAKING AND RECORDING OF SAID MAP AND SUBDIVISION AS SHOWN WITHIN THE DISTINCTIVE BORDER LINE AND ALL DEDICATIONS AND OFFERS OF DEDICATION THEREON.

WE HEREBY DEDICATE TO CITY OF SANTA CLARA AN EASEMENT FOR EMERGENCY VEHICLE ACCESS PURPOSES ON, ALONG, ACROSS AND OVER THAT CERTAIN STRIP OF LAND DESIGNATED AND DELINEATED HEREON AS "EVAE" (EMERGENCY VEHICLE ACCESS EASEMENT). SAID EASEMENT SHALL BE KEPT FREE AND CLEAR OF OBSTRUCTION OF ANY KIND, AND SHALL BE MAINTAINED BY THE OWNERS SUCH THAT THE SURFACE SHALL SUPPORT EMERGENCY VEHICLE USE.

WE ALSO HEREBY RESERVE FOR THE OWNERS OF ALL UNITS, THEIR LICENSEES, VISITORS, AND TENANTS RECIPROCAL RIGHTS OF INGRESS AND EGRESS UPON AND OVER THOSE CERTAIN STRIPS OF LAND DESIGNATED AND DELINEATED AS "PIE" (PRIVATE INGRESS AND EGRESS EASEMENT). THESE EASEMENTS ARE NOT OFFERED, NOR ARE THEY ACCEPTED FOR DEDICATION BY THE CITY OF SANTA CLARA.

WE ALSO HEREBY RESERVE FOR THE OWNERS OF ALL UNITS SHOWN ON THE HEREIN MAP AND THEIR LICENSEES, VISITORS, AND TENANTS RECIPROCAL RIGHTS UPON AND OVER THOSE CERTAIN STRIPS OF LAND DELINEATED HEREON AND DESIGNATED AS "PSDE" (PRIVATE STORM DRAIN EASEMENT), "PSSE" (PRIVATE SANITARY SEWER EASEMENT), AND "PWE" (PRIVATE WATER EASEMENT) FOR THE INSTALLATION AND MAINTENANCE OF PRIVATE STORM DRAINAGE, PRIVATE SANITARY SEWER AND PRIVATE WATER FACILITIES, EXCLUDING THE STRIPS OF LAND DESIGNATED AND DELINEATED AS "POLES AND WIRE EASEMENT". THESE EASEMENTS ARE TO BE KEPT OPEN AND FREE FROM ALL BUILDINGS AND STRUCTURES OF ANY KIND, EXCEPT IRRIGATION SYSTEMS AND APPURTENANCES THERETO, LAWFUL FENCES, ALL LAWFUL UNSUPPORTED ROOF OVERHANGS AND THOSE APPURTENANCES ASSOCIATED WITH THE DEFINED EASEMENTS. THE PERPETUAL MAINTENANCE, REPAIR, AND/OR REPLACEMENT OF SAID PRIVATE FACILITIES SHALL BE THE SOLE RESPONSIBILITY OF THE PROPERTY OWNERS AS DETERMINED BY THE APPROPRIATE COVENANTS, CONDITIONS AND RESTRICTIONS. SAID EASEMENTS ARE NOT OFFERED, NOR ARE THEY ACCEPTED FOR DEDICATION BY THE CITY OF SANTA CLARA.

AS OWNERS: DD WARBURTON GROUP, LLC., A CALIFORNIA LIMITED LIABILITY COMPANY

BY: _____ DATE: _____

PRINTED NAME: VAHE TASHJIAN

TITLE: MANAGING DIRECTOR

TRUSTEE'S STATEMENT

OLD REPUBLIC TITLE COMPANY, AS TRUSTEE UNDER DEED OF TRUST RECORDED DECEMBER 28, 2018, AS DOCUMENT NUMBER 24089168 OF OFFICIAL RECORDS OF SANTA CLARA COUNTY, ENCUMBERING THE LAND HEREIN SHOWN, DOES HEREBY CONSENT ON BEHALF OF THE BENEFICIARY TO THE PREPARATION AND FILING ON THIS MAP.

AS TRUSTEE: OLD REPUBLIC TITLE COMPANY

BY: _____ DATE: _____

PRINTED NAME: _____

TITLE: _____

OWNER'S ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA)
COUNTY OF _____) SS.

ON _____, 20____, BEFORE ME,

A NOTARY PUBLIC PERSONALLY APPEARED _____ WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

NOTARY'S SIGNATURE: _____

PRINTED NOTARY'S NAME: _____

NOTARY'S PRINCIPAL PLACE OF BUSINESS: _____

NOTARY'S COMMISSION NO.: _____

EXPIRATION OF NOTARY'S COMMISSION: _____

TRUSTEE'S ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA)
COUNTY OF _____) SS.

ON _____, 20____, BEFORE ME,

A NOTARY PUBLIC PERSONALLY APPEARED _____ WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

NOTARY'S SIGNATURE: _____

PRINTED NOTARY'S NAME: _____

NOTARY'S PRINCIPAL PLACE OF BUSINESS: _____

NOTARY'S COMMISSION NO.: _____

EXPIRATION OF NOTARY'S COMMISSION: _____

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY DATED FEBRUARY 2019, IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF DUTCHTOWN DEVELOPMENT, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY. I HEREBY STATE THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE APPROVED OR CONDITIONALLY APPROVED TENTATIVE MAP. THAT THE SURVEY IS TRUE AND COMPLETE AS SHOWN; THAT ALL MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED OR THAT THEY WILL BE SET IN THOSE POSITIONS ON OR BEFORE SEPTEMBER 2022, AND THAT THE MONUMENTS ARE, OR WILL BE, SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

SARKISS PARVIN, _____ DATE _____
L.S. NO. 8261



SOILS REPORT NOTE

A SOILS REPORT AND/OR GEOLOGICAL REPORT ON THIS PROPERTY HAS BEEN PREPARED BY "SILICON VALLEY SOIL ENGINEERING", ENTITLED "GEOTECHNICAL INVESTIGATION - PROPOSED TWELVE-UNIT TOWNHOMES", DATED OCTOBER 2017, FILE NO. SV1697, A COPY OF WHICH HAS BEEN FILED WITH THE CITY OF SANTA CLARA.

TRACT NO. 10524

"WARBURTON HOMES"
FOR RESIDENTIAL CONDOMINIUM PURPOSES
12 RESIDENTIAL UNITS

CONSISTING OF THREE (3) SHEETS

BEING A SUBDIVISION OF THAT PROPERTY AS DESCRIBED IN THAT CERTAIN GRANT DEED UNDER DOCUMENT NO. 12933317, RECORDED ON JUNE 30, 1995, RECORDS OF SANTA CLARA COUNTY AND LYING ENTIRELY WITHIN THE CITY OF SANTA CLARA COUNTY OF SANTA CLARA STATE OF CALIFORNIA

OCTOBER 2020
SMP ENGINEERS
1534 CAROB LANE, LOS ALTOS, CA 94024

CITY SURVEYOR'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THE HEREON FINAL MAP AND I AM SATISFIED THAT SAID MAP IS TECHNICALLY CORRECT.

JING DENG _____ DATE _____
ACTING CITY SURVEYOR
CITY OF SANTA CLARA, CALIFORNIA
L.S. NO. 9424



CITY ENGINEER'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THE HEREON FINAL MAP OF THE TRACT NO. 10524; THAT THE SUBDIVISION AS SHOWN HEREON IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE TENTATIVE MAP, IF REQUIRED; AND ANY APPROVED ALTERATIONS THEREOF; THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT, AS AMENDED, AND OF ANY LOCAL ORDINANCES APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP, IF REQUIRED, HAVE BEEN COMPLIED WITH.

MICHAEL JACK LIW, CITY ENGINEER _____ DATE _____
CITY OF SANTA CLARA, CALIFORNIA
R.C.E. NO. C59554



CITY CLERK'S STATEMENT

I HEREBY STATE THAT ON THE 10TH DAY OF JULY, 2018, THE CITY COUNCIL OF THE CITY OF SANTA CLARA, CALIFORNIA, DID APPROVE THE TENTATIVE OF THIS MAP AND ON THE DAY OF _____, 20____, DID APPROVE THE HEREIN FINAL MAP OF THE TRACT NO. 10524 AND ACCEPTED ON BEHALF OF THE PUBLIC, ALL EASEMENT DEDICATIONS FOR PUBLIC USE IN CONFORMITY WITH THE TERMS OF THE OFFER OF DEDICATION MADE HEREON.

DATE: _____
NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA, CALIFORNIA

COUNTY RECORDER'S STATEMENT

FILED THIS _____ DAY OF _____, 2020, AT _____ M., IN
BOOK _____ AT PAGES _____, SANTA CLARA COUNTY RECORDS,
AT THE REQUEST OF FIRST AMERICAN TITLE COMPANY.

FILE NO.: _____
REGINA ALCOMENDRAS
COUNTY RECORDER
SANTA CLARA COUNTY, CALIFORNIA

BY: _____ DEPUTY

SAM 2018-01182/PLN 2018-13234

SHEET 1 OF 3

TRACT NO. 10524

"WARBURTON HOMES"
FOR RESIDENTIAL CONDOMINIUM PURPOSES
12 RESIDENTIAL UNITS

CONSISTING OF THREE (3) SHEETS

BEING A SUBDIVISION OF THAT PROPERTY AS DESCRIBED IN THAT CERTAIN
GRANT DEED UNDER DOCUMENT NO. 12933317, RECORDED ON JUNE 30,
1995, RECORDS OF SANTA CLARA COUNTY AND LYING ENTIRELY WITHIN THE
CITY OF SANTA CLARA COUNTY OF SANTA CLARA STATE OF CALIFORNIA

OCTOBER 2020 SCALE: 1" = 50'

SMP ENGINEERS

1534 CAROB LANE, LOS ALTOS, CA 94024

LEGEND AND ABBREVIATIONS

---	STREET CENTER LINE
---	DISTINCTIVE BORDER LINE
---	EXISTING LOT LINE
---	EASEMENT LINE
---	TIE LINE

⊙	INDICATES SET CITY STANDARD MONUMENT STAMPED LS 8261
●	INDICATES FOUND MONUMENT AS NOTED
●	INDICATES FOUND I.P. AS NOTED
(xxxx) (#)	RECORDED DATA & REFERENCE NUMBER
(C)	CALCULATED
B.P.	BRASS PIN
I.P.	IRON PIPE
(R)	RADIAL

REFERENCES (SANTA CLARA COUNTY RECORDS):

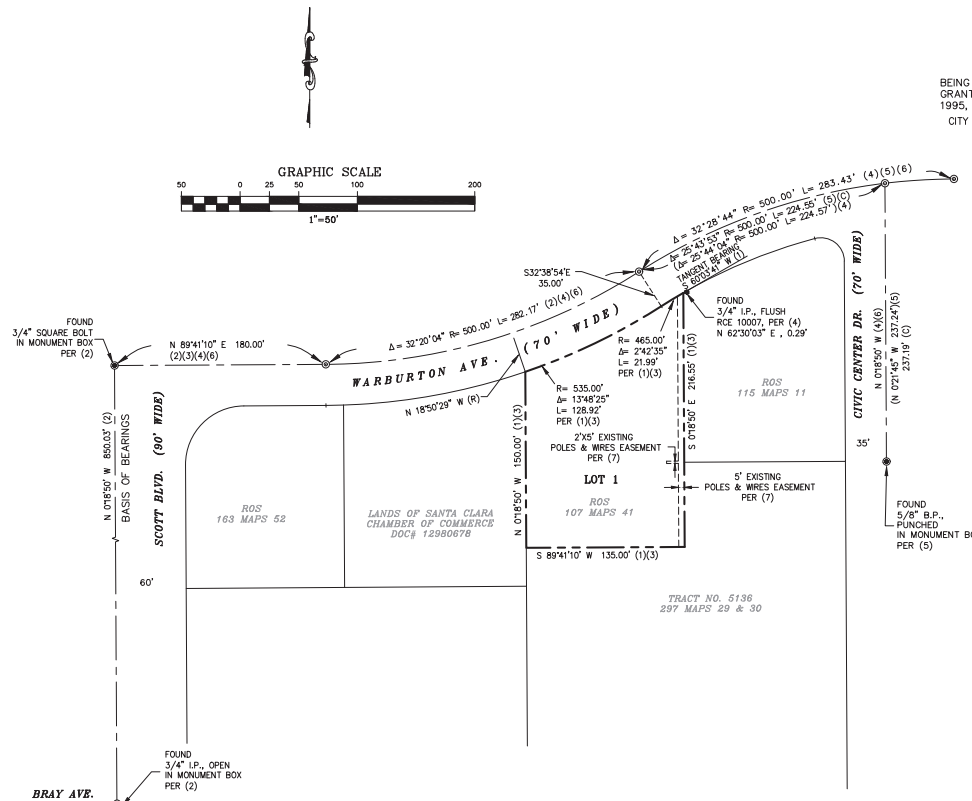
(1) GRANT DEED	DOC# 12933317
(2) TRACT NO. 9627	779-M-54 & 55
(3) RECORD OF SURVEY	107-M-41
(4) TRACT NO. 7434	523-M-21 & 22
(5) TRACT NO. 5136	297-M-29 & 30
(6) RECORD OF SURVEY	115-M-11
(7) GRANT OF EASEMENT	BOOK 4549, PAGE 710, O.R.

NOTES:

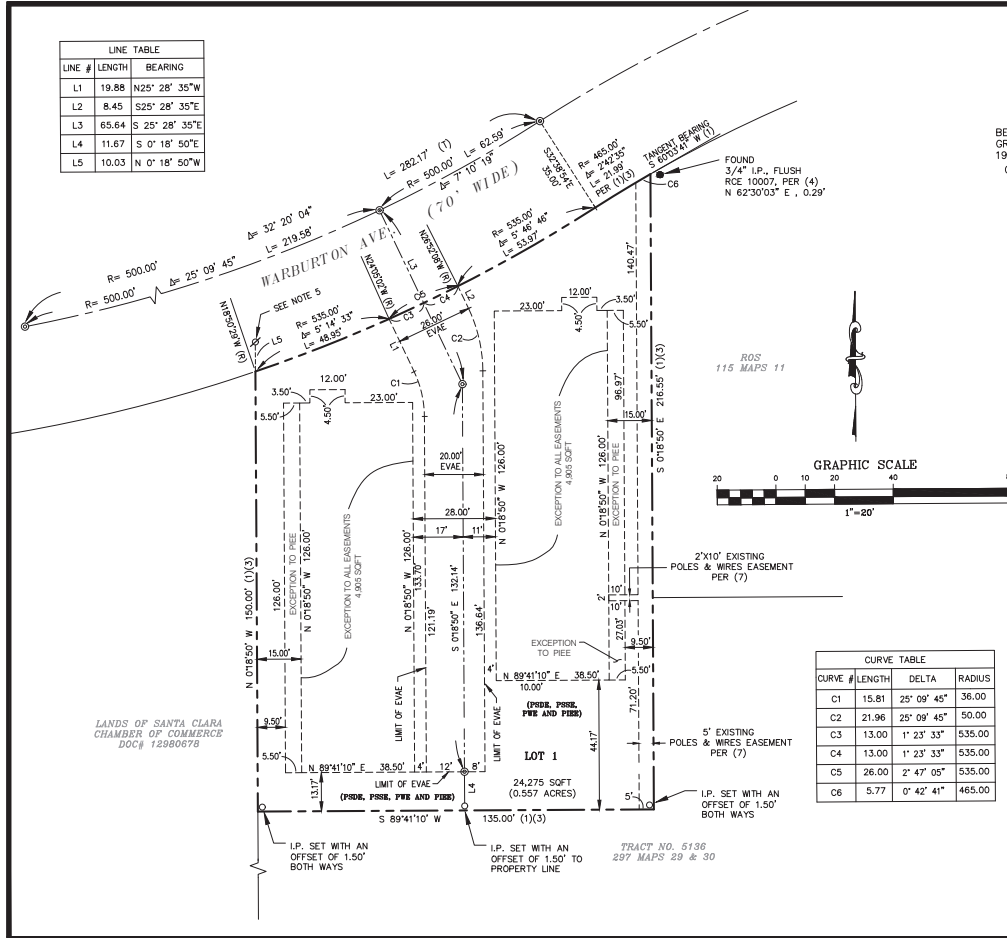
- ALL DISTANCES AND DIMENSIONS ARE SHOWN IN FEET AND DECIMALS THEREOF.
- THE DISTINCTIVE BORDER LINE DENOTES THE BOUNDARY OF THE SUBDIVISION.
- THE AREA WITHIN THE DISTINCTIVE BORDER LINE IS 24,275 SQUARE FEET, MORE OR LESS.
- LABELED OFFSETS AND DISTANCES ARE PERPENDICULAR AND PARALLEL TO EAST, WEST AND SOUTH PROPERTY LINES.

BASIS OF BEARINGS:

THE BEARING N 0° 18' 50" W OF THE OLD CENTERLINE OF SCOTT BOULEVARD, AS SHOWN ON CERTAIN TRACT NO. 9627, RECORDED IN BOOK 779 OF MAPS AT PAGES 54 & 55, SANTA CLARA COUNTY RECORDS, WAS USED AS THE BASIS OF BEARINGS SHOWN ON THIS MAP.



LINE #	LENGTH	BEARING
L1	19.88	N25° 28' 35"W
L2	8.45	S25° 28' 35"E
L3	65.64	S 0° 18' 50"E
L4	11.67	S 0° 18' 50"E
L5	10.03	N 0° 18' 50"W



TRACT NO. 10524

"WARBURTON HOMES"
FOR RESIDENTIAL CONDOMINIUM PURPOSES
12 RESIDENTIAL UNITS

CONSISTING OF THREE (3) SHEETS

BEING A SUBDIVISION OF THAT PROPERTY AS DESCRIBED IN THAT CERTAIN GRANT DEED UNDER DOCUMENT NO. 12933317, RECORDED ON JUNE 30, 1995, RECORDS OF SANTA CLARA COUNTY AND LYING ENTIRELY WITHIN THE CITY OF SANTA CLARA COUNTY OF SANTA CLARA STATE OF CALIFORNIA

OCTOBER 2020 SCALE: 1" = 20'

SMP ENGINEERS
1534 CAROB LANE, LOS ALTOS, CA 94024

LEGEND AND ABBREVIATIONS

---	STREET CENTER LINE
---	MONUMENT LINE
---	DISTINCTIVE BORDER LINE
---	EXISTING LOT LINE
---	EASEMENT LINE
---	TIE LINE

⊙	INDICATES SET CITY STANDARD MONUMENT STAMPED LS 8261
●	INDICATES FOUND I.P. AS NOTED
○	INDICATES SET 3/4" IRON PIPE WITH CAP LS 8261
⊗	INDICATES SET TACK & TAG - LS 8261
(xxxx) (#)	RECORDED DATA & REFERENCE NUMBER
I.P.	IRON PIPE
SQFT	SQUARE FEET
EVAE	EMERGENCY VEHICLE ACCESS EASEMENT
PIEE	PRIVATE INGRESS AND EGRESS EASEMENT
PSDE	PRIVATE STORM DRAINAGE EASEMENT
PSSE	PRIVATE SANITARY SEWER EASEMENT
PWE	PRIVATE WATER EASEMENT
NTS	NOT TO SCALE
(R)	RADIAL

REFERENCES (SANTA CLARA COUNTY RECORDS):

(1) GRANT DEED	DOC # 12933317
(2) TRACT NO. 9627	779-M-54 & 55
(3) RECORD OF SURVEY	107-M-41
(4) TRACT NO. 7434	523-M-21 & 22
(5) TRACT NO. 5136	297-M-29 & 30
(6) RECORD OF SURVEY	115-M-11
(7) GRANT OF EASEMENT	BOOK 4549, PAGE 710, O.R.

NOTES:

- ALL DISTANCES AND DIMENSIONS ARE SHOWN IN FEET AND DECIMALS THEREOF.
- THE DISTINCTIVE BORDER LINE DENOTES THE BOUNDARY OF THE SUBDIVISION.
- THE AREA WITHIN THE DISTINCTIVE BORDER LINE IS 24,275 SQUARE FEET, MORE OR LESS.
- LABELLED OFFSETS AND DISTANCES ARE PERPENDICULAR AND PARALLEL TO EAST, WEST AND SOUTH PROPERTY LINES.
- TACK & TAG SET ON TOP OF CURB ALONG THE EXTENSION OF THE NORTHWESTERLY PROPERTY LINE.

BASIS OF BEARINGS:

THE BEARING N 0° 18' 50" W OF THE OLD CENTERLINE OF SCOTT BOULEVARD AS SHOWN ON CERTAIN TRACT NO. 9627, RECORDED IN BOOK 779 OF MAPS AT PAGES 54 & 55, SANTA CLARA COUNTY RECORDS, WAS USED AS THE BASIS OF BEARINGS SHOWN ON THIS MAP.



Agenda Report

21-1285

Agenda Date: 1/26/2021

REPORT TO COUNCIL

AND AUTHORITIES

SUBJECT

Adopt the following City of Santa Clara and related agencies' Resolutions Amending the Conflict of Interest Codes for Designated Positions as Required by the Political Reform Act and Regulations of the Fair Political Practices Commission:

1. City of Santa Clara
2. Santa Clara Stadium Authority
3. Bayshore North Project Enhancement
4. Public Facilities Financing Corporation
5. Sports and Open Space Authority
6. Housing Authority

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

The California Political Reform Act requires all public officials, employees, and consultants who make or participate in the making of governmental decisions to disclose any economic interest that could be affected by those decisions. Under Government Code Section 87302 of the Political Reform Act, certain designated officials and employees of the City are required to file a Statement of Economic Interest (Form 700) because of the nature of their position with the public agency. These officials, staff members and consultants serve in positions that been designated by the City's Conflict of Interest Code as being required to file such statements.

Local agencies are required to conduct a periodic review their Conflict of Interest Codes to determine if they are accurate, or alternatively, if the Codes must be amended. Amendments are necessary periodically, particularly when anew official or employee positions are added, deleted, or responsibilities are changed.

DISCUSSION

The accompanying Resolutions provide that the City of Santa Clara's and Authorities' Conflict of Interest Codes be amended to include an updated List of Designated Positions Required to File. Changes that occurred from the prior version of the Conflict of Interest are redlined in the Attachments.

Below is a summary of the changes from the prior version:

1. Updated Designated Positions:

The list of Designated Positions have been updated to add new job classifications or titles and remove those no longer applicable to the City. We have also added the following Commissions and Boards to the Conflict of Interest Code due their involvement in making city decisions.

- Cultural Commission
- Board of Library Trustees
- Deferred Compensation Committee
- Parks and Recreation Commission
- Salary Setting Commission

2. Consolidation of Disclosure Categories

The City's prior Conflict of Interest Code contained approximately 22 different disclosure categories. The majority of these categories were redundant as each category related to a specific department's contracts. We have consolidated those categories by creating a general disclosure category that applies to each designated position applicable department's contracts. Also, we eliminated the disclosure categories that are no longer applicable for existing designated positions.

3. Update of Consultant and New Positions language:

Under the Political Reform Act, an individual consulting to a government agency is required to file a Form 700 when they assume office and annually thereafter if the consultant makes governmental decisions as defined in the FPPC regulations or when they serve in a staff capacity and participate in governmental decisions or performs the duties of an individual in the agency's conflict-of-interest code. Not every person that is subject to the Act has to file a Form 700, just statutory filers who are expressly listed in the Act and designated officials who the agency designate in the conflict of interest code, which includes new positions or consultants who meet the standard above.

We have included language regarding consultants and new positions that provides the City Manager or Executive Director, as applicable, have the authority to determine which consultants or new positions that will be subject to the Conflict of Interest Code and the ability to assign the applicable disclosure category.

4. Stadium Authority Conflict of Interest Resolution

All public officials, including "consultants," are prohibited from making, participating in making, or influencing any government decision having a foreseeable, material financial effect on their economic interests. This conflict of interest prohibition applies irrespective of whether an individual is designated in a conflict of interest code. This means that Stadium Manager's employees still had an obligation to comply with state law even when they were not expressly listed in the Authority's conflict of interest code.

Staff believes that the 2018 amendment to the Stadium Authority's Conflict of Interest Code in adding the consultant designation was sufficient to create a duty to file a Form 700 on the part of individual 49ers Stadium Management Company (Management Company) officers who are performing decision-making functions on behalf of the Stadium Authority. However, in an effort to make such designations even clearer, we recommend that the Stadium Authority's Board adopt a resolution that designates Management Company as an Agency as an agent for the Stadium Authority which is subject the code. In addition, the Board should adopt a Resolution amending Appendix A of the Code to revise the position for Consultant to Consultant/New Positions and providing the Executive Director

with the authority to determine when a consultant or a new position is required to comply with the disclosure requirements described in the Code. This will provide more flexibility for the organization to identify those positions that may be required to file a Form 700 between the times the Code is updated biennially. The new positions are subject to the broadest disclosure category in the code, unless the Executive Director authorizes a narrower disclosure for new positions with limited duties.

The following individual employees of Stadium Manager and their respective positions have been determined by the Executive Director to be required to file a Form 700 under the Stadium Authority's Conflict of Interest Code:

President
Executive Vice President & General Manager
Chief Financial Officer
Chief Revenue Officer
General Counsel

The resolution also authorizes the Executive Director to designate such other individuals who qualify as a "Consultant" under the Code.

The recommended action will ensure compliance with the California Political Reform Act and updates the list of positions who are required to file the California Fair Political Practice Commission Form 700 - Statement of Economic Interests for the Stadium Authority

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

There is no cost to the City other than administrative staff time and expense.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Adopt the Resolutions amending the Conflict of Interest Code required by the Political Reform Act and Regulations of the Fair Political Practices Commission:

1. City of Santa Clara
2. Santa Clara Stadium Authority
3. Bayshore North Project Enhancement

4. Public Facilities Financing Corporation
5. Sports and Open Space Authority
6. Housing Authority

Reviewed by: Nora Pimentel, Assistant City Clerk

Approved by: Deanna Santana, City Manager/Executive Director

ATTACHMENTS

1. Resolution of the City of Santa Clara and attached Conflict of Interest Code and Appendices (Redline)
2. Appendix A and B (Clean Versions)
3. Resolution of the Stadium Authority and attached Conflict of Interest Code and Appendices
4. Resolution of the Bayshore North Project Enhancement Authority and attached Conflict of Interest Code and Appendices
5. Resolution of the Public Facilities Financing Corporation and attached Conflict of Interest Code and Appendices
6. Resolution of the Sports and Open Space Authority and attached Conflict of Interest Code and Appendices
7. Resolution of the Housing Authority and attached Conflict of Interest Code and Appendices

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CLARA, CALIFORNIA AMENDING THE CONFLICT OF INTEREST CODE FOR DESIGNATED CITY POSITIONS AS REQUIRED BY THE POLITICAL REFORM ACT AND REGULATIONS OF THE FAIR POLITICAL PRACTICES COMMISSION

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000 et seq., requires certain public agency officials and employees to file economic disclosure forms ("Form 700") and abstain from making or participating in governmental decisions which have a reasonably foreseeable material effect on an economic interest;

WHEREAS, the Political Reform Act requires the City to adopt a local conflict of interest code that enumerates specific official and employee positions other than those specified in Government Code § 87200 which involve making or participating in making decisions which have a reasonably foreseeable material effect on an economic interest, and to designate for each position the types of investments, business positions, interests in real property and sources of income which are reportable based on the scope of the decision-making authority of the position;

WHEREAS, the City Council has adopted a Conflict of Interest Code in compliance with the provisions of the Political Reform Act; and,

WHEREAS, the City Council has reviewed and considered administratively suggested changes to the listing of designated positions of City officials and employees, along with assigned disclosure categories, in the Conflict of Interest Code.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. That the City of Santa Clara Conflict of Interest Code, attached hereto and incorporated herein by reference, is hereby adopted and includes the following:

(a) The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair

Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the City of Santa Clara, which is considered the agency within the purview of this code. The Conflict of Interest Code of the City of Santa Clara so adopted amends and replaces any Conflict of Interest Code of the City of Santa Clara previously in effect to conform to this newly adopted code.

(b) Designated officials, employees, and consultants shall file statements of economic interests with the City Clerk, who shall be and perform the duties of filing officer for the City of Santa Clara.

2. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 26th DAY OF JANUARY, 2021, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST:

Attachments incorporated by reference:

1. Conflict of Interest Code with Appendices A and B



**City of
Santa Clara**
The Center of What's Possible

CITY OF SANTA CLARA CONFLICT OF INTEREST CODE

SECTION 1: CONFLICT OF INTEREST CODE - ADOPTED

The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the City of Santa Clara, which is considered the agency within the purview of this code. The Conflict of Interest Code of the City of Santa Clara so adopted amends and replaces any Conflict of Interest Code of the City of Santa Clara previously in effect to conform to this newly adopted code.

SECTION 2: CONFLICT OF INTEREST CODE - STATEMENTS

Designated employees shall file statements of economic interests with the City Clerk, who shall be and perform the duties of filing officer for the City of Santa Clara.

SECTION 3: SAVINGS CLAUSE

Any change provided for in this conflict of interest code shall not affect or excuse any offense or act committed or done or omission or any penalty or forfeiture incurred or accruing under any other conflict of interest code; nor shall it affect any prosecution, suit, or proceeding pending or any judgment rendered in connection with any other conflict of interest code.

Appendix A: On file in City Clerk's Office
Appendix B: Attached

APPENDIX A
CITY OF SANTA CLARA CONFLICT OF INTEREST CODE
DESIGNATED POSITIONS REQUIRED TO FILE

<u>Governing Bodies/Commissions</u>	Disclosure Category
Mayor	1
City Councilmembers	1
Civil Service Commission	1
Cultural Commission	1
Bayshore Project Enhancement Authority	1
Board of Library Trustees	1
Deferred Compensation Committee	1
Housing Authority	1
Housing Rehabilitation Loan Committee	1
Industrial Development Authority	1
Joint Financing Authority	1
Oversight Board for Successor Agency to the City of Santa Clara Redevelopment Agency	1
Parks and Recreation Commission	1
Planning Commission	1
Public Facilities Financing Corporation	1
Parks and Recreation Commission	1
Salary Setting Commission	1
Sports and Open Space Authority	1
Stadium Authority	1
<u>City Department</u>	
<u>City Attorney's Office</u>	
Assistant City Attorney	1
Chief Assistant City Attorney	1
City Attorney	1
Deputy City Attorney	1
Executive Assistant to City Attorney Legal Executive Assistant	1
<u>City Clerk's Office</u>	
Assistant City Clerk	1
City Clerk/ Auditor	1
Deputy City Clerk	1
<u>City Manager's Office</u>	
Assistant City Manager	1
Assistant to the City Manager	1
Chief Operating Officer	1
City Manager	1
Communications & Outreach Manager	1
Consultant	1
Deputy City Manager	1
Executive Assistant to the City Manager	1

APPENDIX A
CITY OF SANTA CLARA CONFLICT OF INTEREST CODE
DESIGNATED POSITIONS REQUIRED TO FILE

City Department	Disclosure Category
City Manager's Office cont'd	
Management Analyst	1
Public Information Officer	1
Risk Manager	1
Senior Management Analyst	1
Community Development	
Assistant Planner I	1
Assistant Planner II	1
Associate Planner	1
Building Official	1
Code Enforcement Technician	1
Combination Inspector	1
Consultant	1
Development Review Officer	1
Director of Community Development	1
Housing Development Officer	1
Housing Inspector	1
Inspection Manager	1
Management Analyst	1
Plan Review Manager	1
Planning Manager	1
Plans Examiner	1
Principal Planner	1
Senior Inspector	1
Senior Inspector (Building)	1
Senior Inspector (Electrical)	1
Senior Permit Technician	1
Senior Plans Examiner	1
Staff Analyst I	1
Staff Analyst II	1
Finance	
Accounting Division Manager	1
Acting Director of Finance	1
Assistant Director of Finance	1
Budget Manager	1
Budget and Treasury Division Manager	1
Buyer	1
Chief Storekeeper	2
Contracts Manager	1
Director of Finance	1
Management Analyst	1
Municipal Services Division Manager	1

APPENDIX A
CITY OF SANTA CLARA CONFLICT OF INTEREST CODE
DESIGNATED POSITIONS REQUIRED TO FILE

City Department	Disclosure Category
Finance Cont'd	
Principal Accountant	1
Principal Financial Analyst	1
Senior Management Analyst	1
City Auditor's Office	
Audit Manager	1
Management Analyst	1
Fire	
Assistant Fire Marshal	1
Assistant Training Officer	2
Battalion Chief - Suppression	2
Battalion Chief —24 HRS Training	2
Battalion Chief in EMS Fire Department	2
Deputy Fire Chief	1
Deputy Fire Marshal	1
Deputy Fire Marshal—Hazardous Materials-	1
Emergency Service Coordinator	2
Fire Chief	1
Fire Inspection Aide	2
Fire Marshal I/II/III	1
Fire Prevention Specialist I/II	2
Human Resources	
Assistant Director of Human Resources	1
Director of Human Resources/ MERO	1
Human Resources Division Manager	1
Management Analyst	1
Risk Manager	1,5
Information Technology	
Dir. of Information Technology/Chief Information Officer	1
Information Technology Service Manager	1
Management Analyst	1
Senior Information Technology Services Manager	1
Library	
Assistant City Librarian	1
City Librarian	1
Library Circulation Supervisor	4
Library Division Manager – Support Services	1
Library Program Coordinator—Branch Manager	4
Library Program Coordinator—Reference-	4

APPENDIX A
CITY OF SANTA CLARA CONFLICT OF INTEREST CODE
DESIGNATED POSITIONS REQUIRED TO FILE

City Department	Disclosure Category
Library Technology Assistant	4
Library Program Coordinator—Technical Services	4
Library Program Coordinator—Technology	4
Library Program Coordinator—Youth Services	4
Literacy Program Supervisor	4
Mayor and Council Office	
Executive Assistant to Mayor and City Council	1
Parks and Recreation	
Cemetery Operations Manager	2
Deputy Parks & Recreation Director	1
Management Analyst	1
Parks & Recreation Director	1
Parks Construction, Maintenance & Repair Supervisor	4
Recreation Manager	1
Police	
Assistant Police Chief - Sworn	1
Communications Operations Manager	1
Management Analyst – Non-Sworn	1
Police Captain - Sworn	3
Police Chief - Sworn	1
Police Officer—P.A.L. Director	1
Police Records Manager – Non-Sworn	1
Public Works	
Assistant Director of Public Works /City Engineer	1
Building Maintenance Manager	2
Code Enforcement Officer	1
Code Enforcement Technician	1
Compliance Manager	1
Deputy Public Works Director	1
Director of Public Works	1
Environmental Programs Manager	1
Fleet Manager	1
Management Analyst	1
Materials Testing Technician	2
Principal Engineer	2
Principal Planner	1
Public Works Inspector	2
Senior Engineer, Civil	2
Staff Analyst 1—Environmental Programs	1
Streets Superintendent	1

APPENDIX A
CITY OF SANTA CLARA CONFLICT OF INTEREST CODE
DESIGNATED POSITIONS REQUIRED TO FILE

City Department	Disclosure Category
Public Works Cont'd	
Traffic Engineer	2
Transportation Manager	2
Water and Sewer	
Assistant Director of Water & Sewer Utilities	1
Assistant Water and Sewer Superintendent	1
Code Enforcement Technician	1
Compliance Manager	1
Director of Water & Sewer Utilities	1
Management Analyst	1
Principal Engineer—Water	1
Utility Business Systems Manager	1
Utility Operations Engineer	1
Water and Operations Manager	1
Water and Sewer Superintendent	1
Silicon Valley Power	
Acting Electric Division Manager	1
Assistant Director of Electric Utility/ Energy Distribution	1
Assistant Director of Electric Utility/Planning & Strategic Services	1
Business Analyst/Fiber	4
Business Analyst/Public Benefits	4
Consultant	1
Chief Electric Utility Officer	1
Chief Operating Officer	1
Compliance Manager	1
Electric Division Manager - Engineering	1
Electric Division Manager - Generation	1
Electric Division Manager - Operations	1
Electric Division Manager - Substations	1
Electric Division Manager – Transm Distrib	1
Electric Division Mgr-Mkt A & P	1
Electric Division Manager	1
Electric Program Manager	4
Electric Utility Network Administrator	4
Key Customer Representative	4
Power Account Clerk I	1
Electric Utility Chief Operating Officer	1
Electric Utility Risk Control Analyst	1
Power Account Clerk III	1
Power Contract Specialist	1
Power System Scheduler/ Trader	1

APPENDIX A
CITY OF SANTA CLARA CONFLICT OF INTEREST CODE
DESIGNATED POSITIONS REQUIRED TO FILE

Power Trader	1
Principal Electric Utility Engineer	1
Principal Power Analyst	1
Principal Utility Information Systems Manager	4
Resource Analyst II	4
Risk Control Analyst	1
Senior Key Customer Representative	4
Senior Power System Scheduler/Trader	1
Senior Business Analyst	4
Senior Electric Division Manager	1
Other	
Consultant/ New Positions *	1, 5

*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: the City Manager may determine in writing that a particular consultant or new position, although a “designated person,” is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties, and based upon that description, a statement of the extent of disclosure requirements. The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008)

In addition, Consultants include all natural persons who are independent contractor consultants or such members, officers or employees of companies who by contract with the City make decisions on behalf of the City that may foreseeably have a material effect on any of their financial interests.

APPENDIX B

MASTER LIST OF DISCLOSURE CATEGORIES

Category 1 - All designated employees in this category shall disclose all sources of income, investments, interests in real property owned in the City of Santa Clara, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 2 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 3 - All designated employees in this category shall disclose all interests in real property owned in the City of Santa Clara.

Category 4 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management if the business entity or source of income is of the type which provides services, equipment, lease space, materials or supplies to the City of Santa Clara.

Category 5 - All designated positions in this category shall disclose all investments and business positions in business entities, and income, including receipt of gifts, loans, and travel payments, from, sources that filed a claim with or against the City of Santa Clara during the previous two years, or have a claim pending with or against the City of Santa Clara.

1.	All investments and business positions in business entities, sources of income and interests in real property
2.	Investments and business positions in business entities, and all sources of income.
3.	Interests in real property
4.	Investments and business positions in business entities, and sources of income from entities providing supplies, services, equipment or machinery of the type used by the designated employee's unit.
5.	Investment and business positions in, and income from entities which are book-outlets, vendors or providers of business services.
6.	Investments and business positions in business entities and income from sources engaged in construction, building, or material supply.
7.	Investments and business positions in business entities and income from sources which supply or manufacture solar energy systems
8.	Investments and business positions in business entities and income from source engaged in constructions or development
9.	Investments and business positions in, and income from sources engaged in construction, building, or material supply.

10.	Investments and business positions in business entities and income from construction companies or public works projects.
11.	Investments and business positions in, and income from construction firms involved in construction projects subject to acceptance by the City Council.
12.	Investments and business positions in business entities and income from entities of the type to provide bids, supplies, vehicles and equipment.
13.	Investments and business positions in, and income from entities which provide training, services or facilities of the type utilized by the City.
14.	Investments and business positions in business entities and source of income which provide services and supplies of the type used in emergency services coordination and training activities.
15.	Investments and business positions in, and income from, Union Pension Funds that may be affected by the outcome of negotiations involving monetary settlements and employer-employee memorandum.
16.	Investments and business positions in, and income from entities providing medical services or facilities of the type used by the City.
17.	Investments and business positions in, and income from business entities engaged in providing eye examinations and eye glasses, including but not limited to opticians, ophthalmologists, etc.
18.	Investments and business positions in and income from business entities supplying or manufacturing electronic equipment, supplies or services of the type utilized by the employee's unit.
19.	Investments and business positions in, and income from business entities providing supplies, services equipment or machinery of the type used by the City.
20.	Investments and business positions in, and income from employment agencies or entities which provide employment or pre-employment services. Services include, but are not limited to, testing, training, consulting, job classification studies and salary surveys.
21.	Investments and business positions in, and income from, business entities which are of the type to provide any of the various types of employee insurance coverage and/or actuarial services.
22.	Investments and business positions in business entities, and income from sources which supply or manufacture firefighting equipment or supplies.

RESOLUTION NO. XX-X (STADIUM AUTHORITY)

**A RESOLUTION OF THE SANTA CLARA STADIUM AUTHORITY
AMENDING THE CONFLICT OF INTEREST CODE FOR DESIGNATED POSITIONS
AS REQUIRED BY THE POLITICAL REFORM ACT AND
REGULATIONS OF THE FAIR POLITICAL PRACTICES COMMISSION**

BE IT RESOLVED BY THE SANTA CLARA STADIUM AUTHORITY AS FOLLOWS:

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000 et seq., requires certain public agency officials and employees to file economic disclosure forms ("Form 700") and abstain from making or participating in governmental decisions which have a reasonably foreseeable material effect on an economic interest;

WHEREAS, the Political Reform Act requires the Stadium Authority to adopt a local conflict of interest code that enumerates specific official and employee positions other than those specified in Government Code § 87200 which involve making or participating in making decisions which have a reasonably foreseeable material effect on an economic interest, and to designate for each position the types of investments, business positions, interests in real property and sources of income which are reportable based on the scope of the decision-making authority of the position;

WHEREAS, the Stadium Authority has adopted a Conflict of Interest Code in compliance with the provisions of the Political Reform Act;

WHEREAS, the Stadium Authority's 2018 amendment to the Conflict of Interest Code specifically added the consultant designation to create a duty on the part of the 49ers Stadium Management Company, as the City's consultant in managing the stadium operations, to require its officers to file a Form 700;

WHEREAS, the Stadium Authority has also received additional advice from the Fair Political Practices Commission and has reviewed and considered suggested changes to the listing of designated positions of Stadium Authority officials including consultants, along with assigned disclosure categories, in the Conflict of Interest Code; and

WHEREAS, the Stadium Authority proposes to amend its Conflict of Interest Code to expressly list those positions within the Management Company that are required to file a Form 700 and provide the Executive Director the authority to add any new positions, if required under the Political Reform Act.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE SANTA CLARA STADIUM

AUTHORITY AS FOLLOWS:

1. That the Santa Clara Stadium Authority's Conflict of Interest Code, attached hereto and incorporated herein by reference, is hereby adopted and includes the following:

(a) The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the Stadium Authority, which is considered the agency within the purview of this code. The Conflict of Interest Code so adopted amends and replaces any Conflict of Interest Code previously in effect to conform to this newly adopted code.

(b) Designated officials, employees, and consultants shall file statements of economic interests with the City Clerk, who shall be and perform the duties of filing officer for the City of Santa Clara and its authorities.

2. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE SANTA CLARA STADIUM AUTHORITY, AT A REGULAR MEETING THEREOF HELD ON THE 26th DAY OF JANUARY 2021, BY THE FOLLOWING VOTE:

AYES: BOARDMEMBERS:

NOES: BOARDMEMBERS:

ABSENT: BOARDMEMBERS:

ABSTAINED: BOARDMEMBERS:

ATTEST:

Attachments incorporated by reference:

1. Santa Clara Stadium Authority Conflict of Interest Code with Appendices A and B

SANTA CLARA STADIUM AUTHORITY CONFLICT OF INTEREST CODE

SECTION 1: CONFLICT OF INTEREST CODE - ADOPTED

The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the Santa Clara Stadium Authority (Stadium Authority), which is considered the agency within the purview of this code. The Conflict of Interest Code of the Stadium Authority so adopted amends and replaces any Conflict of Interest Code of the Stadium Authority previously in effect to conform to this newly adopted code.

SECTION 2: CONFLICT OF INTEREST CODE - STATEMENTS

Designated employees shall file statements of economic interests with the Santa Clara City Clerk, who shall be and perform the duties of filing officer for the Stadium Authority.

SECTION 3: SAVINGS CLAUSE

Any change provided for in this conflict of interest code shall not affect or excuse any offense or act committed or done or omission or any penalty or forfeiture incurred or accruing under any other conflict of interest code; nor shall it affect any prosecution, suit, or proceeding pending or any judgment rendered in connection with any other conflict of interest code.

Appendix A: On file in City Clerk's Office

Appendix B: Attached

**APPENDIX A
DESIGNATED POSITIONS REQUIRED TO FILE**

Officials Who Manage Public Investments

Pursuant to Government Code section 87200, officials who manage public investments as defined by 2 California Code of Regulations § 18701(b) are also subject to the disclosure requirements of the Political Reform Act and are required to file full Statements of Economic Interests. It has been determined that the positions listed below manage public investments and will file a statement of economic interests pursuant to Government Code Section 87200. These positions are listed for informational purposes only:

- Board Members
- Executive Director
- Stadium Authority General Counsel
- Stadium Authority Finance Director, Treasurer and Auditor

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

Designated Positions	Disclosure Categories
Senior Management Analyst	1
Consultant/New Positions*	1, 5

*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: the Executive Director may determine in writing that a particular consultant or new position, although a designated person, is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties, and based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008.)

In addition, Consultants include all natural persons who are independent contractor consultants or such members, officers or employees of companies who by contract with the Stadium Authority make decisions on behalf of the Stadium Authority that may foreseeably have a material effect on any of their financial interests. Consultant specifically includes, but is not

limited to, such members, officers or employees of the Forty Niners Stadium Management Company, LLC who pursuant to a contract with the Santa Clara Stadium Authority have made or continue to make decisions on behalf of the Stadium Authority which may foreseeably have a material effect on any of their financial interests. This designation includes the following officers or employees of Forty Niners Stadium Management Company, LLC:

Consultant	Position	Categories
Forty Niners Stadium Management Company, LLC	President	1
Forty Niners Stadium Management Company, LLC	Executive Vice President and General Manager	1
Forty Niners Stadium Management Company, LLC	Chief Financial Officer	1
Forty Niners Stadium Management Company, LLC	Chief Revenue Officer	1
Forty Niners Stadium Management Company, LLC	General Counsel	1
Forty Niners Stadium Management Company, LLC	Any other individual officer or employee who is determined by the Executive Director as satisfying the definition of consultant in 2 Cal. Code of Regs. Section 18700.3	1

APPENDIX B

MASTER LIST OF DISCLOSURE CATEGORIES

Category 1 - All designated positions in this category shall disclose all sources of income, including receipt of gifts, loans, and travel payments, investments, interests in real property within the jurisdiction of the Stadium Authority, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 2 - All designated positions in this category shall disclose all sources of income, including receipt of gifts, loans, and travel payments, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 3 - All designated positions in this category shall disclose all interests in real property within the jurisdiction of the Stadium Authority.

Category 4 - All designated positions in this category shall disclose all sources of income, including receipt of gifts, loans, and travel payments, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management if the business entity or source of income is of the type which provides services, equipment, lease space, materials or supplies to the Stadium Authority.

Category 5 - All designated positions in this category shall disclose all investments and business positions in business entities, and income, including receipt of gifts, loans, and travel payments, from, sources that filed a claim with or against the Stadium Authority during the previous two years, or have a claim pending with or against the Stadium Authority.

**RESOLUTION NO. XX-X (BAYSHORE NORTH PROJECT
ENHANCEMENT AUTHORITY)**

**A RESOLUTION OF THE SANTA CLARA BAYSHORE NORTH
PROJECT ENHANCEMENT AUTHORITY AMENDING THE CONFLICT
OF INTEREST CODE FOR DESIGNATED POSITIONS AS REQUIRED
BY THE POLITICAL REFORM ACT AND REGULATIONS OF THE FAIR
POLITICAL PRACTICES COMMISSION**

**BE IT RESOLVED BY THE SANTA CLARA BAYSHORE NORTH PROJECT ENHANCEMENT
AUTHORITY AS FOLLOWS:**

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000 et seq., requires certain public agency officials and employees to file economic disclosure forms ("Form 700") and abstain from making or participating in governmental decisions which have a reasonably foreseeable material effect on an economic interest;

WHEREAS, the Political Reform Act requires the Bayshore North Project Enhancement Authority to adopt a local conflict of interest code that enumerates specific official and employee positions other than those specified in Government Code § 87200 which involve making or participating in making decisions which have a reasonably foreseeable material effect on an economic interest, and to designate for each position the types of investments, business positions, interests in real property and sources of income which are reportable based on the scope of the decision-making authority of the position;

WHEREAS, the Bayshore North Project Enhancement Authority has adopted a Conflict of Interest Code in compliance with the provisions of the Political Reform Act; and,

WHEREAS, the Bayshore North Project Enhancement Authority has reviewed and considered administratively suggested changes to the listing of designated positions of Authority officials, along with assigned disclosure categories, in the Conflict of Interest Code.

**NOW THEREFORE, BE IT FURTHER RESOLVED BY THE SANTA CLARA BAYSHORE NORTH
PROJECT ENHANCEMENT AUTHORITY AS FOLLOWS:**

1. That the Santa Clara Bayshore North Project Enhancement Authority Conflict of Interest Code, attached hereto and incorporated herein by reference, is hereby adopted and includes

the following:

(a) The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the City of Santa Clara Bayshore North Project Enhancement Authority, which is considered the agency within the purview of this code. The Conflict of Interest Code so adopted amends and replaces any Conflict of Interest Code previously in effect to conform to this newly adopted code.

(b) Designated officials, employees, and consultants shall file statements of economic interests with the City Clerk, who shall be and perform the duties of filing officer for the City of Santa Clara Bayshore North Project Enhancement Authority.

2. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE SANTA CLARA BAYSHORE NORTH PROJECT ENHANCEMENT AUTHORITY, AT A REGULAR MEETING THEREOF HELD ON THE 26th DAY OF January 2021, BY THE FOLLOWING VOTE:

AYES:	AUTHORITY MEMBERS
NOES:	AUTHORITY MEMBERS:
ABSENT:	AUTHORITY MEMBERS:
ABSTAINED:	AUTHORITY MEMBERS:

ATTEST:

Attachments incorporated by reference:

1. Conflict of Interest Code with Appendices A and B

BAYSHORE NORTH PROJECT ENHANCEMENT AUTHORITY CONFLICT OF INTEREST CODE

SECTION 1: CONFLICT OF INTEREST CODE - ADOPTED

The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the Bayshore North Project Enhancement Authority, which is considered the agency within the purview of this code. The Conflict of Interest Code of the Bayshore North Project Enhancement Authority so adopted amends and replaces any Conflict of Interest Code of the Bayshore North Project Enhancement Authority previously in effect to conform to this newly adopted code.

SECTION 2: CONFLICT OF INTEREST CODE - STATEMENTS

Designated employees shall file statements of economic interests with the Santa Clara City Clerk, who shall be and perform the duties of filing officer for the Bayshore North Project Enhancement Authority.

SECTION 3: SAVINGS CLAUSE

Any change provided for in this conflict of interest code shall not affect or excuse any offense or act committed or done or omission or any penalty or forfeiture incurred or accruing under any other conflict of interest code; nor shall it affect any prosecution, suit, or proceeding pending or any judgment rendered in connection with any other conflict of interest code.

Appendix A: On file in City Clerk's Office

Appendix B: Attached

**APPENDIX A TO CONFLICT OF INTEREST CODE BAYSHORE NORTH
PROJECT ENHANCEMENT AUTHORITY
DESIGNATED POSITIONS REQUIRED TO FILE**

Officials Who Manage Public Investments

Pursuant to Government Code section 87200, officials who manage public investments as defined by 2 California Code of Regulations § 18701(b) are also subject to the disclosure requirements of the Political Reform Act and are required to file full Statements of Economic Interests. It has been determined that the positions listed below manage public investments and will file a statement of economic interests pursuant to Government Code Section 87200. These positions are listed for informational purposes only:

- Authority Members
- Executive Director
- Authority General Counsel
- Authority Finance Director, Treasurer and Auditor

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

Department	Designated Position	Categories
Bayshore North Project Enhancement Authority	Consultant/ New Positions*	1, 5

*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: the Executive Director may determine in writing that a particular consultant or new position, although a designated person, is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties, and based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008.)

In addition, Consultants include all natural persons who are independent contractor consultants or such members, officers or employees of companies who by contract with the Bayshore North Project Enhancement Authority make decisions on behalf of the Bayshore North Project Enhancement Authority that may foreseeably have a material effect on any of their financial interests.

APPENDIX B

MASTER LIST OF DISCLOSURE CATEGORIES

Category 1 - All designated employees in this category shall disclose all sources of income, investments, interests in real property owned in the City of Santa Clara, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 2 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 3 - All designated employees in this category shall disclose all interests in real property owned in the City of Santa Clara.

Category 4 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management if the business entity or source of income is of the type which provides services, equipment, lease space, materials or supplies to the Bayshore North Project Enhancement Authority..

Category 5 - All designated positions in this category shall disclose all investments and business positions in business entities, and income, including receipt of gifts, loans, and travel payments, from, sources that filed a claim with or against the Bayshore North Project Enhancement Authority during the previous two years, or have a claim pending with or against the Bayshore North Project Enhancement Authority.

1.	All investments and business positions in business entities, sources of income and interests in real property
2.	Investments and business positions in business entities, and all sources of income.
3.	Interests in real property
4.	Investments and business positions in business entities, and sources of income from entities providing supplies, services, equipment or machinery of the type used by the designated employee's unit.
5.	Investment and business positions in, and income from entities which are book-outlets, vendors or providers of business services.
6.	Investments and business positions in business entities and income from sources engaged in construction, building, or material supply.
7.	Investments and business positions in business entities and income from sources which supply or manufacture solar energy systems
8.	Investments and business positions in business entities and income from source engaged in constructions or development

9.	Investments and business positions in, and income from sources engaged in construction, building, or material supply.
10.	Investments and business positions in business entities and income from construction companies or public works projects.
11.	Investments and business positions in, and income from construction firms involved in construction projects subject to acceptance by the City Council.
12.	Investments and business positions in business entities and income from entities of the type to provide bids, supplies, vehicles and equipment.
13.	Investments and business positions in, and income from entities which provide training, services or facilities of the type utilized by the City.
14.	Investments and business positions in business entities and source of income which provide services and supplies of the type used in emergency services coordination and training activities.
15.	Investments and business positions in, and income from, Union Pension Funds that may be affected by the outcome of negotiations involving monetary settlements and employer-employee memorandum.
16.	Investments and business positions in, and income from entities providing medical services or facilities of the type used by the City.
17.	Investments and business positions in, and income from business entities engaged in providing eye examinations and eye glasses, including but not limited to opticians, ophthalmologists, etc.
18.	Investments and business positions in and income from business entities supplying or manufacturing electronic equipment, supplies or services of the type utilized by the employee's unit.
19.	Investments and business positions in, and income from business entities providing supplies, services equipment or machinery of the type used by the City.
20.	Investments and business positions in, and income from employment agencies or entities which provide employment or pre-employment services. Services include, but are not limited to, testing, training, consulting, job classification studies and salary surveys.
21.	Investments and business positions in, and income from, business entities which are of the type to provide any of the various types of employee insurance coverage and/or actuarial services.
22.	Investments and business positions in business entities, and income from sources which supply or manufacture firefighting equipment or supplies.

RESOLUTION NO. XX-X (PUBLIC FACILITIES FINANCING CORPORATION)

**A RESOLUTION OF THE SANTA CLARA PUBLIC FACILITIES
FINANCING CORPORATION AMENDING THE CONFLICT OF
INTEREST CODE FOR DESIGNATED POSITIONS AS REQUIRED BY
THE POLITICAL REFORM ACT AND REGULATIONS OF THE FAIR
POLITICAL PRACTICES COMMISSION**

**BE IT RESOLVED BY THE SANTA CLARA PUBLIC FACILITIES FINANCING CORPORATION AS
FOLLOWS:**

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000 et seq., requires certain public agency officials and employees to file economic disclosure forms ("Form 700") and abstain from making or participating in governmental decisions which have a reasonably foreseeable material effect on an economic interest;

WHEREAS, the Political Reform Act requires the Public Facilities Financing Corporation to adopt a local conflict of interest code that enumerates specific official and employee positions other than those specified in Government Code § 87200 which involve making or participating in making decisions which have a reasonably foreseeable material effect on an economic interest, and to designate for each position the types of investments, business positions, interests in real property and sources of income which are reportable based on the scope of the decision-making authority of the position;

WHEREAS, the Public Facilities Financing Corporation has adopted a Conflict of Interest Code in compliance with the provisions of the Political Reform Act; and,

WHEREAS, the Public Facilities Financing Corporation has reviewed and considered administratively suggested changes to the listing of designated positions of Authority officials, along with assigned disclosure categories, in the Conflict of Interest Code.

**NOW THEREFORE, BE IT FURTHER RESOLVED BY THE SANTA CLARA PUBLIC FACILITIES
FINANCING CORPORATION AS FOLLOWS:**

1. That the Santa Clara Public Facilities Financing Corporation Conflict of Interest Code, attached hereto and incorporated herein by reference, is hereby adopted and includes the following:

(a) The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the City of Santa Clara Public Facilities Financing Corporation, which is considered the agency within the purview of this code. The Conflict of Interest Code so adopted amends and replaces any Conflict of Interest Code previously in effect to conform to this newly adopted code.

(b) Designated officials, employees, and consultants shall file statements of economic interests with the City Clerk, who shall be and perform the duties of filing officer for the City of Santa Clara Public Facilities Financing Corporation.

2. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE SANTA CLARA PUBLIC FACILITIES FINANCING CORPORATION, AT A REGULAR MEETING THEREOF HELD ON THE 26th DAY OF JANUARY 2020, BY THE FOLLOWING VOTE:

AYES:	PFFC DIRECTORS:
NOES:	PFFC DIRECTORS:
ABSENT:	PFFC DIRECTORS:
ABSTAINED:	PFFC DIRECTORS:

ATTEST:

Attachments incorporated by reference:

1. Conflict of Interest Code with Appendices A and B

PUBLIC FACILITIES FINANCING CORPORATION CONFLICT OF INTEREST CODE

SECTION 1: CONFLICT OF INTEREST CODE - ADOPTED

The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the City of Santa Clara Public Facilities Financing Corporation, which is considered the agency within the purview of this code. The Conflict of Interest Code of the City of Santa Clara so adopted amends and replaces any Conflict of Interest Code of the City of Santa Clara Public Facilities Financing Corporation previously in effect to conform to this newly adopted code.

SECTION 2: CONFLICT OF INTEREST CODE - STATEMENTS

Designated employees shall file statements of economic interests with the City Clerk, who shall be and perform the duties of filing officer for the City of Santa Clara.

SECTION 3: SAVINGS CLAUSE

Any change provided for in this conflict of interest code shall not affect or excuse any offense or act committed or done or omission or any penalty or forfeiture incurred or accruing under any other conflict of interest code; nor shall it affect any prosecution, suit, or proceeding pending or any judgment rendered in connection with any other conflict of interest code.

Appendix A: On file in City Clerk's Office

Appendix B: Attached

**APPENDIX A TO CONFLICT OF INTEREST CODE BAYSHORE NORTH
PROJECT ENHANCEMENT AUTHORITY
DESIGNATED POSITIONS REQUIRED TO FILE**

Officials Who Manage Public Investments

Pursuant to Government Code section 87200, officials who manage public investments as defined by 2 California Code of Regulations § 18701(b) are also subject to the disclosure requirements of the Political Reform Act and are required to file full Statements of Economic Interests. It has been determined that the positions listed below manage public investments and will file a statement of economic interests pursuant to Government Code Section 87200. These positions are listed for informational purposes only:

- Directors
- Executive Director
- General Counsel
- Finance Director, Treasurer and Auditor

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

Department	Designated Position	Categories
Public Facilities Financing Corporation	Consultant/ New Positions*	1, 5

*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: the Executive Director may determine in writing that a particular consultant or new position, although a designated person, is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties, and based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008.)

In addition, Consultants include all natural persons who are independent contractor consultants or such members, officers or employees of companies who by contract with the Bayshore North Project Enhancement Authority make decisions on behalf of the Bayshore North Project Enhancement Authority that may foreseeably have a material effect on any of their financial interests.

APPENDIX B

MASTER LIST OF DISCLOSURE CATEGORIES

Category 1 - All designated employees in this category shall disclose all sources of income, investments, interests in real property owned in the City of Santa Clara, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 2 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 3 - All designated employees in this category shall disclose all interests in real property owned in the City of Santa Clara.

Category 4 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management if the business entity or source of income is of the type which provides services, equipment, lease space, materials or supplies to the City of Santa Clara Public Facilities Financing Corporation.

Category 5 - All designated positions in this category shall disclose all investments and business positions in business entities, and income, including receipt of gifts, loans, and travel payments, from, sources that filed a claim with or against the Santa Clara Public Facilities Financing Corporation during the previous two years, or have a claim pending with or against the Santa Clara Public Facilities Financing Corporation .

1.	All investments and business positions in business entities, sources of income and interests in real property
2.	Investments and business positions in business entities, and all sources of income.
3.	Interests in real property
4.	Investments and business positions in business entities, and sources of income from entities providing supplies, services, equipment or machinery of the type used by the designated employee's unit.
5.	Investment and business positions in, and income from entities which are book-outlets, vendors or providers of business services.
6.	Investments and business positions in business entities and income from sources engaged in construction, building, or material supply.
7.	Investments and business positions in business entities and income from sources which supply or manufacture solar energy systems
8.	Investments and business positions in business entities and income from source engaged in constructions or development
9.	Investments and business positions in, and income from sources engaged in construction, building, or material supply.

10.	Investments and business positions in business entities and income from construction companies or public works projects.
11.	Investments and business positions in, and income from construction firms involved in construction projects subject to acceptance by the City Council.
12.	Investments and business positions in business entities and income from entities of the type to provide bids, supplies, vehicles and equipment.
13.	Investments and business positions in, and income from entities which provide training, services or facilities of the type utilized by the City.
14.	Investments and business positions in business entities and source of income which provide services and supplies of the type used in emergency services coordination and training activities.
15.	Investments and business positions in, and income from, Union Pension Funds that may be affected by the outcome of negotiations involving monetary settlements and employer-employee memorandum.
16.	Investments and business positions in, and income from entities providing medical services or facilities of the type used by the City.
17.	Investments and business positions in, and income from business entities engaged in providing eye examinations and eye glasses, including but not limited to opticians, ophthalmologists, etc.
18.	Investments and business positions in and income from business entities supplying or manufacturing electronic equipment, supplies or services of the type utilized by the employee's unit.
19.	Investments and business positions in, and income from business entities providing supplies, services equipment or machinery of the type used by the City.
20.	Investments and business positions in, and income from employment agencies or entities which provide employment or pre-employment services. Services include, but are not limited to, testing, training, consulting, job classification studies and salary surveys.
21.	Investments and business positions in, and income from, business entities which are of the type to provide any of the various types of employee insurance coverage and/or actuarial services.
22.	Investments and business positions in business entities, and income from sources which supply or manufacture firefighting equipment or supplies.

RESOLUTION NO. XX-X (SPORTS AND OPEN SPACE AUTHORITY)

**A RESOLUTION OF THE SANTA CLARA SPORTS AND OPEN SPACE
AUTHORITY AMENDING THE CONFLICT OF INTEREST CODE FOR
DESIGNATED POSITIONS AS REQUIRED BY THE POLITICAL
REFORM ACT AND REGULATIONS OF THE FAIR POLITICAL
PRACTICES COMMISSION**

BE IT RESOLVED BY THE SANTA CLARA SPORTS AND OPEN SPACE AUTHORITY AS FOLLOWS:

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000 et seq., requires certain public agency officials and employees to file economic disclosure forms ("Form 700") and abstain from making or participating in governmental decisions which have a reasonably foreseeable material effect on an economic interest;

WHEREAS, the Political Reform Act requires the Sports and Open Space Authority to adopt a local conflict of interest code that enumerates specific official and employee positions other than those specified in Government Code § 87200 which involve making or participating in making decisions which have a reasonably foreseeable material effect on an economic interest, and to designate for each position the types of investments, business positions, interests in real property and sources of income which are reportable based on the scope of the decision-making authority of the position;

WHEREAS, the Sports and Open Space Authority has adopted a Conflict of Interest Code in compliance with the provisions of the Political Reform Act, Government Code §§ 81000 et seq.; and,

WHEREAS, the Sports and Open Space Authority has reviewed and considered administratively suggested changes to the listing of designated positions of Authority officials, along with assigned disclosure categories, in the Conflict of Interest Code.

**NOW THEREFORE, BE IT FURTHER RESOLVED BY THE SANTA CLARA SPORTS AND OPEN
SPACE AUTHORITY AS FOLLOWS:**

1. That the Sports and Open Space Authority Conflict of Interest Code, attached hereto and incorporated herein by reference, is hereby adopted and includes the following:

(a) The Political Reform Act, Government Code Sections 81000 et seq., requires state and

local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation,2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the Sports and Open Space Authority, which is considered the agency within the purview of this code. The Conflict of Interest Code so adopted amends and replaces any Conflict of Interest Code previously in effect to conform to this newly adopted code.

(b) Designated officials, employees, and consultants shall file statements of economic interests with the Santa Clara City Clerk, who shall be and perform the duties of filing officer for the Sports and Open Space Authority.

2. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE SANTA CLARA SPORTS AND OPEN SPACE AUTHORITY, AT A REGULAR MEETING THEREOF HELD ON THE 26th DAY OF JANUARY 2021, BY THE FOLLOWING VOTE:

AYES:	AUTHORITY MEMBERS:
NOES:	AUTHORITY MEMBERS:
ABSENT:	AUTHORITY MEMBERS:
ABSTAINED:	AUTHORITY MEMBERS:

ATTEST:

Attachments incorporated by reference:

1. Conflict of Interest Code with Appendices A and B

SANTA CLARA SPORTS AND OPEN SPACE AUTHORITY CONFLICT OF INTEREST CODE

SECTION 1: CONFLICT OF INTEREST CODE - ADOPTED

The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the Sports and Open Space Authority, which is considered the agency within the purview of this code. The Conflict of Interest Code of the Sports and Open Space Authority so adopted amends and replaces any Conflict of Interest Code of Sports and Open Space Authority previously in effect to conform to this newly adopted code.

SECTION 2: CONFLICT OF INTEREST CODE - STATEMENTS

Designated employees shall file statements of economic interests with the Santa Clara City Clerk, who shall be and perform the duties of filing officer for the Sports and Open Space Authority.

SECTION 3: SAVINGS CLAUSE

Any change provided for in this conflict of interest code shall not affect or excuse any offense or act committed or done or omission or any penalty or forfeiture incurred or accruing under any other conflict of interest code; nor shall it affect any prosecution, suit, or proceeding pending or any judgment rendered in connection with any other conflict of interest code.

Appendix A: On file in City Clerk's Office

Appendix B: Attached

**APPENDIX A TO CONFLICT OF INTEREST CODE SANTA
CLARA SPORTS AND OPEN SPACE AUTHORITY
DESIGNATED POSITIONS REQUIRED TO FILE**

Officials Who Manage Public Investments

Pursuant to Government Code section 87200, officials who manage public investments as defined by 2 California Code of Regulations § 18701(b) are also subject to the disclosure requirements of the Political Reform Act and are required to file full Statements of Economic Interests. It has been determined that the positions listed below manage public investments and will file a statement of economic interests pursuant to Government Code Section 87200. These positions are listed for informational purposes only:

- Authority Members
- General Counsel
- Director of Finance

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

Department	Designated Position	Categories
Sports and Open Space Authority	Contract Administrator	1
Sports and Open Space Authority	Consultant/ New Positions*	1,5

*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: the Executive Director may determine in writing that a particular consultant or new position, although a designated person, is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties, and based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008.)

In addition, Consultants include all natural persons who are independent contractor consultants or such members, officers or employees of companies who by contract with the Sports and Open Space Authority make decisions on behalf of the Sports and Open Space Authority that may foreseeably have a material effect on any of their financial interests.

APPENDIX B

MASTER LIST OF DISCLOSURE CATEGORIES

Category 1 - All designated employees in this category shall disclose all sources of income, investments, interests in real property owned in the City of Santa Clara, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 2 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 3 - All designated employees in this category shall disclose all interests in real property owned in the City of Santa Clara.

Category 4 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management if the business entity or source of income is of the type which provides services, equipment, lease space, materials or supplies to the Sports and Open Space Authority.

Category 5 - All designated positions in this category shall disclose all investments and business positions in business entities, and income, including receipt of gifts, loans, and travel payments, from, sources that filed a claim with or against the Sports and Open Space Authority during the previous two years, or have a claim pending with or against the Sports and Open Space Authority.

1.	All investments and business positions in business entities, sources of income and interests in real property
2.	Investments and business positions in business entities, and all sources of income.
3.	Interests in real property
4.	Investments and business positions in business entities, and sources of income from entities providing supplies, services, equipment or machinery of the type used by the designated employee's unit.
5.	Investment and business positions in, and income from entities which are book-outlets, vendors or providers of business services.
6.	Investments and business positions in business entities and income from sources engaged in construction, building, or material supply.
7.	Investments and business positions in business entities and income from sources which supply or manufacture solar energy systems
8.	Investments and business positions in business entities and income from source engaged in constructions or development

9.	Investments and business positions in, and income from sources engaged in construction, building, or material supply.
10.	Investments and business positions in business entities and income from construction companies or public works projects.
11.	Investments and business positions in, and income from construction firms involved in construction projects subject to acceptance by the City Council.
12.	Investments and business positions in business entities and income from entities of the type to provide bids, supplies, vehicles and equipment.
13.	Investments and business positions in, and income from entities which provide training, services or facilities of the type utilized by the City.
14.	Investments and business positions in business entities and source of income which provide services and supplies of the type used in emergency services coordination and training activities.
15.	Investments and business positions in, and income from, Union Pension Funds that may be affected by the outcome of negotiations involving monetary settlements and employer-employee memorandum.
16.	Investments and business positions in, and income from entities providing medical services or facilities of the type used by the City.
17.	Investments and business positions in, and income from business entities engaged in providing eye examinations and eye glasses, including but not limited to opticians, ophthalmologists, etc.
18.	Investments and business positions in and income from business entities supplying or manufacturing electronic equipment, supplies or services of the type utilized by the employee's unit.
19.	Investments and business positions in, and income from business entities providing supplies, services equipment or machinery of the type used by the City.
20.	Investments and business positions in, and income from employment agencies or entities which provide employment or pre-employment services. Services include, but are not limited to, testing, training, consulting, job classification studies and salary surveys.
21.	Investments and business positions in, and income from, business entities which are of the type to provide any of the various types of employee insurance coverage and/or actuarial services.
22.	Investments and business positions in business entities, and income from sources which supply or manufacture firefighting equipment or supplies.

RESOLUTION NO. XX-X (HOUSING AUTHORITY)

**A RESOLUTION OF THE SANTA CLARA HOUSING AUTHORITY
AMENDING THE CONFLICT OF INTEREST CODE FOR DESIGNATED
POSITIONS AS REQUIRED BY THE POLITICAL REFORM ACT AND
REGULATIONS OF THE FAIR POLITICAL PRACTICES COMMISSION**

BE IT RESOLVED BY THE SANTA CLARA HOUSING AUTHORITY AS FOLLOWS:

WHEREAS, the Political Reform Act of 1974, Government Code Sections 81000 et seq., requires certain public agency officials and employees to file economic disclosure forms ("Form 700") and abstain from making or participating in governmental decisions which have a reasonably foreseeable material effect on an economic interest;

WHEREAS, the Political Reform Act requires the Santa Clara Housing Authority to adopt a local conflict of interest code that enumerates specific official and employee positions other than those specified in Government Code § 87200 which involve making or participating in making decisions which have a reasonably foreseeable material effect on an economic interest, and to designate for each position the types of investments, business positions, interests in real property and sources of income which are reportable based on the scope of the decision-making authority of the position;

WHEREAS, the Santa Clara Housing Authority has adopted a Conflict of Interest Code in compliance with the provisions of the Political Reform Act, Government Code §§ 81000 et seq.; and,

WHEREAS, the Santa Clara Housing Authority has reviewed and considered administratively suggested changes to the listing of designated positions of Authority officials, along with assigned disclosure categories, in the Conflict of Interest Code.

**NOW THEREFORE, BE IT FURTHER RESOLVED BY THE SANTA CLARA HOUSING AUTHORITY
AS FOLLOWS:**

1. That the Santa Clara Housing Authority Conflict of Interest Code, attached hereto and incorporated herein by reference, is hereby adopted and includes the following:

(a) The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political

Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the Santa Clara Housing Authority, which is considered the agency within the purview of this code. The Conflict of Interest Code so adopted amends and replaces any Conflict of Interest Code previously in effect to conform to this newly adopted code.

(b) Designated officials, employees, and consultants shall file statements of economic interests with the Santa Clara City Clerk, who shall be and perform the duties of filing officer for the Santa Clara Housing Authority.

2. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE SANTA CLARA HOUSING AUTHORITY, AT A REGULAR MEETING THEREOF HELD ON THE 26th DAY OF JANUARY 2021, BY THE FOLLOWING VOTE:

AYES:	COMMISSIONERS:
NOES:	COMMISSIONERS:
ABSENT:	COMMISSIONERS:
ABSTAINED:	COMMISSIONERS:

ATTEST: _____

1. Conflict of Interest Code with Appendices A and B

SANTA CLARA HOUSING AUTHORITY CONFLICT OF INTEREST CODE

SECTION 1: CONFLICT OF INTEREST CODE - ADOPTED

The Political Reform Act, Government Code Sections 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which officials and employees are designated and Appendix B in which disclosure categories are set forth, constitute the Conflict of Interest Code of the Santa Clara Housing Authority, which is considered the agency within the purview of this code. The Conflict of Interest Code of the Santa Clara Housing Authority so adopted amends and replaces any Conflict of Interest Code of Santa Clara Housing Authority previously in effect to conform to this newly adopted code.

SECTION 2: CONFLICT OF INTEREST CODE - STATEMENTS

Designated employees shall file statements of economic interests with the Santa Clara City Clerk, who shall be and perform the duties of filing officer for the Santa Clara Housing Authority.

SECTION 3: SAVINGS CLAUSE

Any change provided for in this conflict of interest code shall not affect or excuse any offense or act committed or done or omission or any penalty or forfeiture incurred or accruing under any other conflict of interest code; nor shall it affect any prosecution, suit, or proceeding pending or any judgment rendered in connection with any other conflict of interest code.

Appendix A: On file in City Clerk's Office

Appendix B: Attached

**APPENDIX A TO CONFLICT OF INTEREST CODE
SANTA CLARA HOUSING AUTHORITY
DESIGNATED POSITIONS REQUIRED TO FILE**

Officials Who Manage Public Investments

Pursuant to Government Code section 87200, officials who manage public investments as defined by 2 California Code of Regulations § 18701(b) are also subject to the disclosure requirements of the Political Reform Act and are required to file full Statements of Economic Interests. It has been determined that the positions listed below manage public investments and will file a statement of economic interests pursuant to Government Code Section 87200. These positions are listed for informational purposes only:

- Commissioners
- Secretary and Executive Director
- Authority General Counsel
- Authority Treasurer

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

Department	Designated Position	Categories
Housing Authority	Consultant/ New Positions*	1, 5

*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: the Executive Director may determine in writing that a particular consultant or new position, although a designated person, is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties, and based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008.)

In addition, Consultants include all natural persons who are independent contractor consultants or such members, officers or employees of companies who by contract with the Santa Clara Housing Authority make decisions on behalf of the Santa Clara Housing Authority that may foreseeably have a material effect on any of their financial interests.

APPENDIX B

MASTER LIST OF DISCLOSURE CATEGORIES

Category 1 - All designated employees in this category shall disclose all sources of income, investments, interests in real property owned in the City of Santa Clara, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 2 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management.

Category 3 - All designated employees in this category shall disclose all interests in real property owned in the City of Santa Clara.

Category 4 - All designated employees in this category shall disclose all sources of income, investments, and business entities in which he or she has an investment or is a director, officer, partner, trustee, employee or holds any position of management if the business entity or source of income is of the type which provides services, equipment, lease space, materials or supplies to the Santa Clara Housing Authority.

Category 5 - All designated positions in this category shall disclose all investments and business positions in business entities, and income, including receipt of gifts, loans, and travel payments, from, sources that filed a claim with or against the Santa Clara Housing Authority during the previous two years, or have a claim pending with or against the Santa Clara Housing Authority.

1.	All investments and business positions in business entities, sources of income and interests in real property
2.	Investments and business positions in business entities, and all sources of income.
3.	Interests in real property
4.	Investments and business positions in business entities, and sources of income from entities providing supplies, services, equipment or machinery of the type used by the designated employee's unit.
5.	Investment and business positions in, and income from entities which are book-outlets, vendors or providers of business services.
6.	Investments and business positions in business entities and income from sources engaged in construction, building, or material supply.
7.	Investments and business positions in business entities and income from sources which supply or manufacture solar energy systems

8.	Investments and business positions in business entities and income from source engaged in constructions or development
9.	Investments and business positions in, and income from sources engaged in construction, building, or material supply.
10.	Investments and business positions in business entities and income from construction companies or public works projects.
11.	Investments and business positions in, and income from construction firms involved in construction projects subject to acceptance by the City Council.
12.	Investments and business positions in business entities and income from entities of the type to provide bids, supplies, vehicles and equipment.
13.	Investments and business positions in, and income from entities which provide training, services or facilities of the type utilized by the City.
14.	Investments and business positions in business entities and source of income which provide services and supplies of the type used in emergency services coordination and training activities.
15.	Investments and business positions in, and income from, Union Pension Funds that may be affected by the outcome of negotiations involving monetary settlements and employer-employee memorandum.
16.	Investments and business positions in, and income from entities providing medical services or facilities of the type used by the City.
17.	Investments and business positions in, and income from business entities engaged in providing eye examinations and eye glasses, including but not limited to opticians, ophthalmologists, etc.
18.	Investments and business positions in and income from business entities supplying or manufacturing electronic equipment, supplies or services of the type utilized by the employee's unit.
19.	Investments and business positions in, and income from business entities providing supplies, services equipment or machinery of the type used by the City.
20.	Investments and business positions in, and income from employment agencies or entities which provide employment or pre-employment services. Services include, but are not limited to, testing, training, consulting, job classification studies and salary surveys.
21.	Investments and business positions in, and income from, business entities which are of the type to provide any of the various types of employee insurance coverage and/or actuarial services.
22.	Investments and business positions in business entities, and income from sources which supply or manufacture firefighting equipment or supplies.



Agenda Report

21-1288

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Adopting a Resolution to Amend Council Policy 020 ("Proclamations")

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

At the Governance and Ethics Committee (Committee) meeting held on December 7, 2020, staff brought forward the attached report (Attachment 1) which proposed revisions Council Policy 020 entitled "Proclamations." The attached report includes the current version of Council Policy 020, which was last revised in September 2012, the clean and redline versions of the amended policy, and a resolution to amend the policy.

The Committee approved (3-0) staff's recommendation and referred the amended version of Council Policy 020 (Attachment 2) to the full City Council (Council) for final approval.

DISCUSSION

The purpose of amending Council Policy 020 is to establish the policy, procedure, and criteria for the three categories of ceremonial recognition documents: proclamations, commendations, and certificates of recognition. The amended version of Council Policy 020 has also been revised to expand on the current proclamation criteria and procedure.

The amended policy clearly states that proclamations may be issued to honor or highlight a special period of observance (e.g., days, weeks, months), civic celebration, or recognition of a community, regional, state, or national occasion to cover issues that have widespread community interest with a primary emphasis on requests in support of Council's goals and objectives; commendations may be issued to individuals, groups, organizations, or businesses with a connection to the City for milestones or major achievements that have community-wide significance; and certificates of recognition may be issued to individuals, groups, organizations, or businesses with a connection to the City for individual or group achievement, exceptional contributions to the Santa Clara community, or commemorative events or occasions.

The amendments to the policy include:

- Title change from "Proclamations" to "Proclamations, Commendations, and Certificates of Recognition" as the amended policy now incorporates proclamations, commendations, and certificates of recognition;
- Expanded criteria and procedure for proclamations;
- Establishment of policy, procedure, and criteria for commendations and certificates of recognition;

- Clarification of who holds authority to issue proclamations, commendations, and certificates of recognition; and
- Reduction to the number of years of service for City of Santa Clara and Santa Clara Unified School District employees to be eligible for recognition from 30 years to 20 years.

As directed by the Committee at their December 7, 2020 meeting, staff recommends that the Council adopt a resolution to amend Council Policy 020 (Attachment 3).

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is no fiscal impact to the City other than administrative staff time.

COORDINATION

This report was coordinated with the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the City Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Adopt a resolution to amend Council Policy 020 as recommended by the Governance and Ethics Committee.

Reviewed by: Nadine Nader, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. RTC 20-312
2. Revised Council Policy 020 - Proclamations, Commendations, and Certificates of Recognition
3. Resolution to Amend Council Policy 020



Agenda Report

20-312

Agenda Date: 12/7/2020

REPORT TO GOVERNANCE AND ETHICS COMMITTEE

SUBJECT

Review Council Policy 020 Proclamations for Possible Recommendation to City Council

BACKGROUND

At the February 10, 2020 Governance and Ethics Committee (Committee) meeting, the Committee adopted its 2020 workplan, which included continued Council Policy Manual review and revision. As a continuation of the 2020 workplan, staff is bringing forward proposed amendments to Council Policy 020 entitled "Proclamations."

Historically, the City of Santa Clara (City) has issued proclamations to honor individuals or organizations, and in recognition of special events, days, or months. In recent years, the Mayor started issuing commendations and certificates of recognition to be responsive to an increase in requests for ceremonial recognition that did not meet the threshold for the issuance of proclamations. Policies of neighboring cities and cities of similar population size (e.g., Cities of San Jose, Sunnyvale, Fremont, and San Ramon) were used as benchmarks of how cities process requests for proclamations, commendations, and certificates of recognition (e.g., criteria, procedures).

DISCUSSION

As the current policy (Attachment 1) only addresses proclamations, the proposed amended version of Council Policy 020 has been updated to include commendations and certificates of recognition. The proposed amended policy expands on the current proclamation criteria and procedure, and establishes the policy, procedure, and criteria for commendation and certificate of recognition requests. The redline and clean versions of the proposed amended policy are included with this report as Attachments 2 and 3.

Proposed amendments to the policy include:

- Title change from "Proclamations" to "Proclamations, Commendations, and Certificates of Recognition" as the amended policy now incorporates proclamations, commendations, and certificates of recognition;
- Expanded criteria and procedure for proclamations;
- Establishment of policy, procedure, and criteria for commendations and certificates of recognition;
- Clarification of who holds authority to issue proclamations, commendations, and certificates of recognition; and
- Reduction to the number of years of service for City and Santa Clara Unified School District (SCUSD) employees to be eligible for recognition from 30 years to 20 years. The City has traditionally issued proclamations to retiring employees; however, with the criteria established in the amended policy, this type of recognition meets the criteria for commendations. With the

adoption of the amended policy, retiring City or SCUSD employees of 20 years of more will be eligible to receive a commendation.

Categories of Ceremonial Recognition Documents

Proclamations

Proclamations may be issued to honor or highlight a special period of observance (e.g., days, weeks, months), civic celebration, or recognition of a community, regional, state, or national occasion to cover issues that have widespread community interest with a primary emphasis on requests in support of City Council's goals and objectives.

Commendations

Commendations may be issued to individuals, groups, organizations, or businesses with a connection to the City for milestones or major achievements that have community-wide significance. Examples of major achievements that have significant importance to the Santa Clara community that would be eligible for commendations include:

- Local sports teams or athletes for winning regional, state, and/or national titles;
- Local schools or students for winning competitions, exhibitions, or championships at the state, national, and/or international level, or educators for receiving recognition at the regional, state, national, and/or international levels;
- Santa Clara businesses or organizations upon the commemoration of a milestone anniversary;
- Community groups or organizations, upon the commemoration of a milestone anniversary, whose work has benefited the City and/or Santa Clara residents; or
- Retiring City or SCUSD employees who have served for twenty years or more, upon request.

Certificates of Recognition

Certificates of recognition may be issued to individuals, groups, organizations, or businesses with a connection to the City for individual or group achievement, exceptional contributions to the Santa Clara community, or commemorative events or occasions. Examples include:

- Individuals, community groups, or organizations whose volunteer efforts and/or philanthropic works have benefitted the Santa Clara community and/or Santa Clara residents;
- Santa Clara students for academic achievement at the local or regional level (e.g., school valedictorian, placement at regional competitions or exhibitions);
- Individuals, community groups, or organizations for winning City competitions (e.g., Halloween Holiday Decorating Contest, Home Decorating Contest, etc.); or
- Local organizations or businesses for commemorative events or occasions in Santa Clara (e.g., ribbon cutting ceremonies, grand opening ceremonies, etc.).

With the Governance and Ethics Committee's approval of the amended version of Council Policy 020, the policy will be presented to full City Council for review, approval, and adoption by resolution.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is no fiscal impact to the City other than staff time.

COORDINATION

This report was coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Governance and Ethics Committee agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

That the Governance and Ethics Committee recommend that the City Council adopt a resolution to amend Council Policy 020.

Reviewed by: Genevieve Yip, Staff Analyst I

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Council Policy 020 Proclamations
2. Amended Council Policy 020 Proclamations (Redline)
3. Amended Council Policy 020 Proclamations (Clean)
4. Resolution to Amend Council Policy 020 Proclamations

City of Santa Clara
Policy and Procedure Manual



PROCLAMATIONS

POLICY

Proclamations may honor individuals or organizations or cover special events, days, or months. Citizens may call or petition to have a proclamation prepared, or the City Council may request one. Only proclamations dealing with local, county, or state issues that have a connection to the City will be processed. Proclamations shall be issued upon the retirement of City or Santa Clara Unified School district employees who have served for thirty years or more.

PROCEDURE

1. Proclamation requests may be faxed, mailed, emailed, or hand-delivered to the Mayor's Office. It is important that the person making the request include either a sample proclamation that can be used as a guide to follow or provide enough information about the event, special day, or person to assist the Executive Assistant to the Mayor and City Council in preparing the proclamation.
2. If the proclamation has been previously approved, it is considered routine and prepared for Mayor's signature. All first-time proclamation requests require the Mayor's approval before processing.
3. If the request meets the above-mentioned criteria, the Executive Assistant to the Mayor and City Council will prepare the proclamation for the Mayor's signature. Unless there was a request for the Mayor or Council Member to present the proclamation, it will be mailed out to the requesting individual. Should the Mayor or City Council request a proclamation be presented at a Council meeting, the Executive Assistant to the Mayor and City Council will prepare the proclamation for presentation under Special Order of Business.
4. An agenda report for Council information will be prepared quarterly by the Executive Assistant to the Mayor and City Council, listing all proclamations prepared but conveying only copies of all 30+ year City of Santa Clara and local schools retiree proclamations prepared during that time period. A copy of the agenda report and proclamation attachments will also be forwarded to the Local History Librarian.

Reference:

*City Council minutes from 10/31/89 and 8/28/90.
Amended by Council action 7/13/99.*



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

PURPOSE

The purpose of this policy is to identify the authority, criteria, and procedure for the recognition of individuals, groups, organizations, businesses, special periods of observance, or special occasions through the issuance of proclamations, commendations, or certificates of recognition. All proclamations, commendations, and certificates of recognition are ceremonial documents.

POLICY

It is the policy of the City of Santa Clara (City) that requests for proclamations, commendations, or certificates of recognition shall be prepared in accordance with the adopted guidelines of this policy. In accordance with the City Charter, the Mayor shall be the official head of the City for all ceremonial purposes.

PROCLAMATIONS

It is the policy of the City that proclamations may be issued to honor or highlight a special period of observance (e.g., days, weeks, months), civic celebration, or recognition of a community, regional, state, or national occasion, and shall be made at the sole discretion of the Mayor in accordance with the criteria specified below:

1. The primary purpose of a proclamation is to give special recognition to issues, actions, and/or programs of significance to the citizens of Santa Clara.
2. Proclamations are issued to honor of special periods of observance (e.g., days, weeks, or months), civic celebrations, or community, regional, state, or national occasions to cover issues that have widespread community interest with a primary emphasis on requests in support of City Council's goals and objectives. Citizens may call or petition to have a proclamation prepared, or the City Council may request one.
3. Only proclamations dealing with local, county, or state issues that have a connection to the City will be processed. Proclamations must be consistent with the United States Constitution, the California State Constitution, the Santa Clara Municipal Code, and the various laws passed pursuant to those instruments.



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

COMMENDATIONS

It is the policy of the City that commendations may be issued to individuals, groups, organizations, or businesses with a connection to the City for milestones or major achievements that have community-wide significance, and shall be issued at the sole discretion of the Mayor in accordance with the criteria specified below:

1. Commendations are issued to honor individuals, groups, organizations, or businesses with a connection to the City for milestones or major achievements that have significant importance to the Santa Clara community, such as:
 - a. Local sports teams or individual athletes for winning regional, state, and/or national titles;
 - b. Local schools or students for winning competitions, exhibitions, or championships at the state, national, and/or international level, or educators for receiving recognition at the regional, state, national, and/or international levels.
 - c. Santa Clara businesses or organizations upon the commemoration of a milestone anniversary;
 - d. Community groups or organizations, upon the commemoration of a milestone anniversary, whose work has benefited the City and/or Santa Clara residents; or
 - e. Recognition of Santa Clara residents on the occasion of their 100th birthday.
2. Upon request, commendations shall be issued to retiring City or Santa Clara Unified School District employees who have served for twenty years or more.

CERTIFICATES OF RECOGNITION

It is the policy of the City that certificates of recognition may be issued to individuals, groups, organizations, or businesses with a connection to the City for individual or group achievement, exceptional contributions to the Santa Clara community, or commemorative events or occasions, and shall be issued at the sole discretion of the Mayor in accordance with the criteria specified below:

1. Certificates of recognition are used to acknowledge individual or



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

group achievement, contributions to the community, or to recognize a commemorative event or occasion, such as:

- a. Individuals, community groups, or organizations whose volunteer efforts and/or philanthropic works have benefitted the Santa Clara community and/or Santa Clara residents;
- b. Santa Clara students for academic achievement at the local or regional level (e.g., school valedictorian, placement at regional competitions or exhibitions);
- c. Individuals, community groups, or organizations for winning City competitions (e.g., Halloween Holiday Decorating Contest, Home Decorating Contest, etc.); or
- d. Local organizations or businesses for commemorative events or occasions in Santa Clara (e.g., ribbon cutting ceremonies, grand opening ceremonies, etc.).

PROCEDURE

PROCLAMATIONS

1. Proclamation requests should be addressed to the Office of Mayor and City Council and submitted at least fifteen (15) business days prior to the beginning of the proclaimed time period of observance for which the requester seeks such recognition, and may be faxed, mailed, emailed, or hand-delivered. Proclamation requests should include either a sample proclamation that can be used as a guide or provide sufficient information to assist the Executive Assistant to the Mayor and City Council in preparing the proclamation.
2. Proclamation requests should include:
 - a. Information and/or example(s) of how the request meets the proclamation criteria outlined in this policy;
 - b. Any background or historical information that will assist the Mayor in arriving at a decision;
 - c. An estimate of the number of residents of Santa Clara that belong to the group(s) which would be honored by such a proclamation;
 - d. Notable qualities or characteristics of the group(s) which would be honored by such a proclamation; and



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

- e. Other information pertinent to the proclamation request.
3. All proclamations require approval of the Mayor; however, if the proclamation has been previously approved, it is likely considered as routine and will be prepared for the Mayor's signature. All first-time proclamation requests require the Mayor's approval before processing.
4. If the request meets the above-mentioned criteria and is approved by the Mayor, the Executive Assistant to the Mayor and City Council will prepare the proclamation for the Mayor's signature. If the proclamation is not being presented at a Council meeting or at an event by the Mayor or a Councilmember, the requester will be able to pick up the completed proclamation at Santa Clara City Hall or may request that the proclamation be mailed.
5. A report to Council (RTC) will be prepared annually by the Executive Assistant to the Mayor and City Council, listing all proclamations prepared during the calendar year. A copy of the RTC and proclamation attachments will be forwarded to the Local History Librarian.

COMMENDATIONS

1. Commendation requests should be addressed to the Office of Mayor and City Council and submitted at least fifteen (15) business days in advance of the date the commendation is requested for, and may be faxed, mailed, emailed, or hand-delivered.
2. Commendation requests should include:
 - a. Information and/or example(s) of how the request meets the commendation criteria outlined in this policy;
 - b. Any background or historical information that will assist the Mayor in arriving at a decision; and
 - c. Other information pertinent to the commendation request.
3. If the request meets the above-mentioned criteria and is approved by the Mayor, the Executive Assistant to the Mayor and City Council will prepare the commendation for the Mayor's signature.
4. If the commendation is not being presented at a Council meeting or at an event by the Mayor or a Councilmember, the requester will be



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

able to pick up the completed commendation at Santa Clara City Hall or may request that the commendation be mailed.

5. A RTC will be prepared annually by the Executive Assistant to the Mayor and City Council, listing all retirement commendations issued to 20+ year City and/or Santa Clara Unified School District retirees during the calendar year and with copies of the retirement commendations attached. A copy of the RTC and commendation attachments will be forwarded to the Local History Librarian.

CERTIFICATES OF RECOGNITION

1. Certificate of recognition requests should be addressed to the Office of the Mayor and City Council and submitted at least fifteen (15) business days in advance of the date the certificate is requested for, and may be faxed, mailed, emailed, or hand-delivered.
2. Certificate of recognition requests should include:
 - a. Information and/or example(s) of how the request meets the certificates of recognition criteria outlined in this policy;
 - b. Any background or historical information that will assist the Mayor in arriving at a decision; and
 - c. Other information pertinent to the certificate of recognition request.
3. If the request meets the above-mentioned criteria and is approved by the Mayor, the Executive Assistant to the Mayor and City Council will prepare the certificate of recognition for the Mayor's signature.
4. If the certificate or recognition is not being presented at a Council meeting or at an event by the Mayor or a Councilmember, the requester will be able to pick up the completed certificate of recognition at Santa Clara City Hall or may request that the certificate of recognition be mailed.



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

PURPOSE

The purpose of this policy is to identify the authority, criteria, and procedure for the recognition of individuals, groups, organizations, businesses, special periods of observance, or special occasions through the issuance of proclamations, commendations, or certificates of recognition. All proclamations, commendations, and certificates of recognition are ceremonial documents.

POLICY

It is the policy of the City of Santa Clara (City) that requests for proclamations, commendations, or certificates of recognition shall be prepared in accordance with the adopted guidelines of this policy. In accordance with the City Charter, the Mayor shall be the official head of the City for all ceremonial purposes.

PROCLAMATIONS

It is the policy of the City that proclamations may be issued to honor or highlight a special period of observance (e.g., days, weeks, months), civic celebration, or recognition of a community, regional, state, or national occasion, and shall be made at the sole discretion of the Mayor in accordance with the criteria specified below:

1. The primary purpose of a proclamation is to give special recognition to issues, actions, and/or programs of significance to the citizens of Santa Clara.
2. Proclamations are issued ~~may to~~ honor ~~individuals or organizations or cover~~ special ~~periods of observance events,~~ (e.g., days, weeks, or months), civic celebrations, or community, regional, state, or national occasions to cover issues that have widespread community interest with a primary emphasis on requests in support of City Council's goals and objectives. Citizens may call or petition to have a proclamation prepared, or the City Council may request one.
3. Only proclamations dealing with local, county, or state issues that have a connection to the City will be processed. Proclamations must be consistent with the United States Constitution, the California State Constitution, the Santa Clara Municipal Code, and the various laws passed pursuant to those instruments.



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

~~Proclamations shall be issued upon the retirement of City or Santa Clara Unified School district employees who have served for thirty years or more.~~

COMMENDATIONS

It is the policy of the City that commendations may be issued to individuals, groups, organizations, or businesses with a connection to the City for milestones or major achievements that have community-wide significance, and shall be issued at the sole discretion of the Mayor in accordance with the criteria specified below:

1. Commendations are issued to honor individuals, groups, organizations, or businesses with a connection to the City for milestones or major achievements that have significant importance to the Santa Clara community, such as:
 - a. Local sports teams or individual athletes for winning regional, state, and/or national titles;
 - b. Local schools or students for winning competitions, exhibitions, or championships at the state, national, and/or international level, or educators for receiving recognition at the regional, state, national, and/or international levels;
 - a.c. Santa Clara businesses or organizations upon the commemoration of a milestone anniversary;
 - d. Community groups or organizations, upon the commemoration of a milestone anniversary, whose work has benefited the City and/or Santa Clara residents; or
 - e. Recognition of Santa Clara residents on the occasion of their 100th birthday.
2. Upon request, commendations shall be issued to retiring City or Santa Clara Unified School District employees who have served for twenty years or more.

CERTIFICATES OF RECOGNITION

It is the policy of the City that certificates of recognition may be issued to individuals, groups, organizations, or businesses with a connection to



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

the City for individual or group achievement, exceptional contributions to the Santa Clara community, or commemorative events or occasions, and shall be issued at the sole discretion of the Mayor in accordance with the criteria specified below:

1. Certificates of recognition are used to acknowledge individual or group achievement, contributions to the community, or to recognize a commemorative event or occasion, such as:
 - a. Individuals, community groups, or organizations whose volunteer efforts and/or philanthropic works have benefitted the Santa Clara community and/or Santa Clara residents;
 - b. Santa Clara students for academic achievement at the local or regional level (e.g., school valedictorian, placement at regional competitions or exhibitions);
 - c. Individuals, community groups, or organizations for winning City competitions (e.g., Halloween Holiday Decorating Contest, Home Decorating Contest, etc.); or
 - d. Local organizations or businesses for commemorative events or occasions in Santa Clara (e.g., ribbon cutting ceremonies, grand opening ceremonies, etc.).

PROCEDURE

PROCLAMATIONS

1. Proclamation requests should be addressed to the Office of Mayor and City Council and submitted at least fifteen (15) business days prior to the beginning of the proclaimed time period of observance for which the requester seeks such recognition, and may be faxed, mailed, emailed, or hand-delivered. ~~to the Mayor's Office. It is important that the person making the request~~ Proclamation requests should include either a sample proclamation that can be used as a guide ~~to follow~~ or provide sufficient enough information ~~about the event, special day, or person~~ to assist the Executive Assistant to the Mayor and City Council in preparing the proclamation.
2. Proclamation requests should include:



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

- a. Information and/or example(s) of how the request meets the proclamation criteria outlined in this policy;
- b. Any background or historical information that will assist the Mayor in arriving at a decision;
- c. An estimate of the number of residents of Santa Clara that belong to the group(s) which would be honored by such a proclamation;
- d. Notable qualities or characteristics of the group(s) which would be honored by such a proclamation; and
- e. Other information pertinent to the proclamation request.

~~2.3.~~ All proclamations require approval of the Mayor; however, if the proclamation has been previously approved, it is likely considered as routine and will be prepared for the Mayor's signature. All first-time proclamation requests require the Mayor's approval before processing.

~~3.4.~~ If the request meets the above-mentioned criteria and is approved by the Mayor, the Executive Assistant to the Mayor and City Council will prepare the proclamation for the Mayor's signature. If the proclamation is not being presented at a Council meeting or at an event by the Mayor or a Councilmember, the requester will be able to pick up the completed proclamation at Santa Clara City Hall or may request that the proclamation be mailed.

~~4.5.~~ An agenda report for Council information will A report to Council (RTC) will be prepared quarterly annually by the Executive Assistant to the Mayor and City Council, listing all proclamations prepared during the calendar year. but conveying only copies of all 30+ year City of Santa Clara and local schools retiree proclamations prepared during that time period. A copy of the agenda report RTC and proclamation attachments will also be forwarded to the Local History Librarian.

COMMENDATIONS

1. Commendation requests should be addressed to the Office of Mayor and City Council and submitted at least fifteen (15) business days in



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

advance of the date the commendation is requested for, and may be faxed, mailed, emailed, or -hand-delivered.

2. Commendation requests should include:

- a. Information and/or example(s) of how the request meets the commendation criteria outlined in this policy;
- b. Any background or historical information that will assist the Mayor in arriving at a decision; and
- c. Other information pertinent to the commendation request.

3. If the request meets the above-mentioned criteria and is approved by the Mayor, the Executive Assistant to the Mayor and City Council will prepare the commendation for the Mayor's signature.

4. If the commendation is not being presented at a Council meeting or at an event by the Mayor or a Councilmember, the requester will be able to pick up the completed commendation at Santa Clara City Hall or may request that the commendation be mailed.

5. An RTC will be prepared annually by the Executive Assistant to the Mayor and City Council, listing all retirement commendations issued to 20+ year City and/or Santa Clara Unified School District retirees during the calendar year and with copies of the retirement commendations attached. A copy of the RTC and commendation attachments will be forwarded to the Local History Librarian.

CERTIFICATES OF RECOGNITION

1. Certificate of recognition requests should be addressed to the Office of the Mayor and City Council and submitted at least fifteen (15) business days in advance of the date the certificate is requested for, and may be faxed, mailed, emailed, or -hand-delivered.

2. Certificate of recognition requests should include:

- a. Information and/or example(s) of how the request meets the certificates of recognition criteria outlined in this policy;
- b. Any background or historical information that will assist the Mayor



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

in arriving at a decision; and

c. Other information pertinent to the certificate of recognition request.

3. If the request meets the above-mentioned criteria and is approved by the Mayor, the Executive Assistant to the Mayor and City Council will prepare the certificate of recognition for the Mayor's signature.

4.4. If the certificate or recognition is not being presented at a Council meeting or at an event by the Mayor or a Councilmember, the requester will be able to pick up the completed certificate of recognition at Santa Clara City Hall or may request that the certificate of recognition be mailed.

~~Reference: City Council minutes from 10/31/89 and 8/28/90.~~
~~Amended by Council action 7/13/99.~~

Attachments:

~~1.~~

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA
TO AMEND COUNCIL POLICY 020 ENTITLED
“PROCLAMATIONS”**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, amending the current version of Council Policy 020 entitled Proclamations will establish the policy, procedure, and criteria for ceremonial documents such as proclamations, commendations, and certificates of recognition;

WHEREAS, the amended policy revises the title from Proclamations to Proclamations, Commendations, and Certificates of Recognition as the amended policy now addresses proclamations, commendations, and certificates of recognition;

WHEREAS, the amended policy, attached hereto as Attachment 1, expands on the current proclamation criteria and procedure, and establishes the policy, procedure, and criteria for commendation and certificate of recognition requests;

WHEREAS, the amended policy, attached hereto as Attachment 1, identifies the authority, criteria, and procedure for recognition of individuals, organizations, events, or periods of time through the issuance of proclamations, commendations, and certificates of recognition.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. That the current Council Policy 020 entitled Proclamations is hereby rescinded in its entirety.
2. That the amended version of Council Policy 020 entitled Proclamations, Commendations, and Certificates of Recognition, attached hereto as Attachment 1, is hereby approved and adopted, and the City Manager is directed to number (and renumber, as appropriate) the Council Policy Manual such that they are organized in a logical fashion.
3. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED

AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING
THEREOF HELD ON THE ____ DAY OF _____, 2020, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: _____

NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Council Policy 020 entitled Proclamations, Commendations, and Certificates of Recognition



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

PURPOSE

The purpose of this policy is to identify the authority, criteria, and procedure for the recognition of individuals, groups, organizations, businesses, special periods of observance, or special occasions through the issuance of proclamations, commendations, or certificates of recognition. All proclamations, commendations, and certificates of recognition are ceremonial documents.

POLICY

It is the policy of the City of Santa Clara (City) that requests for proclamations, commendations, or certificates of recognition shall be prepared in accordance with the adopted guidelines of this policy. In accordance with the City Charter, the Mayor shall be the official head of the City for all ceremonial purposes.

PROCLAMATIONS

It is the policy of the City that proclamations may be issued to honor or highlight a special period of observance (e.g., days, weeks, months), civic celebration, or recognition of a community, regional, state, or national occasion, and shall be made at the sole discretion of the Mayor in accordance with the criteria specified below:

1. The primary purpose of a proclamation is to give special recognition to issues, actions, and/or programs of significance to the citizens of Santa Clara.
2. Proclamations are issued to honor of special periods of observance (e.g., days, weeks, or months), civic celebrations, or community, regional, state, or national occasions to cover issues that have widespread community interest with a primary emphasis on requests in support of City Council's goals and objectives. Citizens may call or petition to have a proclamation prepared, or the City Council may request one.
3. Only proclamations dealing with local, county, or state issues that have a connection to the City will be processed. Proclamations must be consistent with the United States Constitution, the California State Constitution, the Santa Clara Municipal Code, and the various laws passed pursuant to those instruments.



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

COMMENDATIONS

It is the policy of the City that commendations may be issued to individuals, groups, organizations, or businesses with a connection to the City for milestones or major achievements that have community-wide significance, and shall be issued at the sole discretion of the Mayor in accordance with the criteria specified below:

1. Commendations are issued to honor individuals, groups, organizations, or businesses with a connection to the City for milestones or major achievements that have significant importance to the Santa Clara community, such as:
 - a. Local sports teams or individual athletes for winning regional, state, and/or national titles;
 - b. Local schools or students for winning competitions, exhibitions, or championships at the state, national, and/or international level, or educators for receiving recognition at the regional, state, national, and/or international levels.
 - c. Santa Clara businesses or organizations upon the commemoration of a milestone anniversary;
 - d. Community groups or organizations, upon the commemoration of a milestone anniversary, whose work has benefited the City and/or Santa Clara residents; or
 - e. Recognition of Santa Clara residents on the occasion of their 100th birthday.
2. Upon request, commendations shall be issued to retiring City or Santa Clara Unified School District employees who have served for twenty years or more.

CERTIFICATES OF RECOGNITION

It is the policy of the City that certificates of recognition may be issued to individuals, groups, organizations, or businesses with a connection to the City for individual or group achievement, exceptional contributions to the Santa Clara community, or commemorative events or occasions, and shall be issued at the sole discretion of the Mayor in accordance with the criteria specified below:

1. Certificates of recognition are used to acknowledge individual or



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

group achievement, contributions to the community, or to recognize a commemorative event or occasion, such as:

- a. Individuals, community groups, or organizations whose volunteer efforts and/or philanthropic works have benefitted the Santa Clara community and/or Santa Clara residents;
- b. Santa Clara students for academic achievement at the local or regional level (e.g., school valedictorian, placement at regional competitions or exhibitions);
- c. Individuals, community groups, or organizations for winning City competitions (e.g., Halloween Holiday Decorating Contest, Home Decorating Contest, etc.); or
- d. Local organizations or businesses for commemorative events or occasions in Santa Clara (e.g., ribbon cutting ceremonies, grand opening ceremonies, etc.).

PROCEDURE

PROCLAMATIONS

1. Proclamation requests should be addressed to the Office of Mayor and City Council and submitted at least fifteen (15) business days prior to the beginning of the proclaimed time period of observance for which the requester seeks such recognition, and may be faxed, mailed, emailed, or hand-delivered. Proclamation requests should include either a sample proclamation that can be used as a guide or provide sufficient information to assist the Executive Assistant to the Mayor and City Council in preparing the proclamation.
2. Proclamation requests should include:
 - a. Information and/or example(s) of how the request meets the proclamation criteria outlined in this policy;
 - b. Any background or historical information that will assist the Mayor in arriving at a decision;
 - c. An estimate of the number of residents of Santa Clara that belong to the group(s) which would be honored by such a proclamation;
 - d. Notable qualities or characteristics of the group(s) which would be honored by such a proclamation; and



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

- e. Other information pertinent to the proclamation request.
3. All proclamations require approval of the Mayor; however, if the proclamation has been previously approved, it is likely considered as routine and will be prepared for the Mayor's signature. All first-time proclamation requests require the Mayor's approval before processing.
4. If the request meets the above-mentioned criteria and is approved by the Mayor, the Executive Assistant to the Mayor and City Council will prepare the proclamation for the Mayor's signature. If the proclamation is not being presented at a Council meeting or at an event by the Mayor or a Councilmember, the requester will be able to pick up the completed proclamation at Santa Clara City Hall or may request that the proclamation be mailed.
5. A report to Council (RTC) will be prepared annually by the Executive Assistant to the Mayor and City Council, listing all proclamations prepared during the calendar year. A copy of the RTC and proclamation attachments will be forwarded to the Local History Librarian.

COMMENDATIONS

1. Commendation requests should be addressed to the Office of Mayor and City Council and submitted at least fifteen (15) business days in advance of the date the commendation is requested for, and may be faxed, mailed, emailed, or hand-delivered.
2. Commendation requests should include:
 - a. Information and/or example(s) of how the request meets the commendation criteria outlined in this policy;
 - b. Any background or historical information that will assist the Mayor in arriving at a decision; and
 - c. Other information pertinent to the commendation request.
3. If the request meets the above-mentioned criteria and is approved by the Mayor, the Executive Assistant to the Mayor and City Council will prepare the commendation for the Mayor's signature.
4. If the commendation is not being presented at a Council meeting or at an event by the Mayor or a Councilmember, the requester will be



PROCLAMATIONS, COMMENDATIONS, AND CERTIFICATES OF RECOGNITION

able to pick up the completed commendation at Santa Clara City Hall or may request that the commendation be mailed.

5. A RTC will be prepared annually by the Executive Assistant to the Mayor and City Council, listing all retirement commendations issued to 20+ year City and/or Santa Clara Unified School District retirees during the calendar year and with copies of the retirement commendations attached. A copy of the RTC and commendation attachments will be forwarded to the Local History Librarian.

CERTIFICATES OF RECOGNITION

1. Certificate of recognition requests should be addressed to the Office of the Mayor and City Council and submitted at least fifteen (15) business days in advance of the date the certificate is requested for, and may be faxed, mailed, emailed, or hand-delivered.
2. Certificate of recognition requests should include:
 - a. Information and/or example(s) of how the request meets the certificates of recognition criteria outlined in this policy;
 - b. Any background or historical information that will assist the Mayor in arriving at a decision; and
 - c. Other information pertinent to the certificate of recognition request.
3. If the request meets the above-mentioned criteria and is approved by the Mayor, the Executive Assistant to the Mayor and City Council will prepare the certificate of recognition for the Mayor's signature.
4. If the certificate or recognition is not being presented at a Council meeting or at an event by the Mayor or a Councilmember, the requester will be able to pick up the completed certificate of recognition at Santa Clara City Hall or may request that the certificate of recognition be mailed.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA
TO AMEND COUNCIL POLICY 020 ENTITLED
“PROCLAMATIONS”**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, amending the current version of Council Policy 020 entitled Proclamations will establish the policy, procedure, and criteria for ceremonial documents such as proclamations, commendations, and certificates of recognition;

WHEREAS, the amended policy revises the title from Proclamations to Proclamations, Commendations, and Certificates of Recognition as the amended policy now addresses proclamations, commendations, and certificates of recognition;

WHEREAS, the amended policy, attached hereto as Attachment 1, expands on the current proclamation criteria and procedure, and establishes the policy, procedure, and criteria for commendation and certificate of recognition requests;

WHEREAS, the amended policy, attached hereto as Attachment 1, identifies the authority, criteria, and procedure for recognition of individuals, organizations, events, or periods of time through the issuance of proclamations, commendations, and certificates of recognition.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. That the current Council Policy 020 entitled Proclamations is hereby rescinded in its entirety.
2. That the amended version of Council Policy 020 entitled Proclamations, Commendations, and Certificates of Recognition, attached hereto as Attachment 1, is hereby approved and adopted, and the City Manager is directed to number (and renumber, as appropriate) the Council Policy Manual such that they are organized in a logical fashion.
3. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED

AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING
THEREOF HELD ON THE ____ DAY OF _____, 2021, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: _____

NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Council Policy 020 entitled Proclamations, Commendations, and Certificates of Recognition



Agenda Report

21-1387

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Appointments to City Committees and Area Wide/Outside Agency Committees for the 2021 Calendar Year

COUNCIL PILLAR

Enhance Transparency and Community Engagement

BACKGROUND

Annually, the Mayor requests that the City Council appoint members of the City Council to the City and Area Wide/Outside Agency Committees. The full City Council was asked to provide their input on any requests of appointments or changes. The proposed appointments to City Committees are set forth as exhibits to this report as Attachments (1) Proposed 2021 City Committee List (clean) and (2) Proposed 2021 City Committee List (redline) and the proposed appointments to Area Wide/Outside Agency Committees are set forth as exhibits to this report as Attachments (3) Proposed 2021 Outside Agency Committee List (clean) and (4) Proposed 2021 Outside Agency Committee List (redline).

DISCUSSION

On December 11, 2020, Mayor Lisa M. Gillmor solicited the City Council's interest in City and Outside Agency Committee appointments. The Mayor is submitting her recommendations for appointments to City Committees and Area Wide/Outside Agency Committees for the 2021 calendar year, which were determined by Council's expressed interest based on seniority and to balance the workload among the full City Council.

The Mayor's recommendations for appointments to the City Committees and Area Wide/Outside Agency Committees are listed below.

City Committees

- **Americans with Disabilities Act (ADA) Committee**
 - Appoint Councilmember Chahal as Chair
 - Appoint Councilmember Becker as Alternate
- **Audit Committee**
 - Appoint Mayor Gillmor as Chair
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Hardy as Member

- Appoint Councilmember Chahal as Alternate
- **Bicycle Pedestrian Advisory Committee (BPAC)**
 - Appoint Councilmember Hardy as Chair
 - Appoint Councilmember Chahal as Alternate
- **Economic Development, Communications, and Marketing Committee**
 - Appoint Mayor Gillmor as Chair
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Hardy as Member
 - Appoint Councilmember Chahal as Alternate
- **Governance and Ethics Committee**
 - Appoint Mayor Gillmor as Chair
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Chahal as Member
 - Appoint Councilmember Park as Alternate
- **Ad Hoc Stadium Audit Committee**
 - Appoint Mayor Gillmor as Chair
 - Appoint Councilmember Hardy as Member
 - Appoint Councilmember Chahal as Member
 - Appoint Councilmember Park as Alternate

Area Wide/Outside Agency Committees

- **Association of Bay Area Governments (ABAG) (General Assembly)**
 - Appoint Councilmember Park as Member
 - Appoint Councilmember Becker as Alternate
- **Bay Area Water Supply and Conservation Agency (BAWSCA)**
 - Appoint Councilmember Hardy as Member
- **Caltrain Modernization Local Policymaker Group (CalMod)**

- Appoint Councilmember Chahal as Member
 - Appoint Councilmember Becker as Alternate
- **Cities Association of Santa Clara County Board of Directors and Legislative Action Committees**
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Jain as Alternate
- **Cities Association of Santa Clara County City Selection Committee**
 - Appoint Councilmember Jain as Member
 - Appoint Councilmember Park as Alternate
- **City/Mission College Liaison Committee**
 - Appoint Mayor Gillmor as Chair
 - Appoint Councilmember Hardy as Member
 - Appoint Councilmember Becker as Member
 - Appoint Councilmember Chahal as Alternate
- **City/School Liaison Committee (Santa Clara Unified School District)**
 - Appoint Mayor Gillmor as Chair
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Chahal as Member
 - Appoint Councilmember Jain as Alternate
- **Grand Boulevard Task Force/El Camino Real**
 - Appoint Councilmember Chahal as Member
 - Appoint Councilmember Jain as Alternate
- **Human Trafficking Commission**
 - Appoint Councilmember Becker as Member
 - Appoint Mayor Gillmor as Alternate
- **Northern California Power Agency (NCPA)**
 - Appoint Councilmember Watanabe as Member
 - Appoint Mayor Gillmor as Alternate

- **Police Activities League (PAL)**
 - Appoint Mayor Gillmor as Member
 - Appoint Councilmember Watanabe as Alternate
- **Peninsula Division of the League of California Cities**
 - Appoint Councilmember Park as Member
 - Appoint Councilmember Jain as Alternate
- **Joint Recycled Water Policy Advisory Committee**
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Hardy as Alternate
- **Recycling and Waste Reduction Commission of Santa Clara County (RWRC)**
 - Appoint Councilmember Watanabe as Member
- **San Francisco Bay Area Regional Water System Financing Authority**
 - Appoint Councilmember Jain as Member
- **San Jose/Santa Clara Clean Water Financing Authority**
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Hardy as Member
 - Appoint Councilmember Jain as Alternate
- **San Jose/Santa Clara Treatment Plant Advisory Committee (TPAC)**
 - Appoint Mayor Gillmor as Member
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Hardy as Alternate
- **Santa Clara County Emergency Operational Area Council (EOAC)**
 - Appoint Councilmember Chahal as Member
- **Santa Clara County Expressway Plan 2040 Policy Advisory Board (PAB)**
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Hardy as Alternate
- **Santa Clara/Santa Cruz Counties Airport/Community Roundtable**

- Appoint Councilmember Watanabe as Member
- Appoint Councilmember Chahal as Alternate
- **Santa Clara Sister Cities Association**
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Park as Alternate
- **Santa Clara University Liaison/Neighborhood-University Relations Committee (NURC)**
 - Appoint Mayor Gillmor as Chair
 - Appoint Councilmember Chahal as Member
 - Appoint Councilmember Hardy as Member
 - Appoint Councilmember Becker as Alternate
- **Santa Clara Valley Transportation Authority (SCVTA) Board of Directors**
 - Appoint Mayor Gillmor as Member
- **Santa Clara Valley Transportation Authority (SCVTA) Policy Advisory Committee (PAC)**
 - Appoint Councilmember Chahal as Member
 - Appoint Councilmember Hardy as Alternate
- **Santa Clara Valley Water Commission**
 - Appoint Councilmember Watanabe as Member
 - Appoint Councilmember Jain as Alternate
- **Silicon Valley Animal Control Authority (SVACA)**
 - Appoint Councilmember Chahal as Member
 - Appoint Councilmember Becker as Alternate
- **Triton Museum of Art**
 - Appoint Councilmember Chahal as Member
 - Appoint Councilmember Park as Alternate

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably

foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is no fiscal impact to the City other than staff time.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Approve the appointments to the City and Area Wide/Outside Agency Committees.

Approved by: Mayor Lisa M. Gillmor

ATTACHMENTS

1. Proposed 2021 City Committee List (Clean)
2. Proposed 2021 City Committee List (Redline)
3. Proposed 2021 Outside Agency Committee List (Clean)
4. Proposed 2021 Outside Agency Committee List (Redline)

CITY OF SANTA CLARA

Council Appointments to City Committees

CITY COMMITTEES (City staff responsible for preparing and posting the agendas for the meetings).

1. Americans with Disabilities Act (ADA) Committee:

Date:	Meets on call	
Time:	TBD	
Location:	City Hall Council Chambers 1500 Warburton Avenue, Santa Clara	
Councilmembers:	Chahal (Chair)	Alternate: Becker
Staff Members:	Director of Public Works, City Attorney	
Staff Liaison:	Kelly Conoscenti, OSIII	Phone: 408-615-3000
Established on September 29, 1992, to review accessibility issues, the Committee includes individuals and representatives from community organizations such as VIA Rehabilitation, Self Help for Hard of Hearing People, and the Adult Independence Development Center.		

2. Audit Committee:

Date:	Meets on call		
Time:	TBD		
Location:	City Hall 1500 Warburton Avenue, Santa Clara		
Councilmembers:	Gillmor (Chair), Watanabe, Hardy	Alternate: Chahal	
Staff Members:	City Manager, Director of Finance, City Auditor, City Attorney		
Reviews the annual independent audits, Comprehensive Annual Financial Report, Single Audit Report, Electric Utility Financial Statements, Stadium Authority Financial Statements, and City Auditor's Annual Report. Meetings are attended with independent auditor.			

3. Bicycle Pedestrian Advisory Committee (BPAC):

Date:	Meets on the fourth Monday of January, March, June, August, and October	
Time:	4:00 p.m.	
Location:	City Hall Council Chambers 1500 Warburton Avenue, Santa Clara	
Councilmembers:	Hardy (Chair)	Alternate: Chahal
Staff Members:	Director of Public Works, Traffic Engineer, Police Department Traffic Sergeant, City Attorney	
Staff Liaison:	Marshall Johnson, Civil Engineer I	Phone: 408-615-3023
Originally established on May 14, 1991, the Committee was established to explore developing safe bicycle lanes and routes on City streets. The Committee name and duties was revised in March 25, 2014 to include pedestrian aspects and to also provide input on non-engineering activities to increase pedestrian and bicycle usage in the City.		

4. Economic Development, Communications, and Marketing Committee:

Date:	Meets on the third Wednesday of February, May, August, and November	
Time:	3:00 p.m.	
Location:	City Hall Council Chambers 1500 Warburton Avenue, Santa Clara	
Councilmembers:	Gillmor (Chair), Watanabe, Hardy	Alternate: Chahal
Staff Members:	City Manager, Assistant City Manager, Director of Communications, City Attorney	
Staff Liaison:	Genevieve Yip, Staff Analyst I	Phone: 408-615-2250
The Economic Development, Communications, and Marketing Committee was established by Council action on February 5, 2019, to consolidate the Economic Development Committee and the Marketing Committee. The Committee focuses proactive economic development and effective communication, as well as reviews the City's marketing and branding strategies.		

5. Governance and Ethics Committee:

Date: Meets on the first Monday of March, June, September*, and December

Time: 3:00 p.m.

Location: City Hall Council Chambers
1500 Warburton Avenue, Santa Clara

Councilmembers: Gillmor (Chair), Watanabe, Chahal Alternate: Park

Staff Members: City Manager, City Attorney, City Clerk

Staff Liaison: Genevieve Yip, Staff Analyst I Phone: 408-615-2250

The Governance and Ethics Committee was established by Council action on February 5, 2019, to consolidate the Governance Committee, Ethics Committee, and the Facilities Naming and Honorary Recognition Ad Hoc Committee. The Committee focuses on the refinement or establishment of policies and procedures regarding City Council operations and general good government practices, as well as the further implementation of the City's Code of Ethics & Values program. This committee is also responsible for reviewing requests for facility naming and honorary recognitions.

*Meeting date has been rescheduled from 9/6 to 9/20 due to observance of the Labor Day holiday

6. Ad Hoc Stadium Audit Committee:

Date: Meets on call

Time: TBD

Location: City Hall
1500 Warburton Avenue, Santa Clara

Councilmembers: Gillmor (Chair), Hardy, Chahal Alternate: Park

Staff Members: City Manager, Director of Finance, City Auditor, City Attorney

On July 19, 2016, the Santa Clara Stadium Authority Board (Board) approved appointment of a three-member committee to oversee the work and progress of the audit being performed by Harvey M. Rose Associates, LLC.

CITY OF SANTA CLARA

Council Appointments to City Committees

CITY COMMITTEES (City staff responsible for preparing and posting the agendas for the meetings).

1. Americans with Disabilities Act (ADA) Committee:

Date: Meets on call

Time: TBD

Location: City Hall Council Chambers
1500 Warburton Avenue, Santa Clara

Councilmembers: Chahal (Chair) Alternate: [Becker](#)[Davis](#)

Staff Members: Director of Public Works, City Attorney

Staff Liaison: Kelly Conoscenti, OSIII Phone: 408-615-3000

Established on September 29, 1992, to review accessibility issues, the Committee includes individuals and representatives from community organizations such as VIA Rehabilitation, Self Help for Hard of Hearing People, and the Adult Independence Development Center.

2. Audit Committee:

Date: Meets on call

Time: TBD

Location: City Hall
1500 Warburton Avenue, Santa Clara

Councilmembers: Gillmor (Chair), Watanabe, Hardy Alternate: [Chahal](#)[Davis](#)

Staff Members: City Manager, Director of Finance, City Auditor, City Attorney

Reviews the annual independent audits, Comprehensive Annual Financial Report, Single Audit Report, Electric Utility Financial Statements, Stadium Authority Financial Statements, and City Auditor's Annual Report. Meetings are attended with independent auditor.

3. Bicycle Pedestrian Advisory Committee (BPAC):

Date: Meets on the fourth Monday of January, March, June, August, and October

Time: 4:00 p.m.

Location: City Hall Council Chambers
1500 Warburton Avenue, Santa Clara

Councilmembers: Hardy (Chair) Alternate: Chahal

Staff Members: Director of Public Works, Traffic Engineer, Police Department Traffic Sergeant, City Attorney

Staff Liaison: Marshall Johnson, Civil Engineer I Phone: 408-615-3023

Originally established on May 14, 1991, the Committee was established to explore developing safe bicycle lanes and routes on City streets. The Committee name and duties was revised in March 25, 2014 to include pedestrian aspects and to also provide input on non-engineering activities to increase pedestrian and bicycle usage in the City.

4. Economic Development, Communications, and Marketing Committee:

Date: Meets on the third Wednesday of February, May, August, and November

Time: 3:00 p.m.

Location: City Hall Council Chambers
1500 Warburton Avenue, Santa Clara

Councilmembers: [Davis-Gillmor](#) (Chair), [Gillmor](#), Watanabe, [Hardy](#) Alternate: [Chahal](#)[Hardy](#)

Staff Members: City Manager, Assistant City Manager, Director of Communications, City Attorney

Staff Liaison: Genevieve Yip, Staff Analyst I Phone: 408-615-2250

The Economic Development, Communications, and Marketing Committee was established by Council action on February 5, 2019, to consolidate the Economic Development Committee and the Marketing Committee. The Committee focuses proactive economic development and effective communication, as well as reviews the City's marketing and branding strategies.

5. Governance and Ethics Committee:

Date: Meets on the first Monday of March, June, September, and December

Time: 3:00 p.m.

Location: City Hall Council Chambers
1500 Warburton Avenue, Santa Clara

Councilmembers: [Gillmor O'Neill](#) (Chair), [Davis](#), [Gillmor Watanabe](#), [Chahal](#); Alternate: [Park](#) [Watanabe](#)

Staff Members: City Manager, City Attorney, City Clerk

Staff Liaison: Genevieve Yip, Staff Analyst I Phone: 408-615-2250

The Governance and Ethics Committee was established by Council action on February 5, 2019, to consolidate the Governance Committee, Ethics Committee, and the Facilities Naming and Honorary Recognition Ad Hoc Committee. The Committee focuses on the refinement or establishment of policies and procedures regarding City Council operations and general good government practices, as well as the further implementation of the City's Code of Ethics & Values program. This committee is also responsible for reviewing requests for facility naming and honorary recognitions.

[*-Meeting date has been rescheduled from 9/6 to 9/20 due to observance of the Labor Day holiday.](#)

6. Ad Hoc Stadium Audit Committee:

Date: Meets on call

Time: TBD

Location: City Hall
1500 Warburton Avenue, Santa Clara

Councilmembers: Gillmor (Chair), Hardy, [Chahal O'Neill](#); Alternate: [Park](#) [Chahal](#)

Staff Members: City Manager, Director of Finance, City Auditor, City Attorney

On July 19, 2016, the Santa Clara Stadium Authority Board (Board) approved appointment of a three-member committee to oversee the work and progress of the audit being performed by Harvey M. Rose Associates, LLC.

CITY OF SANTA CLARA

Council Appointments to Outside Agency Committees

OUTSIDE AGENCY COMMITTEES (Outside Agency responsible for preparing and posting the agendas for the meetings).

1. Association of Bay Area Governments (ABAG) (General Assembly):

Date: Meetings held once a year
 Time: From approximately 9:00 a.m. to 3:00 p.m.
 Location: TBD
 Contact: ABAG Clerk of the Board Phone: (415) 820-7913
 Councilmember: Park Alternate: Becker
 Staff Member: Director of Community Development
 Established in 1961 to protect local control, planning for the future and promoting cooperation in area-wide issues. No stipend for attendee.

2. Bay Area Water Supply and Conservation Agency (BAWSCA):

Date: Meetings held every odd numbered month (January, March, May, July, September, November) on the third Thursday of the month
 Time: 6:30 p.m.
 Location: San Mateo Main Library, Oak Room, 55 West 3rd Avenue, San Mateo, CA 94402
 Contact: Nicole Sandkulla Phone: (650) 349-3000
 Councilmember: Hardy
 Staff Member: Director of Water and Sewer Utilities
 Established in February 2003 to allow the City to have a greater voice in planning and funding of improvements in the Hetch-Hetchy regional water supply system. BAWSCA term is four years (June 2018-2022) and has only one representative (no alternate). \$100 stipend for meeting attendance.

3. Caltrain Modernization Local Policymaker Group (CalMod):

Date: Meets monthly on the fourth Thursday; except in December, meets on the third Thursday
 Time: 5:30 p.m. – 7:00 p.m.
 Location: Caltrain Joint Powers Authority Board Headquarters
 Bacciocco Auditorium, 1250 San Carlos Avenue, San Carlos, CA 94070
 Contact: Phone: (650) 508-6200
 Councilmember: Becker Alternate: Becker
 Staff Member: Director of Public Works (Advisor only, does not attend meetings)
 Established by Caltrain Joint powers Board for Caltrain modernization/electrification. Members represent cities along the Caltrain corridor. No stipend for attendee.

4. Cities Association of Santa Clara County:

Contact: Andi Jordan, Phone: (408) 766-9534
 Executive Director
 P.O. Box 1079, Los Gatos, CA 95031

A. Board of Directors:

Date: Meets on the second Thursday of every month, except in July
 Time: 7:00 p.m.
 Location: Sunnyvale City Hall, 456 West Olive Avenue, Sunnyvale
 Councilmember: Watanabe Alternate: Jain
 Staff Member: City Manager or Assistant City Manager
 No stipend for attendee.

B. City Selection Committee:

Date: Meets on call
 Time: 6:45 p.m. (Immediately before the Board of Directors meeting)

Location:	Sunnyvale City Hall, 456 West Olive Avenue, Sunnyvale	
Councilmember:	Jain	Alternate: Park
Staff Member:	City Manager or Assistant City Manager	

Established to promote cooperation among the fifteen cities of Santa Clara County and to promote legislative action that will affect local control.

C. Legislative Action Committee:

Date:	Meets on call	
Time:	6:45 p.m. (Immediately before the Board of Directors meeting)	
Location:	Sunnyvale City Hall, 456 West Olive Avenue, Sunnyvale	
Councilmember:	Watanabe	Alternate: Jain
Staff Member:	City Manager or Assistant City Manager	

5. City/Mission College Liaison Committee:

Date:	Meets on call twice a year	
Time:	TBD	
Location:	Alternates between Santa Clara City Hall and Mission College	
Contact:	Mission College President's Secretary or Santa Clara Mayor and Council Offices Executive Assistant to the Mayor and Council	Phone: (408) 855-5123 (408) 615-2250
Councilmembers	Gillmor (Chair), Becker, Hardy	Alternate: Chahal
Staff Member:	City Manager, Director of Community Development, Director of Parks and Recreation	

Established on-going communication and review of joint programs with Mission College. The Mission College President and two board members participate on the Committee. No stipend for attendee.

6. City/School Liaison Committee (Santa Clara Unified School District):

Date:	Meets first Wednesday every other month beginning January	
Time:	11:45 a.m.	
Location:	Alternates between Santa Clara City Hall and Santa Clara Unified School District (SCUSD) Office	
Contact:	City Manager's Office or SCUSD Superintendent	Phone: (408) 615-2210 (408) 423-2006
Councilmembers:	Gillmor (Chair), Watanabe, Chahal	Alternate: Jain
Staff Member:	Assistant City Manager, Director of Parks and Recreation, Chief of Police	

Established on-going communication and coordination of joint projects/programs between City officials and SCUSD officials. The School Board representatives and School Superintendent are members of the Committee. No stipend for attendee.

7. Grand Boulevard Task Force/EI Camino Real:

Date:	Meets quarterly on the last Wednesday in March, June, September and December	
Time:	10:00 a.m.	
Location:	Alternatively held at the SamTrans Auditorium in San Carlos and the Historic Adobe Building in Mountain View	
Contact:	Dave Pape, SamTrans	Phone: (650) 508-6210
Councilmembers:	Chahal	Alternate: Jain
Staff Member:	Director of Community Development	

Member and alternate appointed by Council on February 21, 2006. First meeting was held March 2006. Joint Venture Silicon Valley Network/Peninsula Policy Partnership formed the Task Force for the purpose of looking for ways to raise the status of the EI Camino Real to a world-class boulevard with special attention to the aesthetic, safety and interjurisdictional issues. No stipend for attendee.

8. Human Trafficking Commission:

Date: Meetings held once per year, generally at the end of the year (November)

Time: 1:00 p.m.

Location: Board of Supervisors' Chambers, County Government Center,
70 West Hedding Street, San Jose

Contact: County of Santa Clara - Deputy Board Clerk

Phone: (408)299-5083 or 408-299-5001

Councilmember: Becker

Alternate: Gillmor

Staff Member: Chief of Police

The Human Trafficking Commission was established on April 29, 2014 to investigate the nature and scope of human trafficking in the County, including both labor and sex trafficking; identify model victim-centered policies, services, and preventative measures to address this issue; make legislative and policy recommendations to the Santa Clara County Board of Supervisors; support the apprehension and prosecution of traffickers; and collaborate with partners regionally, nationally, and internationally to share information and strategies for ending human trafficking. No stipend for attendee.

9. Northern California Power Agency (NCPA):

Date: Meets most months, fourth Thursday of every month

Time: Usually 9:30 a.m.

Location: Rotating NCPA Cities (half in Roseville)

Contact: NCPA Phone: (916) 781-4202

Councilmember: Watanabe

Alternate: Gillmor

Staff Member: City Manager, Assistant City Manager, Chief Electric Utility Officer, Assistant Director of Electric Utility, Electric Division Manager.

10. Police Activities League (PAL):

Date: Meets second Wednesday of every month

Time: 7:00 p.m.

Location: Police Department Community Room, 601 El Camino Real, Santa Clara

Councilmember: Gillmor

Alternate: Watanabe

Staff Members: PAL Executive Director, Chief of Police

Founded and incorporated in 1970 as a nonprofit organization to provide a place where the youth of the City may enjoy educational and social benefits and athletic activities under competent supervision. The organization is managed by a board of directors comprised of volunteers.

11. Peninsula Division of the League of California Cities:

Date: Meets four times per year. Additionally, the Peninsula Division holds a "Legislative Day" in April of each year in Sacramento (Invitations sent out quarterly.)

Location: Alternating between San Mateo and Santa Clara Counties

Contact: Seth Miller

Phone: (415) 595-8629

Councilmember: Park

Alternate: Jain

Staff Member: City Manager

Established to encourage greater participation in the Division's activities, thereby creating a strong and unified voice for cities in the Peninsula Division. The responsibilities of the liaison include keeping the Council informed about and engaged in the Division's legislative activities, to provide periodic League updates at Council meetings and to attend Division and League events whenever possible. No stipend for attendee.

12. Joint Recycled Water Policy Advisory Committee:

Date: Meets third Thursday in April and as needed

Location: Alternates annually between San Jose City Hall (even years) and the Santa Clara Valley Water District Headquarters, San Jose (odd years)

Contact: Jeff Provenzano, City of San Jose
Environmental Services

Phone: (408) 277-3288

Councilmember: Watanabe

Alternate: Hardy

Staff Member: Director of Water and Sewer Utilities

Established in 2010 to review and advise the Santa Clara Water District and the City of San Jose (lead agency for the San Jose/Santa Clara Water Pollution Control Plant) on all policy issues related to recycled water including operations and capital improvements.

13. Recycling and Waste Reduction Commission of Santa Clara County (RWRC):

Date: Meets the fourth Wednesday of every even numbered month except the December meeting (date to be determined due to holidays)

Time: 5:30 p.m.

Location: Board of Supervisors' Chambers, County Government Center,
70 West Hedding Street, 1st Floor, San Jose 95112

Contact: Recycling and Waste Reduction Division Phone: (408) 282-3180

Councilmember: Watanabe

Staff Member: Deputy Director of Public Works

Established per requirements of the California Integrated Waste Management Act of 1989 (AB 939) and subsequent amending legislation in order to coordinate and provide input to the countywide solid waste management program. Membership appointed through the City Selection Committee of Santa Clara County Cities' Association. No stipend for attendee.

14. San Francisco Bay Area Regional Water System Financing Authority:

Date: Meets once a year, in January

Time: Immediately prior to the BAWSCA Board Meetings at 6:30pm

Location: San Mateo Main Library, Oak Room, 55 West 3rd Avenue, San Mateo, CA 94402

Contact: Nicole Sandkulla Phone: (650) 349-3000

Councilmember: Jain

Staff Member: Director of Water and Sewer Utilities

Established February 2003 to allow the City to have a greater voice in planning and funding of improvements in the Hetch-Hetchy regional water supply system. The Regional Financing Authority is a parallel organization with the Bay Area Water Supply and Conservation Agency (BAWSCA). Same stipend for this and BAWSCA meeting attendance.

15. San Jose/Santa Clara Clean Water Financing Authority:

Date: Meets quarterly (February, if necessary), May, August, and November) on the second Thursday of the month

Time: 3:30 p.m.

Location: San Jose City Hall, 200 East Santa Clara Street, Room T-1352,
San Jose

Contact: City of San Jose Finance Department Phone: (408) 535-7010

Councilmember: Watanabe, Hardy Alternate: Jain

Staff Member: Director of Water and Sewer Utilities

16. San Jose/Santa Clara Treatment Plant Advisory Committee (TPAC):

Date: Meets second Thursday every month (third Thursday in May, due to budget; no meeting in July)

Time: 4:00 p.m. (if there are other meetings, this group would meet last)

Location: San Jose City Hall, City Manager's Office, 17th floor, Room 1734, San Jose

Contact: Eva Roa, City of San Jose Phone: (408) 975-2547
Environmental Services

Councilmembers: Gillmor, Watanabe Alternate: Hardy

Staff Member: Director of Water and Sewer Utilities

Reviews and advises the City of San Jose City Council on all issues relating to the operation and capital improvement of the San Jose/Santa Clara Water Pollution Control Plant. \$100 stipend for regular meeting attendance.

17. Santa Clara County Emergency Operational Area Council (EOAC):

Date: Meets quarterly (February, May, August, November) on the fourth Thursday of the month

Time: 1:30 p.m.

Location: Sheriff's Auditorium, 55 Younger Avenue, San Jose

Contact: Ivan Williams and Michelle Sandoval Phone: (408) 808-7800
Office of Emergency Services

Councilmember: Chahal
(Alternates Chair position with Sunnyvale and Milpitas- Cities Association appointment)

Staff Member: Fire Chief, Emergency Services Coordinator

The Emergency Preparedness Council is the advisory body of the Santa Clara County Operational Area in matters affecting disaster preparedness throughout the Operational Area. No stipend for attendee. This committee member is appointed by Cities Association for a 3-year term.

18. Santa Clara County Expressway Plan 2040 Policy Advisory Board (PAB):

Date: Meets as needed

Time: TBA

Contact: Ellen Talbo, County of Santa Clara, Phone: (408) 573-2482
County Transportation Planner

Councilmember: Watanabe Alternate: Hardy

Staff Member: Director of Public Works (Advisor only, does not attend meetings)

The Santa Clara County Comprehensive Expressway Planning Study Policy Advisory Board (PAB) will provide a forum for policy input from elected officials for updating the Expressway Study's Implementation Plan originally adopted in August 2003. No stipend for attendee.

19. Santa Clara/Santa Cruz Counties Airport/Community Roundtable

Date: Meets on the fourth Wednesday of every other month beginning in January

Time: TBD

Location: Varies

Contact: Cities Association of Santa Clara County Phone: (408) 766-9534
Andi Jordan
Executive Director
P.O. Box 1079, Los Gatos, CA 95031

Councilmember: Watanabe Alternate: Chahal

Staff Member: City Manager

On July 2018, the Council approved for the City to become a member of the Committee, which is scheduled to convene for the first time within the coming months. Participation in the Roundtable will allow the City of Santa Clara to contribute to policy solutions that mitigate aircraft noise in affected communities, as well as create partnerships with neighboring cities, counties, airports and the Federal Aviation Administration.

20. Santa Clara Sister Cities Association

Date: Meets as needed

Time: 7:00 p.m.

Location: Headen Inman House for Board Meetings

Councilmember: Watanabe Alternate: Park

Staff Member: City Manager's Office

The Santa Clara Sister Cities Association, an independent non-profit organization, assists the City in exchange activities with Coimbra, Portugal, Izumo, Japan and Limerick, Ireland -- Santa Clara's three sister-cities. The Council appoints a representative to serve as liaison to the Association.

21. Santa Clara University Liaison/Neighborhood-University Relations Committee (NURC):

Date: Meets three times annually on Monday evenings during the academic year

Time: 7:00 p.m.

Location: Mission Branch Library

Councilmember: Gillmor (Chair) Chahal, Hardy

Alternate: Becker

Staff Members: City Manager, Director of Community Development, Code Enforcement Technician, Chief of Police

Established in 1990 to review student housing issues (formerly Student Housing Committee). Established a forum for on-going communication and problem solving among City officials, neighborhoods, property owners and Santa Clara University officials and students. Santa Clara University/City Liaison Committee and NURC were combined because of the similar topics that the two committees cover. Three NURC meetings will be held per year (October/November, February and April) for neighborhood issues, and the STAFF TASK FORCE and the CITY-NEIGHBORHOOD FORUM will no longer be held (pursuant to Council action of June 23, 2009). A University-City Subcommittee comprised of NURC City Councilmembers, University officials and City Executive Team Members will meet as needed.

22. Santa Clara Valley Transportation Authority (SCVTA):

Contact: Board Secretary, SCVTA

Phone: (408) 321-5680

A. Board of Directors:

Date: Meets first Thursday of every month (except July)

Time: 5:30 p.m.

Location: Board of Supervisors Chambers, 70 West Hedding Street, San Jose

North East Cities Group

Position includes appointment to one of three sub-committees appointed by the VTA Board of Directors. Small Cities Group representation is a 2-year rotating term with two member cities and one alternate city. The Small Cities Group is comprised of the Cities of Milpitas, Sunnyvale, and Santa Clara.

Councilmember: Gillmor

Staff Member: Director of Public Works

Sets VTA policy; establishes committees to give advice on policy matters and provide in-depth review. \$100 stipend for meeting attendance, per day. The VTA Administrative Code states that appointments to standing committees are approved by the VTA Board of Directors based on the recommendations of the current chairperson. At the first meeting in January, the Board shall approve the members and chairpersons of all standing committees of the Board based on recommendations for these positions provided by the Board Chairperson. The term of each appointment shall be for one year.

B. Policy Advisory Committee:

Date: Meets on the second Thursday of every month

Time: 4:00 p.m.

Location: VTA Offices, 3331 North First Street, San Jose
Building B, Conference Room B-106

Councilmember: Chahal

Alternate: Hardy

Ensures that all jurisdictions within the County have access to development of VTA's policies. No stipend for attendee.

23. Santa Clara Valley Water Commission (SCVW):

Date: Meets quarterly in January, April, July, and October on the fourth Wednesday of the month

Time: 12:00 p.m.

Location: SCVW District Headquarters, 5700 Almaden Expressway, San Jose

Contact: Glenna Brambill

Phone: (408) 630-2408

Santa Clara Valley Water District

Councilmember: Watanabe

Alternate: Jain

Staff Member: Director of Water and Sewer Utilities

Established by the Santa Clara Valley Water District Board of Directors to review and advise on issues relating to water supply and water pricing. No stipend for attendee.

24. Silicon Valley Animal Control Authority (SVACA):

Date: Meets on the fourth Wednesday of every other month beginning in January

Time: 8:30 a.m.

Location: SVACA Headquarters, 3370 Thomas Road, Santa Clara

Contact: Heidi Springer Phone: (408) 764-0350

Councilmember: Chahal Alternate: Becker

Staff Member: Police Department Patrol Lieutenant

Established in 2000 to provide animal control field services and shelter services for the participating cities. The Board is comprised of four members representing the participating cities of Santa Clara, Campbell, Monte Sereno and Mountain View. No stipend for attendee.

25. Silicon Valley Regional Interoperability Authority (SVRIA) Board of Directors:

Date: Meets every other month - must meet annually a minimum of two regular meetings

Time: 5:00 p.m.

Location: Santa Clara Police Department, 601 El Camino Real, Santa Clara

Contact: Denise Sellers Phone: (408) 615-5571
Executive Director SVRIA

Primary: Sunnyvale is the primary member and Santa Clara is the alternate member until June 30, 2022 (Santa Clara alternates primary member position with Sunnyvale and Milpitas).

Staff Member: Chief of Police

In 2001, several agencies in the area established the Silicon Valley Regional Interoperability Project to design an implementation strategy for an interoperable communications network; purchase a radio and data communications system or network; integrate this system or network with other nearby regional public safety communications systems; participate in regional interoperability; and to jointly apply for grants and funding to facilitate these goals. In 2010, a Joint Powers Agreement was established to implement and operate the SVRIA and other projects. The nine-member Board of Directors of the JPA consists of elected officials from different geographic regions of the County and will serve as the governing body for the agreement. The City of Santa Clara is represented in the "Central County Agencies" that also includes Sunnyvale and Milpitas. No stipend for attendee.

26. Triton Museum of Art Liaison Committee:

Date: Meets generally on the third Thursday of every month

Time: 4:30 p.m. – 5:30 p.m.

Location: Triton Museum Boardroom, 1505 Warburton Avenue, Santa Clara

Contact: Triton Museum of Art Phone: (408)247-3754

Councilmember: Chahal Alternate: Park

Staff Member: City Manager's Office, Management Analyst

The Triton Museum of Art is an independent non-profit organization. The Council appoints a representative to serve as a liaison to the Triton Museum Board. The participation of a Councilmember at the Triton Museum Board meetings will further the communication and knowledge of the City's support. No stipend for attendee.

CITY OF SANTA CLARA

Council Appointments to Outside Agency Committees

OUTSIDE AGENCY COMMITTEES (Outside Agency responsible for preparing and posting the agendas for the meetings).

1. Association of Bay Area Governments (ABAG) (General Assembly):

Date: Meetings held once a year

Time: From approximately 9:00 a.m. to 3:00 p.m.

Location: TBD

Contact: ABAG Clerk of the Board

Phone: (415) 820-7913

Councilmember: [Watanabe Park](#)

Alternate: [Becker](#) [O'Neill](#)

Staff Member: Director of Community Development

Established in 1961 to protect local control, planning for the future and promoting cooperation in area-wide issues. No stipend for attendee.

2. Bay Area Water Supply and Conservation Agency (BAWSCA):

Date: Meetings held every odd numbered month (January, March, May, July, September, November) on the third Thursday of the month

Time: 6:30 p.m.

Location: San Mateo Main Library, Oak Room, 55 West 3rd Avenue, San Mateo, CA 94402

Contact: Nicole Sandkulla

Phone: (650) 349-3000

Councilmember: [Davis](#) [Hardy](#)

Staff Member: Director of Water and Sewer Utilities

Established in February 2003 to allow the City to have a greater voice in planning and funding of improvements in the Hetch-Hetchy regional water supply system. BAWSCA term is four years (June 2018-2022) and has only one representative (no alternate). \$100 stipend for meeting attendance.

3. Caltrain Modernization Local Policymaker Group (CalMod):

Date: Meets monthly on the fourth Thursday; except in December, meets on the third Thursday

Time: 5:30 p.m. 7:00 p.m.

Location: Caltrain Joint Powers Authority Board Headquarters

Bacciocco Auditorium, 1250 San Carlos Avenue, San Carlos, CA 94070

Contact:

Phone: (650) 508-6200

Councilmember: [Chahal](#) [Watanabe](#)

Alternate: [Becker](#) [Chahal](#)

Staff Member: Director of Public Works (Advisor only, does not attend meetings)

Established by Caltrain Joint powers Board for Caltrain modernization/electrification. Members represent cities along the Caltrain corridor. No stipend for attendee.

4. Cities Association of Santa Clara County:

Contact: Andi Jordan,
Executive Director

Phone: (408) 766-9534

P.O. Box 1079, Los Gatos, CA 95031

A. Board of Directors:

Date: Meets on the second Thursday of every month, except in July

Time: 7:00 p.m.

Location: Sunnyvale City Hall, 456 West Olive Avenue, Sunnyvale

Councilmember: [Watanabe](#) [Davis](#)

Alternate: [Jain](#) [Watanabe](#)

Staff Member: City Manager or Assistant City Manager

No stipend for attendee.

B. City Selection Committee:

Date: Meets on call

Time: 6:45 p.m. (Immediately before the Board of Directors meeting)

Location: Sunnyvale City Hall, 456 West Olive Avenue, Sunnyvale
 Councilmember: [Jain Davis](#) Alternate: [Park Watanabe](#)
 Staff Member: City Manager or Assistant City Manager
 Established to promote cooperation among the fifteen cities of Santa Clara County and to promote legislative action that will affect local control.

C. Legislative Action Committee:

Date: Meets on call
 Time: 6:45 p.m. (Immediately before the Board of Directors meeting)
 Location: Sunnyvale City Hall, 456 West Olive Avenue, Sunnyvale
 Councilmember: [Watanabe Davis](#) Alternate: [Jain Watanabe](#)
 Staff Member: City Manager or Assistant City Manager

5. City/Mission College Liaison Committee:

Date: Meets on call twice a year
 Time: TBD
 Location: Alternates between Santa Clara City Hall and Mission College
 Contact: Mission College President's Secretary or Phone: (408) 855-5123
 Santa Clara Mayor and Council Offices (408) 615-2250
 Executive Assistant to the Mayor and Council
 Councilmembers Gillmor (Chair), [Davis Becker](#), Hardy, Alternate: [Chahal O'Neill](#)
 Staff Member: City Manager, Director of Community Development, Director of Parks and Recreation

Established on-going communication and review of joint programs with Mission College. The Mission College President and two board members participate on the Committee. No stipend for attendee.

6. City/School Liaison Committee (Santa Clara Unified School District):

Date: Meets first Wednesday every other month beginning [January February](#)
 Time: 11:45 a.m.
 Location: Alternates between Santa Clara City Hall and Santa Clara Unified School District (SCUSD) Office
 Contact: City Manager's Office or Phone: (408) 615-2210
 SCUSD Superintendent (408) 423-2006
 Councilmembers: [O'Neill Gillmor](#) (Chair), ~~Gillmor~~, Watanabe, Alternate: [Jain Davis Chahal](#)
 Staff Member: Assistant City Manager, Director of Parks and Recreation, Chief of Police

Established on-going communication and coordination of joint projects/programs between City officials and SCUSD officials. The School Board representatives and School Superintendent are members of the Committee. No stipend for attendee.

7. Grand Boulevard Task Force/El Camino Real:

Date: Meets quarterly on the last Wednesday in March, June, September and December
 Time: 10:00 a.m.
 Location: Alternatively held at the SamTrans Auditorium in San Carlos and the Historic Adobe Building in Mountain View
 Contact: Dave Pape, SamTrans Phone: (650) 508-6210
 Councilmembers: [Chahal Watanabe](#) Alternate: [Jain Chahal](#)
 Staff Member: Director of Community Development

Member and alternate appointed by Council on February 21, 2006. First meeting was held March 2006. Joint Venture Silicon Valley Network/Peninsula Policy Partnership formed the Task Force for the purpose of looking for ways to raise the status of the El Camino Real to a world-class boulevard with special attention to the aesthetic, safety and interjurisdictional issues. No stipend for attendee.

8. Human Trafficking Commission:

Date: Meetings held once per year, generally at the end of the year (November)

Time: 1:00 p.m.

Location: Board of Supervisors' Chambers, County Government Center,
70 West Hedding Street, San Jose

Contact: County of Santa Clara - Deputy Board Clerk
Phone: (408)299-5083 or 408-299-5001

Councilmember: ~~Becker~~ Watanabe

Alternate: Gillmor Davis

Staff Member: Chief of Police

The Human Trafficking Commission was established on April 29, 2014 to investigate the nature and scope of human trafficking in the County, including both labor and sex trafficking; identify model victim-centered policies, services, and preventative measures to address this issue; make legislative and policy recommendations to the Santa Clara County Board of Supervisors; support the apprehension and prosecution of traffickers; and collaborate with partners regionally, nationally, and internationally to share information and strategies for ending human trafficking. No stipend for attendee.

9. Northern California Power Agency (NCPA):

Date: Meets most months, fourth Thursday of every month

Time: Usually 9:30 a.m.

Location: Rotating NCPA Cities (half in Roseville)

Contact: NCPA Phone: (916) 781-4202

Councilmember: Watanabe O'Neill

Alternate: Gillmor

Staff Member: City Manager, Assistant City Manager, Chief Electric Utility Officer, Assistant Director of Electric Utility, Electric Division Manager.

10. Police Activities League (PAL):

Date: Meets second Wednesday of every month

Time: 7:00 p.m.

Location: Police Department Community Room, 601 El Camino Real, Santa Clara

Councilmember: Gillmor

Alternate: Watanabe

Staff Members: PAL Executive Director, Chief of Police

Founded and incorporated in 1970 as a nonprofit organization to provide a place where the youth of the City may enjoy educational and social benefits and athletic activities under competent supervision. The organization is managed by a board of directors comprised of volunteers.

11. Peninsula Division of the League of California Cities:

Date: Meets four times per year. Additionally, the Peninsula Division holds a Legislative Day in April of each year in Sacramento (Invitations sent out quarterly.)

Location: Alternating between San Mateo and Santa Clara Counties

Contact: Seth Miller

Phone: (415) 595-8629

Councilmember: Park Davis

Alternate: Jain O'Neill

Staff Member: City Manager

Established to encourage greater participation in the Division's activities, thereby creating a strong and unified voice for cities in the Peninsula Division. The responsibilities of the liaison include keeping the Council informed about and engaged in the Division's legislative activities, to provide periodic League updates at Council meetings and to attend Division and League events whenever possible. No stipend for attendee.

12. Joint Recycled Water Policy Advisory Committee:

Date: Meets third Thursday in April and as-needed

Location: Alternates annually between San Jose City Hall (even years) and the Santa Clara Valley Water District Headquarters, San Jose (odd years)

Contact: Jeff Provenzano, City of San Jose
Environmental Services

Phone: (408) 277-3288

Councilmember: [Watanabe Davis](#)

Alternate: [Hardy](#) [Watanabe](#)

Staff Member: Director of Water and Sewer Utilities

Established in 2010 to review and advise the Santa Clara Water District and the City of San Jose (lead agency for the San Jose/Santa Clara Water Pollution Control Plant) on all policy issues related to recycled water including operations and capital improvements.

13. Recycling and Waste Reduction Commission of Santa Clara County (RWRC):

Date: Meets the fourth Wednesday of every even numbered month except the December meeting (date to be determined due to holidays)

Time: 5:30 p.m.

Location: Board of Supervisors' Chambers, County Government Center,
70 West Hedding Street, 1st Floor, San Jose 95112

Contact: Recycling and Waste Reduction Division Phone: (408) 282-3180

Councilmember: Watanabe

Staff Member: Deputy Director of Public Works

Established per requirements of the California Integrated Waste Management Act of 1989 (AB 939) and subsequent amending legislation in order to coordinate and provide input to the countywide solid waste management program. Membership appointed through the City Selection Committee of Santa Clara County Cities' Association. No stipend for attendee.

14. San Francisco Bay Area Regional Water System Financing Authority:

Date: Meets once a year, in January

Time: Immediately prior to the BAWSCA Board Meetings at 6:30pm

Location: San Mateo Main Library, Oak Room, 55 West 3rd Avenue, San Mateo, CA 94402

Contact: Nicole Sandkulla Phone: (650) 349-3000

Councilmember: [Davis](#) [Jain](#)

Staff Member: Director of Water and Sewer Utilities

Established February 2003 to allow the City to have a greater voice in planning and funding of improvements in the Hetch-Hetchy regional water supply system. The Regional Financing Authority is a parallel organization with the Bay Area Water Supply and Conservation Agency (BAWSCA). Same stipend for this and BAWSCA meeting attendance.

15. San Jose/Santa Clara Clean Water Financing Authority:

Date: Meets quarterly (February, if necessary), May, August, and November) on the second Thursday of the month

Time: 3:30 p.m.

Location: San Jose City Hall, 200 East Santa Clara Street, Room T-1352,
San Jose

Contact: City of San Jose Finance Department Phone: (408) 535-7010

Councilmember: [Davis](#), Watanabe, [Hardy](#)-

Alternate: [Jain](#) [Hardy](#)

Staff Member: Director of Water and Sewer Utilities

16. San Jose/Santa Clara Treatment Plant Advisory Committee (TPAC):

Date: Meets second Thursday every month (third Thursday in May, due to budget; no meeting in July)

Time: 4:00 p.m. (if there are other meetings, this group would meet last)

Location: San Jose City Hall, City Manager's Office, 17th floor, Room 1734, San Jose

Contact: Eva Roa, City of San Jose Phone: (408) 975-2547
Environmental Services

Councilmembers: [Gillmor](#) [Davis](#), Watanabe

Alternate:
[Hardy](#)

Staff Member: Director of Water and Sewer Utilities

Reviews and advises the City of San Jose City Council on all issues relating to the operation and capital improvement of the San Jose/Santa Clara Water Pollution Control Plant. \$100 stipend for regular meeting attendance.

17. Santa Clara County Emergency Operational Area Council (EOAC):

Date: Meets quarterly (February, May, August, November) on the fourth Thursday of the month

Time: 1:30 p.m.

Location: Sheriff's Auditorium, 55 Younger Avenue, San Jose

Contact: Ivan Williams and Michelle Sandoval Phone: (408) 808-7800
Office of Emergency Services

Councilmember: [Davis-Chahal](#)
(Alternates Chair position with Sunnyvale and Milpitas- Cities Association appointment)

Staff Member: Fire Chief, Emergency Services Coordinator

The Emergency Preparedness Council is the advisory body of the Santa Clara County Operational Area in matters affecting disaster preparedness throughout the Operational Area. No stipend for attendee. This committee member is appointed by Cities Association for a 3-year term.

18. Santa Clara County Expressway Plan 2040 Policy Advisory Board (PAB):

Date: Meets as needed

Time: TBA

Contact: Ellen Talbo, County of Santa Clara, Phone: (408) 573-2482
County Transportation Planner

Councilmember: Watanabe Alternate: Hardy

Staff Member: Director of Public Works (Advisor only, does not attend meetings)

The Santa Clara County Comprehensive Expressway Planning Study ~~policy~~[Policy](#) Advisory Board (PAB) will provide a forum for policy input from elected officials for updating the Expressway Study's Implementation Plan originally adopted in August 2003. No stipend for attendee.

19. Santa Clara/Santa Cruz Counties Airport/Community Roundtable

Date: Meets on the fourth Wednesday of every other month beginning in January

Time: TBD

Location: Varies

Contact: Cities Association of Santa Clara County Phone: (408) 766-9534
Andi Jordan
Executive Director
P.O. Box 1079, Los Gatos, CA 95031

Councilmember: Watanabe Alternate: Chahal

Staff Member: City Manager

On July 2018, the Council approved for the City to become a member of the Committee, which is scheduled to convene for the first time within the coming months. Participation in the Roundtable will allow the City of Santa Clara to contribute to policy solutions that mitigate aircraft noise in affected communities, as well as create partnerships with neighboring cities, counties, airports and the Federal Aviation Administration.

20. Santa Clara Sister Cities Association

Date: Meets as needed

Time: 7:00 p.m.

Location: Headen Inman House for Board Meetings

Councilmember: [Watanabe Davis](#) Alternate: ~~Park~~ [Watanabe](#)

Staff Member: City Manager's Office

The Santa Clara Sister Cities Association, an independent non-profit organization, assists the City in exchange activities with Coimbra, Portugal, Izumo, Japan and Limerick, Ireland -- Santa Clara's three sister-cities. The Council appoints a representative to serve as liaison to the Association.

21. Santa Clara University Liaison/Neighborhood-University Relations Committee (NURC):

Date: Meets three times annually on Monday evenings during the academic year

Time: 7:00 p.m.

Location: Mission Branch Library

Councilmember: Gillmor (Chair) Chahal, Hardy

Alternate: [Becker](#) [O'Neill](#)

Staff Members: City Manager, Director of Community Development, Code Enforcement Technician, Chief of Police

Established in 1990 to review student housing issues (formerly Student Housing Committee). Established a forum for on-going communication and problem solving among City officials, neighborhoods, property owners and Santa Clara University officials and students. Santa Clara University/City Liaison Committee and NURC were combined because of the similar topics that the two committees cover. Three NURC meetings will be held per year (October/November, February and April) for neighborhood issues, and the STAFF TASK FORCE and the CITY-NEIGHBORHOOD FORUM will no longer be held (pursuant to Council action of June 23, 2009). A University-City Subcommittee comprised of NURC City Councilmembers, University officials and City Executive Team Members will meet as needed.

22. Santa Clara Valley Transportation Authority (SCVTA):

Contact: Board Secretary, SCVTA

Phone: (408) 321-5680

A. Board of Directors:

Date: Meets first Thursday of every month (except July)

Time: 5:30 p.m.

Location: Board of Supervisors Chambers, 70 West Hedding Street, San Jose

North East Cities Group

Position includes appointment to one of three sub-committees appointed by the VTA Board of Directors. Small Cities Group representation is a 2-year rotating term with two member cities and one alternate city. The Small Cities Group is comprised of the Cities of Milpitas, Sunnyvale, and Santa Clara.

Councilmember: [Gillmor](#) [O'Neill](#)

Staff Member: Director of Public Works

Sets VTA policy; establishes committees to give advice on policy matters and provide in-depth review. \$100 stipend for meeting attendance, per day. The VTA Administrative Code states that appointments to standing committees are approved by the VTA Board of Directors based on the recommendations of the current chairperson. At the first meeting in January, the Board shall approve the members and chairpersons of all standing committees of the Board based on recommendations for these positions provided by the Board Chairperson. The term of each appointment shall be for one year.

B. Policy Advisory Committee:

Date: Meets on the second Thursday of every month

Time: 4:00 p.m.

Location: VTA Offices, 3331 North First Street, San Jose
Building B, Conference Room B-106

Councilmember: Chahal

Alternate: Hardy

Ensures that all jurisdictions within the County have access to development of VTA's policies. No stipend for attendee.

23. Santa Clara Valley Water Commission (SCVW):

Date: Meets quarterly in January, April, July, and October on the fourth Wednesday of the month

Time: 12:00 p.m.

Location: SCVW District Headquarters, 5700 Almaden Expressway, San Jose

Contact: Glenna Brambill

Phone: (408) 630-2408

Santa Clara Valley Water District

Councilmember: [Watanabe](#) [Davis](#)

Alternate: [Jain](#) [Watanabe](#)

Staff Member: Director of Water and Sewer Utilities
Established by the Santa Clara Valley Water District Board of Directors to review and advise on issues relating to water supply and water pricing. No stipend for attendee.

24. Silicon Valley Animal Control Authority (SVACA):

Date: Meets on the fourth Wednesday of every other month beginning in January
Time: 8:30 a.m.
Location: SVACA Headquarters, 3370 Thomas Road, Santa Clara
Contact: Heidi Springer Phone: (408) 764-0350
Councilmember: [Chahal O'Neill](#) Alternate: [Chahal Becker](#)
Staff Member: Police Department Patrol Lieutenant
Established in 2000 to provide animal control field services and shelter services for the participating cities. The Board is comprised of four members representing the participating cities of Santa Clara, Campbell, Monte Sereno and Mountain View. No stipend for attendee.

25. Silicon Valley Regional Interoperability Authority (SVRIA) Board of Directors:

Date: Meets every other month - must meet annually a minimum of two regular meetings
Time: 5:00 p.m.
Location: Santa Clara Police Department, 601 El Camino Real, Santa Clara
Contact: Denise Sellers Phone: (408) 615-5571
Executive Director SVRIA
Primary: Sunnyvale is the primary member and Santa Clara is the alternate member until June 30, 2022 (Santa Clara alternates primary member position with Sunnyvale and Milpitas).
Staff Member: Chief of Police
In 2001, several agencies in the area established the Silicon Valley Regional Interoperability Project to design an implementation strategy for an interoperable communications network; purchase a radio and data communications system or network; integrate this system or network with other nearby regional public safety communications systems; participate in regional interoperability; and to jointly apply for grants and funding to facilitate these goals. In 2010, a Joint Powers Agreement was established to implement and operate the SVRIA and other projects. The nine-member Board of Directors of the JPA consists of elected officials from different geographic regions of the County and will serve as the governing body for the agreement. The City of Santa Clara is represented in the Central County Agencies that also includes Sunnyvale and Milpitas. No stipend for attendee.

26. Triton Museum of Art Liaison Committee:

Date: Meets generally on the third Thursday of every month
Time: 4:30 p.m. 5:30 p.m.
Location: Triton Museum Boardroom, 1505 Warburton Avenue, Santa Clara
Contact: Triton Museum of Art Phone: (408)247-3754
Councilmember: [Chahal Davis](#) Alternate: [Chahal Park](#)
Staff Member: City Manager's Office, Management Analyst
The Triton Museum of Art is an independent non-profit organization. The Council appoints a representative to serve as a liaison to the Triton Museum Board. The participation of a Councilmember at the Triton Museum Board meetings will further the communication and knowledge of the City's support. No stipend for attendee.



Agenda Report

21-68

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Annual Appointment of Vice Mayor and Chaplain

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

On January 15, 2019, the City Council adopted Resolution No. 19-8650 (Resolution) establishing, pursuant to Section 705 of the City Charter, a procedure for selection of a Vice Mayor and selection of a Chaplain of the City Council by a majority vote of a quorum of the City Council. The Resolution is attached as Attachment 1.

Per the Resolution, the selection is scheduled to take place at a City Council meeting in the beginning of each year. The Resolution states that the Vice Mayor shall be the Councilmember with the highest seniority in consecutive years on the Council and who has not previously served as Vice Mayor. The resolution further states that, if two or more Councilmembers have the same seniority in number of years served on the City Council, the Vice Mayor selected will be the Councilmember who received the most votes in the most recent council election. The Councilmember serving as Chaplain will be the most recent outgoing Vice Mayor.

DISCUSSION

As Vice Mayor Karen Hardy is the most recent outgoing Vice Mayor, she is eligible to serve as Chaplain. In Mayor Lisa M. Gillmor's letter to the City Council (Attachment 2), she recommends that the City Council appoint Vice Mayor Hardy to the position of Chaplain until the appointment of a successor Chaplain in January 2022.

The table below identifies the Councilmembers who have served as Vice Mayor since 2012.

Vice Mayor	Calendar Year
Lisa M. Gillmor	2012
Patrick Kolstad	2013
Jerry Marsalli	2014
Debi Davis	2015
Teresa O'Neill	2016
Dominic Caserta	2017
Kathy Watanabe	2018
Patricia M. Mahan	2019

Karen Hardy	2020
-------------	------

As Councilmember Raj Chahal has the highest seniority in number of consecutive years served on the City Council and has not previously served as Vice Mayor, he is eligible to serve as Vice Mayor.

In Mayor Gillmor's letter to the City Council (Attachment 3), she recommends that the City Council appoint Councilmember Chahal to the position of Vice Mayor until the appointment of a successor Vice Mayor in January 2022.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

There is no fiscal impact to the City other than staff time.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Appoint Councilmember Raj Chahal as Vice Mayor and appoint Vice Mayor Karen Hardy as Chaplain for approximately one year until the appointment of a successor Vice Mayor and successor Chaplain in January 2022.

Reviewed by: Genevieve Yip, Staff Analyst I

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Resolution No. 19-8650
2. Letter from Mayor Lisa M. Gillmor recommending Vice Mayor Karen Hardy as Chaplain
3. Letter from Mayor Lisa M. Gillmor recommending Councilmember Raj Chahal as Vice Mayor

RESOLUTION NO. 19-8650

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA
REPEALING AND REPLACING RESOLUTION NO. 6442 FOR
ESTABLISHING, PURSUANT TO SECTION 705 OF THE CITY
CHARTER, A PROCEDURE FOR SELECTION OF VICE MAYOR
AND SELECTION OF CHAPLAIN OF THE CITY COUNCIL**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, Section 705 of the City Charter provides that the City Council will designate one of its members as Vice Mayor to perform the duties of the Mayor during the Mayor's absence or disability;

WHEREAS, on June 9, 1998, the City Council adopted Resolution No. 6442, which established, pursuant to Section 705 of the City Charter, a procedure for selection of Vice Mayor and selection of Chaplain of the City Council;

WHEREAS, this Resolution will replace Resolution No. 6442 and establish an amended procedure for the selection of Vice Mayor and Chaplain of the Santa Clara City Council; and

WHEREAS, the goal of this policy is to provide for an orderly progression for the opportunity to serve in the Vice Mayor and Chaplain positions with the objective to give every elected Councilmembers the opportunity to serve as Vice Mayor.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. That Resolution No. 6442, attached hereto as Attachment 1, is hereby repealed in its entirety.
2. In January of each year, the City Council shall select a Vice Mayor and a Chaplain by majority vote of a quorum of the City Council.
3. The Vice Mayor and Chaplain shall commence service immediately upon selection and shall serve for approximately one (1) year until the next Vice Mayor and Chaplain are appointed, provided that such service shall be at the pleasure of the City Council.

4. The Vice Mayor, after adoption of this Resolution, shall be the City Councilmember with (a) the highest seniority in consecutive years on the Council and (2) who has not previously served as Vice Mayor.

5. If two or more Councilmembers have the same seniority in number of consecutive years served on the City Council, the Vice Mayor selected will be the Councilmember who received the most votes in the most recent applicable council election.

6. No Councilmember shall serve more than once as Vice Mayor unless all Councilmembers, expressly including those joining the Council from a later election, have had an opportunity to serve in that position.

7. A Councilmember may choose to not serve as Vice Mayor or exchange such service opportunity. Councilmembers may exchange places in the Vice Mayor rotation (i.e., allow another member to take his/her position in the rotation) if a majority of a Council quorum votes to approve the request.

8. The Chaplain will be selected in January of each year by majority vote of a quorum of the City Council. The Chaplain will be the most recent outgoing Vice Mayor.

9. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 15TH DAY OF JANUARY, 2019, BY THE FOLLOWING VOTE:


AYES:	COUNCILORS:	Chahal, Davis, Hardy, Mahan, O'Neill, and Watanabe and Mayor Gillmor
-------	-------------	--

NOES:	COUNCILORS:	None
-------	-------------	------

ABSENT:	COUNCILORS:	None
---------	-------------	------

ABSTAINED:	COUNCILORS:	None
------------	-------------	------

ATTEST:



NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Resolution No. 6442

Resolution/Repeal and Replace Resolution No. 6442
Rev: 12/14/2018

RESOLUTION NO. 6442

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SANTA CLARA, CALIFORNIA ESTABLISHING, PURSUANT
TO SECTION 705 OF THE CITY CHARTER, A PROCEDURE
FOR SELECTION OF MAYOR PRO TEMPORE AND
SELECTION OF A CHAPLAIN OF THE CITY COUNCIL**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA,
CALIFORNIA, as follows:**

WHEREAS, Section 705 of the City Charter provides that the City Council will designate one of its members as Mayor Pro Tempore to perform the duties of the Mayor during the Mayor's absence or disability; and

WHEREAS, this Resolution establishes a procedure for the selection of Mayor Pro Tempore and Chaplain of the Santa Clara City Council; and

WHEREAS, the goal of this policy is to provide for an orderly progression for the opportunity to serve in the Mayor Pro Tempore and Chaplain positions with the objective to give every elected Council member the opportunity to serve as Mayor Pro Tempore. This policy is based on the existing Council seniority policy for City representation at special events, when the Mayor is not available to represent the City. This policy also acknowledges voter's input during the election process.

**NOW, THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE
CITY OF SANTA CLARA, CALIFORNIA, as follows:**

(1) In December of each year, the City Council shall select a Mayor Pro Tempore and a Chaplain by majority vote of a quorum of the City Council.

(2) The Mayor Pro Tempore and Chaplain shall commence service on the immediately following January 1st and shall serve for a one (1) year term, provided that such service shall be at the pleasure of the City Council.

(3) The first Mayor Pro Tempore, after adoption of this Resolution, shall be the City Council member with (a) the highest seniority in consecutive years on the Council and (2) who has not previously

served as Mayor Pro Tempore.

(4) If two or more Council members have the same seniority in number of consecutive years served on the City Council, the Mayor Pro Tempore selected will be the Council member who received the most votes in the most recent applicable council election.

(5) The order of rotation for appointment of subsequent Mayors Pro Tempore shall be determined by seniority and election vote result as stated above.

(6) No Council member shall serve more than once as Mayor Pro Tempore unless all Council members, expressly including those joining the Council from a later election, have had an opportunity to serve in that position.

(7) A Council member may choose to not serve as Mayor Pro Tempore or exchange such service opportunity. Council members may exchange places in the Mayor Pro Tempore rotation (i.e., allow another member to take his/her position in the rotation) if a majority of a Council quorum votes to approve the request.

(8) The Chaplain will be selected in December of each year by majority vote of a quorum of the City Council. The Chaplain will be the most recent outgoing Mayor Pro Tempore.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 9th DAY OF JUNE, 1998, BY THE FOLLOWING VOTE:

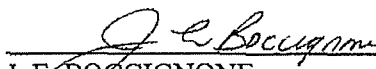
AYES: COUNCILORS: Arno, Diridon, Gillmor, Mahan, McLemore, Parle
and Mayor Nadler

NOES: COUNCILORS: None

ABSENT: COUNCILORS: None

ABSTAINED: COUNCILORS: None

ATTEST:


J. E. BOCCIGNONE
CITY CLERK
CITY OF SANTA CLARA

I:\VOL2\DATA\WP\RESOLUTION\MAYORPR3.TEM



City of Santa Clara

The Center of What's Possible

Mayor

Lisa M. Gillmor

Councilmembers

Anthony J. Becker
Raj Chahal
Karen Hardy
Suds Jain
Kevin Park
Kathy Watanabe

January 26, 2021

Santa Clara City Council
1500 Warburton Avenue
Santa Clara, CA 95050

Dear City Council:

On January 15, 2019, the City Council adopted Resolution No. 19-8650, pursuant to Section 705 of the City Charter, to establish a procedure for the selection of Vice Mayor (Mayor Pro Tempore) and Chaplain for a calendar year.

Per the resolution, the City Council shall select a Vice Mayor by a majority vote of a quorum of the City Council, with the selection scheduled to take place at a City Council meeting at the beginning of each calendar year and that the most recent outgoing Vice Mayor shall serve as Chaplain. As the most recent outgoing Vice Mayor and per the procedure established by Resolution No. 19-8650, Vice Mayor Karen Hardy is eligible to serve as Chaplain.

It is my honor to recommend that the City Council appoint Vice Mayor Karen Hardy to the position of Chaplain for approximately one year until the appointment of a successor Chaplain in January 2021. Vice Mayor Karen Hardy was elected to the Santa Clara City Council in November 2018 and has over 13 years of service to the City, having previously served on the Planning Commission and Historical & Landmarks Commission. With her experience serving the City in multiple capacities, I am confident that she will capably fulfill the duties of Chaplain.

Sincerely,

Lisa M. Gillmor
Mayor
City of Santa Clara



City of Santa Clara

The Center of What's Possible

Mayor

Lisa M. Gillmor

Councilmembers

Anthony J. Becker
Raj Chahal
Karen Hardy
Suds Jain
Kevin Park
Kathy Watanabe

January 26, 2021

Santa Clara City Council
1500 Warburton Avenue
Santa Clara, CA 95050

Dear City Council:

On January 15, 2019, the City Council adopted Resolution No. 19-8650, pursuant to Section 705 of the City Charter, to establish a procedure for the selection of Vice Mayor (Mayor Pro Tempore) and Chaplain for a calendar year.

Per the resolution, the City Council shall select a Vice Mayor by a majority vote of a quorum of the City Council, with the selection scheduled to take place at a City Council meeting in the beginning of each calendar year. The resolution also states that the Vice Mayor shall be the Councilmember with the highest seniority in consecutive years on the Council, who has not previously served as Vice Mayor and that the Chaplain shall be served by the most recent outgoing Vice Mayor. Per the procedure established by Resolution No. 19-8650, Councilmember Raj Chahal is eligible to serve as Vice Mayor.

It is my honor to recommend that the City Council appoint Councilmember Raj Chahal to the position of Vice Mayor for approximately one year until the appointment of successor Vice Mayor in January 2022. Councilmember Raj Chahal was elected to the Santa Clara City Council in November 2018 and previously served on the City's Planning Commission, International Exchange Commission, and Charter Review Committee. With his experience serving the City in multiple capacities, I am confident that he will capably fulfill the duties of Vice Mayor.

Sincerely,

Lisa M. Gillmor
Mayor
City of Santa Clara



Agenda Report

21-114

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Informational Report on COVID-19 Legislative Updates from Townsend Public Affairs for January 1-14, 2021

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

The City of Santa Clara engages in a variety of legislative efforts, including developing an annual legislative platform through its Legislative Advocacy Positions (LAP), advancing the City's goals and policy positions with regional, state, and federal elected officials and agencies, participating in regional and state committees, boards, and commissions, responding to requests for legislative support or comments for bills, ballot measures, and initiatives, identifying budget opportunities and applying for grant funding to support City programs and infrastructure. In the absence of fulltime legislative City staff, consulting services enhances staff's ability to continue to successfully implement the City's legislative program and corresponding LAP Policy.

In January 2020, the City entered into an agreement with Townsend Public Affairs, LLC (Townsend) for state and federal legislative advocacy services, which includes tracking legislation and providing progress reports as part of the firm's scope of work.

DISCUSSION

Townsend has been keeping staff apprised of state and federal COVID-19-related legislative activity since the beginning of the pandemic. These pertinent updates have helped guide the implementation of City COVID-19 programs, including meal distribution and small business assistance, and were previously included as part of the City Manager's verbal COVID-19 updates to the Council.

Attached is a summary of Townsend's updates for the period between January 1-14, 2021. Staff will begin sharing these updates on a monthly basis.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

The City has an existing agreement with Townsend for a not-to-exceed amount of \$90,000. There is no additional cost to have Townsend provide these COVID-19 legislative updates as they are

included as part of the monthly scope of work that the City is billed for. Staff is recommending approval of an Amendment No. 1 to extend the term of the agreement and increase the not-to-exceed amount in a separate January 26, 2021 agenda report (#21-1273).

COORDINATION

This report has been coordinated with Townsend Public Affairs and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Note and file this Informational Report on COVID-19 Legislative Updates from Townsend Public Affairs for January 1-14, 2021.

Prepared by: Christine Jung, Assistant to the City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. COVID-19 Legislative Updates from Townsend for January 1-14, 2021

COVID-19 LEGISLATIVE UPDATE FOR JANUARY 1-14, 2021

January 5, 2021 Update

- **California Governor's Budget:** Today, Governor Newsom released initial details of a COVID-19 recovery proposal that will be included as part of the Governor's January State Budget. The Governor will release his entire January Budget on Friday of this week.
 - Part of the COVID-19 relief, as proposed for the 2021-22 State Budget, will be the Equitable Recovery for California's Businesses and Jobs Plan. This plan is the business and workforce recovery element of his Budget that will help California through the COVID-19 pandemic and advance an equitable, broad-based recovery. [CLICK HERE TO READ PRESS RELEASE](#)
 - The \$4.5 Billion Equitable Recovery for California's Businesses and Jobs Plan contains several elements, including:
 - \$575 million to California's Small Business COVID-19 Relief Grant. This amount is in addition to the \$500 million allocated to the program in November, and brings the total support for the program to \$1.075 billion. The Program offers grants up to \$25,000 to micro and small businesses that have been impacted by the pandemic, as well as small cultural institutions.
 - \$777.5 million proposal for the California Jobs Initiative, which focuses on job creation and retention, regional development, small businesses and climate innovation.
 - \$500 million to create jobs and long-term housing development to unlock more than 7,500 new permanently affordable homes for Californians.
 - \$353 million in one-time and ongoing investments to support California's workers as they adapt to changes in the economy brought about by COVID-19. These investments lift up proven workforce development strategies like apprenticeship and High-Road Training Partnerships and encourage greater collaboration and coordination among California's institutions of higher learning and local workforce partners.
 - \$300 million one-time General Fund for the most critical statewide deferred maintenance, including greening of state infrastructure. This proposal will help create jobs in California while achieving our state's climate goals. Projects include the installation of electric vehicle charging stations at state-owned facilities.
 - \$70.6 million for fee waivers to individuals and businesses most impacted by the pandemic – including barbers, cosmetologists, manicurists, bars and restaurants.
 - \$1.5 billion investment to accelerate our state's progress toward zero-emissions vehicles goals while creating jobs.



- **Vaccine Distribution Efforts:** Yesterday Governor Newsom provided an update on the State's efforts to secure and administer the COVID-19 vaccine.
 - At the end of this past weekend, the State had received approximately 1.3 million doses of the COVID-19 vaccine
 - The State has secured an additional 611,500 doses of vaccine which should ship in the coming days.
 - As of yesterday, 454,300 doses of the vaccine have been administered
 - The Governor also announced that the State is working to increase the pace of vaccine administration. The State has approved distribution via the following avenues:
 - Dentists administering vaccine (authorized today)
 - Pharmacy technicians
 - Nation Guard
 - Pharmacy Program (with CVS and Walgreens)
 - Clinic and doctor partnerships
 - As part of his January Budget, which will be released on Friday, the Governor is proposing \$300 million to accelerate vaccine administration. The proposal will contain funding for:
 - CalVax end-to-end vaccine management
 - Logistics and commodities
 - Public Education Campaign
 - The vaccine administration funding will be proposed as part of a package of early action items in response to the coronavirus pandemic. This package of action items will be funded through the current-year budget surplus. The Administration will work with the Legislature to advance these items in an expedited fashion.
- **Vaccine Prioritization:** The Governor also outlined the Phases of vaccine distribution prioritization.
 - Phase 1A: (appx 3 million people)
 - Healthcare workers, congregate facility resident seniors
 - The state is currently in this phase
 - Phase 1B: (approximately 8 million people)
 - Tier 1: 75+ years old; Teachers/School Workers; Emergency Services; Food and Agricultural workers
 - Tier 2: 65+ years old; Industrial, residential, and commercial facility workers
 - Phase 1C:
 - 50+ years old; people with underlying medical conditions down to the age of 16
- **Vaccine Advisory Committee Meeting:** Tomorrow, January 6th, the Community Vaccine Advisory Committee will be meeting to discuss the Phase 1B tiers, the Phase 1C roll-out, and other issues related to vaccine distribution.
- **Public Health Order Enforcement:** Governor Newsom has indicated that the State has increased enforcement, particularly to bars and restaurants, that are operating in violation of state public health orders. The Governor indicated that the State has also



been working to address large events. That said, the State focus has been on educating, not punishing, businesses that are not in compliance.

- Over the New Year's holiday weekend, the Enforcement Task Force focused on preventing super-spreader events and ensuring restaurant/bar compliance.
 - The Department of Alcoholic Beverage Control deployed staff in 26 counties on New Year's Eve and visited 1,631 bars and restaurants. They also deployed staff in 20 counties on New Year's Day and visited 948 bars and restaurants.
- With the Legislature returning to session, it is likely that legislation will be introduced in response to enforcement of public health orders; however, it is likely that legislation will be introduced on different sides of the enforcement issue:
 - On December 30th, Senator Melissa Melendez introduced SB 102 which would prohibit the Department of Consumer Affairs, any of the boards they oversee, or the Department of Alcoholic Beverage Control from revoking a license for failure to comply with COVID-19 emergency orders unless they can prove that the lack of compliance resulted in transmission of COVID-19.
 - There have also been a number of legislators, primarily Democrats, that have indicated that the State should not be educating businesses, but should be more punitive to those that fail to comply with public health orders. It is likely that legislation to this effect will be introduced prior to the February 19th bill introduction deadline.
- **State Metrics:**
 - State Regional ICU availability as of 1.5.2021:
 - **Southern California Region:** 0%
 - **San Joaquin Valley Region:** 0%
 - **Bay Area Region:** 5.9%
 - **Greater Sacramento Region:** 11.7%
 - **Northern California Region:** 29.8%
- **Federal Vaccine Advisory:** In a statement late yesterday, the FDA urged that vaccines be given according to how the FDA has authorized them. This was in response to a U.S. official proposed cutting dosage levels for Moderna's double-dose shot as a way to immunize more people.
- **Elected Officials with Positive Diagnoses:** Rep. David Valadao (R-CA), Rep. Gwen Moore (D-WI), and Rep. Kay Granger (R-TX) tested positive for coronavirus.

January 7, 2021 Update

- **Rental Assistance Guidance:** Late last night, the Department of Treasury released guidance on how counties and cities above 200,000 population can receive direct



funding for \$25 billion of Emergency Rental Assistance under the recently passed coronavirus relief legislation

- The guidance can be found here: <https://home.treasury.gov/policy-issues/cares/emergency-rental-assistance-program>
 - The Emergency Rental Assistance program can be used to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic.
 - The funds are provided directly to States, U.S. Territories, local governments, and Indian tribes.
 - Local governments with populations over 200,000 are eligible for direct funding.
 - Grantees use the funds to provide assistance to eligible households through existing or newly created rental assistance programs.
 - The formula was based on the Coronavirus Relief Fund set up in the CARES Act
- **PPP Revenue:** The IRS, in guidance issued Wednesday, reversed its original position that prohibited businesses with Paycheck Protection Program loans from “double-dipping” by paying expenses with a forgivable loan, then writing off those expenses. Congress, in the latest virus relief bill, explicitly stated that such expenses were deductible, forcing the IRS to flip.
 - **COVID Deaths:** Covid-19 deaths in the U.S. are poised to maintain a near-record pace at least through the month
 - Rising hospitalizations offset any positive effect from the vaccine startup.
 - The U.S. will finish January averaging about 2,600 deaths a day, according to the latest forecast updated by the Centers for Disease Control and Prevention yesterday, a figure based on projections from 36 different models.
 - The U.S. is expected to pass 400,000 deaths around Inauguration Day.
 - **HHS Vaccine Coordination:** The nation’s hospitals are asking the HHS for better communication and leadership to speed up the rollout that’s been hampered by coordination gaps and a patchwork of state strategies. This could mean major changes to HHS’s strategy post-Inauguration Day.
 - **Homelessness Point in Time Count:** Los Angeles, Seattle, San Francisco and other cities are canceling or postponing their January “point in time” censuses of unsheltered homeless people, saying the pandemic makes it unsafe for all involved.
 - The Department of Housing and Urban Development (HUD) requires communities to hold point-in-time homeless counts every two years. HUD uses the results to allocate funding.
 - HUD issued COVID-19 guidelines that allow communities to get an exemption this year.
 - Cities won’t be financially penalized as long as they fulfill their requirements later on.
 - The number of homeless people has swelled because of COVID-19, and the annual or biennial tally is a way to hold public officials accountable.



- **Elected Officials with Positive Diagnoses:** Rep. Michelle Steel (R-CA) and Rep. Jake LaTurner (R-KS) tested positive for coronavirus. Rep. LaTurner was present in the Capitol yesterday.
- **Governor Newsom Announces Golden State Stimulus:** Yesterday the Governor provided a preview into a portion of the Governor's Budget proposal aimed at helping low-income Californians who were recipients of the state's Earned Income Tax Credit in 2019, as well as those filing with Individual Taxpayer Identification Numbers this year who meet the eligibility criteria, through \$600 rapid cash payments.
 - The Governor also proposes extending the state's eviction moratorium and expediting distribution of California's \$2.6 billion share of federal rental assistance to assist low-income tenants.
 - If approved by the Legislature, the plan could double the upcoming \$600 stimulus payment from the federal government for many Californians. Last year, nearly 3.9 million taxpayers filed for the state earned income tax credit, according to the Governor's Office.
 - The Governor will release his complete January Budget proposal, including the Golden State Stimulus, at a press conference tomorrow.

January 8, 2021 Update¹

- **Biden Priorities:** President-elect Biden detailed a few of his legislative coronavirus response priorities:
 - Biden plans to asking Congress to help suffering Americans in two steps: give them the balance of their coveted \$2,000 coronavirus payments, followed by a \$3 trillion tax and infrastructure package.
 - Biden is confident he can get multiple packages through Congress after Democrats won both Georgia Senate elections.
 - The president-elect's team also wants to get cash in Americans' hands as quickly as possible
 - Biden also said he will direct the Education Department to extend a pause on student loan repayments.
 - Biden said he supports Congress immediately canceling \$10,000 of student loan debt per person as a part of the response to the coronavirus pandemic, though this likely means he will not unilaterally cancel \$50,000 in debt per person as progressive members of Congress have urged him.
- **Vaccine Distribution:** President-elect Joe Biden's team says he'll distribute more of the available doses of coronavirus vaccines, reversing the Trump administration's practice of holding back the second shots needed to reach maximum potency. The move represents a gamble by the incoming administration that there will be enough vaccine available to ensure second shots after 21 days for the Pfizer Inc.-BioNTech SE vaccine, and 28 days for the Moderna Inc. shot.

¹ Townsend provided a Weekly Summary document which can be found after the legislative updates.



- **PPP Guidance Published:** The Department of Treasury released guidance that detailed the reopening of the PPP program. We have attached this information here.² Pertinent information:
 - **PPP Opens:**
 - **Monday, January 11:** first draw PPPs from CDFIs
 - “Shortly thereafter” all lenders will be able to issue first draw PPP loans
 - **Wednesday, January 13:** second draw PPPs from CDFIs
 - “Shortly thereafter” all lenders will be able to issue second draw PPP loans
 - **PPP Closes:** March 31, 2021
 - **First Draw Loans:**
 - **Who Can Apply:** Eligible small entities, that together with their affiliates (if applicable), have 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—can apply. Entities with more than 500 employees in certain industries that meet SBA’s alternative size standard or SBA’s size standards for those particular industries can also apply
 - **Second Draw Loans:**
 - **Who Can Apply:** A borrower who:
 - Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses;
 - Has no more than 300 employees; and
 - Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.
 - **Maximum Loan Amount:**
 - For most borrowers, the maximum loan amount of a Second Draw PPP Loan is 2.5x average monthly 2019 or 2020 payroll costs up to \$2 million. For borrowers in the Accommodation and Food Services sector the maximum loan amount for a Second Draw PPP Loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million.
 - **Program Amounts:** Congress allocated **\$284.5 billion** for this next round of PPP, to include the following set-asides for underserved entities:
 - **\$15 billion** across first and second draw PPP loans for lending by community financial institutions;
 - **\$15 billion** across first and second draw PPP loans for lending by Insured Depository Institutions, Credit Unions, and Farm Credit System Institutions with consolidated assets of less than \$10 billion;
 - **\$35 billion** for new first draw PPP borrowers; and

² The Paycheck Protection Program documents can be found after the legislative updates.



- **\$15 billion** and **\$25 billion** for first draw and second draw PPP loans, respectively, for borrowers with a maximum of 10 employees or for loans less than \$250,000 to borrowers in low-or moderate-income neighborhoods.
- SBA has determined that at least 25 percent of each of those set-asides will go to each one of the groups: loans to borrowers with a maximum of employees and loans less than \$250,000 to borrowers in low-or moderate-income neighborhoods.

January 12, 2021 Update

- **Phase 5:** President-elect Biden is set to unveil his stimulus proposal Thursday. Many elements of Biden's plan are expected to be drawn from House Democrats' \$3.4 trillion Heroes Act, which passed in May and was blocked by the GOP-controlled Senate. We don't know what the final price tag will be, but we are hearing that his proposal will include money for:
 - state and local governments (to be used for revenue loss)
 - vaccine distribution
 - expanded unemployment benefits
 - school re-opening
 - tax credits
 - rental relief
 - aid to small businesses
 - the balance of the \$2,000 stimulus checks
- **Direct Payments:** The IRS updated instructions for people to calculate and claim additional virus relief payments if they didn't receive the full amount they were owed.
 - Congress has approved two rounds of stimulus payments so far—one worth up to \$1,200 per individual and another, more recent one worth up to \$600.
 - The revised instructions, which tell people how to fill out their individual tax returns this filing season, incorporate both payments.
 - The IRS has delivered more than 100 million of the latest relief payments by direct deposit, with millions more being mailed. The agency has until mid-January to finish sending the checks.
 - Individuals who received the full amount of payment they were owed don't need to take any additional steps on their upcoming tax returns, the IRS said Tuesday.
 - For more information: <https://www.irs.gov/instructions/i1040gi>
- **Emergency Rental Assistance Program:** Today, the Department of Treasury released further guidance on the Emergency Rental Assistance Program (ERAP) that includes State population figures (based on 2020) and state funding allocations. The guidance also includes the 2019 population figures for local governments, which Treasury will use in determining local government allocations. You can find the guidance attached to this email.³

³ The Emergency Rental Assistance Program document can be found after the legislative updates.



- **Shuttered Venue Grants:** Today, SBA announced a webinar on Thursday, January 14, at 3 p.m. ET, for a preliminary overview of the Shuttered Venue Operators Grant program included in the most recent coronavirus relief package.
 - Eligible organizations with a reduction in revenue due to the COVID-19 pandemic will have the opportunity to receive up to a \$10 million grant under the program.
 - This webinar will provide introductory information about the grants, who can apply, how potential organizations can prepare, and additional details re: eligibility and applications.
 - Written guidance from SBA on the program has not yet been published.
- **Vaccine Protocols:** New federal guidelines (attached) recommend opening up the process to everyone older than 65, and will also aim to move doses out the door rather than holding some back.⁴ This is intended to get coronavirus vaccinations nationwide moving much faster.
 - The early phases of the vaccination effort were designed to put the highest-risk people at the front of the line, but the pace of inoculations has frustrated experts.
 - The administration's new guidelines aim to speed things up and ultimately move the U.S. closer to the widespread immunity that will put the pandemic behind us
 - The federal government is making three big changes:
 - Recommending that states open the vaccination process to everyone older than 65 and to adults of all ages who have a pre-existing condition that puts them at greater risk for serious infection.
 - Expanding the venues where people can get vaccinated to include community health centers and more pharmacies.
 - Getting all the available doses out the door now.
 - Both of the authorized vaccines require two shots; the government will no longer hold back doses for the second shot, but will instead try to get today's doses into people's arms now, trusting that supplies will increase rapidly enough to provide second shots.
 - These changes reflect a changing consensus about how best to distribute the vaccines — shifting away from a strict risk-based prioritization system, toward prioritizing getting as many shots into as many arms as possible, as quickly as possible.
 - Opening the doors to all seniors and high-risk patients mirrors steps some states have already taken, with public health experts' encouragement, and President-elect Joe Biden has said his administration would not hold back doses for people's second shots.
- **International Travel:** The U.S. will require proof of a negative Covid-19 test before allowing visitors to fly into the country from other nations. The CDC said it approved the new anti-pandemic measure that will take effect on Jan. 26.
- **Biden Vaccination:** President-elect Biden publicly received his second dose of the Pfizer coronavirus vaccine yesterday.

⁴ The FEMA Vaccine Distribution document can be found after the legislative updates.



- **Vaccine Length:** Moderna says that its coronavirus vaccine will provide immunity from the disease for at least one year.
- **Herd Immunity:** World Health Organization chief scientist Soumya Swaminathan said that herd immunity is unlikely to be achieved this year despite COVID-19 vaccines being rolled out.
- **Vaccine Guidance for Homeless:** HUD released new guidance on how to plan to vaccinate individuals experiencing homelessness, which can be accessed here: https://www.hudexchange.info/resource/6229/covid19-homeless-system-response-vaccine-planning-and-distribution/?utm_source=HUD+Exchange+Mailing+List&utm_campaign=d552d08312-SNAPS-COVID-19-Digest-1-11-2021&utm_medium=email&utm_term=0_f32b935a5f-d552d08312-19574233

January 14, 2021 Update

- **Biden Coronavirus Relief Plan:** TPA participated on a call earlier today with Julie Rodriguez, incoming Director of Intergovernmental Affairs for the Biden Administration, and received details about President-elect Biden's \$2 trillion coronavirus relief proposal, which they are calling the "American Rescue Plan." Below are key elements of what was highlighted in the proposal:
 - \$350 billion for state and local governments, including \$3 billion for the Economic Development Administration
 - No formula yet – the Administration indicated they want to work with mayors on how best to allocate, but confirmed that backfilling lost revenue will be eligible
 - Direct payments to individuals of \$1,400, which is in addition to the \$600 approved in December
 - \$130 billion to reopen schools, including \$35 billion for colleges, with the goal of most schools back to in-person learning within his first 100 days in office
 - \$400 per week in supplementary unemployment benefits through September
 - \$160 billion in funding for a national program of vaccination, testing and other coronavirus containment efforts
 - \$30 billion for rental and small-landlord support
 - \$5 billion for homelessness
 - Continue national eviction moratorium
 - \$20 billion for public transit agencies, including for lost revenue
 - Leverage \$35 billion investment into existing state/local/tribal/nonprofit financing programs, into \$175 billion in additional small business lending/grants
 - \$25 billion for childcare providers
 - \$3 billion for WIC and \$1 billion in food aid for U.S. territories
 - A new restaurant partnership program funded through FEMA to feed the hungry and keep service industry workers employed
 - Raising the federal minimum wage to \$15 an hour



- Extend a 15% boost in SNAP benefits, currently in effect until July, through September
- Expand Child Tax Credit
- Expanded medical and family leave
- Mobilize a public health jobs program, to fund 100,000 new public health workers to work in their communities
- More funding for health services for underserved populations, including expanding Community Health Centers and investing in health services on tribal lands

Congressional Democratic leadership have already come out in support of the plan. The plan will face hurdles, as currently written, in Congress, as the Republicans still have enough opposition to filibuster any bill from the Democrats. If Democrats unanimously agree to eliminate the filibuster, the plan could pass as written.

Democrats could also try to pass the bill using budget reconciliation, which only requires a majority, but the rules of budget reconciliation may mandate that certain policy provisions are left out.

- **SBA Shuttered Venue Operator Grant Program:** Earlier today, TPA participated in a webinar with the Small Business Administration (SBA) about their upcoming Shuttered Venue Operator Grant (“SVOG”) Program. The biggest question, when the program will begin accepting applications, is still unanswered. Attached are quick notes from the call outlining what to expect from this developing program.⁵
- **PPP:** The SBA will re-open the Paycheck Protection Program (PPP) loan portal to PPP-eligible lenders with \$1 billion or less in assets for First and Second Draw applications on Friday, January 15, 2021 at 9 am ET. The portal will fully open on Tuesday, January 19, 2021 to all participating PPP lenders to submit First and Second Draw loan applications to SBA.
 - Earlier in the week, SBA granted dedicated PPP access to Community Financial Institutions (CFIs) which include Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), Certified Development Companies (CDCs), and Microloan Intermediaries as part of the agency’s ongoing efforts to reach underserved and minority small businesses.
 - The agency also plans to have dedicated service hours for these smaller lenders after the portal fully re-opens next week.
- **Emergency Rental Assistance Programs:** The National Low Income Housing Coalition published a new report (attached) that outlines key considerations for implementing an emergency rental assistance (ERA) program using the \$25 billion for ERA in the recent COVID-19 relief package.⁶ The report provides best practices and examples from state and local programs around the country.

⁵ Townsend’s SVOG Webinar notes can be found after the legislative updates.

⁶ The Best Practices for State and Local Emergency Rental Assistance Programs document can be found after the legislative updates.



- **Outbreaks Not Driven by Schools:** The CDC released a study indicating that disease rates in counties where in-person learning is available for school-age children and adolescents is similar to areas where classes are entirely online. The return to in-person classes in nearly two-thirds of the U.S. hasn't led to a rash of community outbreaks, federal scientists said in a study of 2.87 million cases among those under 24. It concludes schools should be the last to close, and the first to open.
- **Operation Warp Speed Resignation:** Moncef Slaoui, chief science adviser to Operation Warp Speed, submitted his resignation at the request of the Biden team. Slaoui will stay on for 30 days to help with the transition. Biden has pledged a more robust federal role in responding to the pandemic and distributing more vaccines when his administration begins on Jan. 20.
- **Coronavirus Deaths:** Deaths due to coronavirus have risen by 10% or more since last week in 25 states. Yesterday was the third time national deaths rose above 4,000.
- **Seasonal Flu:** Thanks largely to social distancing, mask-wearing, and higher uptake of the flu vaccine, influenza deaths this season are almost nonexistent.
- **Elected Officials with Positive Diagnoses:** Rep. Adriano Espaillat (D-NY) said he tested positive for Covid-19 after receiving the second dose of a vaccine, and is isolating at home.
- **Governor Newsom's New Measures in the State's Safe Schools for All Plan:** In an effort to increase transparency, accountability, and assistance, the Newsom Administration has launched the "New Safe Schools for All Hub" – schools.covid19.ca.gov – as a one-stop shop for state guidance and resources on safely resuming in-person instruction.
 - Following the December unveiling of the [Safe Schools for All Plan](#), the portal will focus on providing information related to:
 - 1) Funding
 - 2) Safety and Mitigation
 - 3) Oversight and Assistance
 - 4) Transparency and Accountability
 - School staff and parents can report school-specific safety concerns to the State Safe Schools Team via online web portal and telephone hotline.
 - School administrators can request technical assistance on developing and implementing safety plans from the State Safe Schools Team via online web portal.
 - Consolidated and updated guidance provides framework for safe re-openings and reflects additional resources to implement school-centered COVID-19 testing.



COVID-19 WEEKLY UPDATE: FRIDAY, JANUARY 8

During these uncertain times, Townsend Public Affairs is committed to keeping you informed of the unprecedented activity coming out of Sacramento and Washington, DC. The information below is intended to summarize the current actions that have been taken during this state of emergency.

24-HOUR SNAPSHOT:

Governor Newsom Announces COVID-19 Specific Provisions in January Budget Proposal: Aside from the billions dedicated to economic recovery from COVID-19, the Governor's January budget proposal includes \$4.4B proposed in emergency response (from the State General Fund with a significant portion expected to be re-imbursed from the Federal Government). This includes: \$2B for testing; \$473M for Contact Tracing; \$372M for vaccines; Additional funding for other aspects of State response.

STATE

JANUARY 5

Governor Newsom Gives Preview of COVID-19 Recovery Budget Proposal: Part of the Governor's January proposal for the 2021-22 State Budget will be the Equitable Recovery for California's Businesses and Jobs Plan. This plan includes approximately \$4.5 Billion, which covers the sectors of small business, jobs and workforce development, fee waivers, deferred maintenance, housing, and green tech infrastructure. [Read the press release](#) for a more detailed breakdown.

JANUARY 6

California Community Vaccine Advisory Committee Meeting: The State's working group made up of top health professionals and community representatives discussed the current phasing and timeline for vaccine rollout. Phase 1A (Current), which applies only to "any role in direct health care or long-term care settings" is expected to go through March and perhaps April. Phase 1B applies to 1) Those 75 and older; and, workers in education and childcare, emergency services, food and agriculture. 2) Those 65 and older; and, those working in transportation/logistics; industrial, residential, and commercial sheltering facilities/services; critical manufacturing; incarcerated individuals; homeless. It is anticipated that individuals in Phase 1B may start receiving vaccinations in April or May. However, timelines are subject to change.

JANUARY 7

Governor Newsom Announces Golden State Stimulus: As part of his budget proposal, the Governor announced a \$600 rapid cash payment to certain low-income Californians. The recipients of these stimulus payments would be individuals who received a 2019 Earned Income Tax Credit and those filing with individuals Taxpayer Identification Numbers (ITNs) who meet certain eligibility criteria.

FEDERAL

JANUARY 6

U.S. Treasury Department Releases Rental Assistance Guidance: The Department of Treasury released guidance on how counties and cities with populations above 200,000 population can receive direct funding for \$25 billion of Emergency Rental Assistance under the recently passed coronavirus relief legislation. The Emergency Rental Assistance program can be used to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The funds are provided directly to States, U.S. Territories, and local governments to aid eligible households through existing or newly created rental assistance programs.

CDC Releases COVID-19 Death Rate Forecast:

According to the latest forecast updated by the Centers for Disease Control and Prevention, COVID-19 deaths in the U.S. are poised to maintain a near-record pace at least through the month of January. It has been reported that rising hospitalizations have offset any positive effect from the vaccine startup. The U.S. will finish January averaging approximately 2,600 deaths a day, a figure based on projections from 36 different models. The U.S. is expected to pass 400,000 total deaths by Inauguration Day (January 20, 2021).

IRS Issues Guidance on Paycheck Protection Program Expenses:

The IRS issued updated guidance indicating businesses can deduct expenses associated with Paycheck Protection Program forgivable loans on their taxes. Additionally, Treasury and SBA released guidance announcing the reopening of the PPP for first- and second-draw loans, beginning on January 11 and 13, respectively, for borrowers using Community Development Financial Institution lenders. Non-CDFI lenders will be permitted to issue loans shortly thereafter, but no date was given.

21,808,008
Confirmed Cases
in the United States

2,568,641
Confirmed Cases
in California

54 of 58
Counties with
Widespread Risk

LOOKING AHEAD: TPA is continually updating a comprehensive funding matrix that identifies all available local, state, federal, and private COVID-19 related funding opportunities. We are prepared to work with you immediately to submit applications to access that funding and establish a program to provide support services to the small businesses in your community.





Guidance on Accessing Capital for Minority, Underserved, Veteran and Women-Owned Business Concerns

The Small Business Administration (SBA) is dedicated to helping sustain our nation's small businesses and to supporting their tens of millions of employees. During these unprecedented times brought on by the COVID-19 global pandemic, SBA has worked tirelessly and closely with Congress, with borrowers, and with lenders of all sizes – including regional and community banks, Farm Credit System lenders, credit unions, fintechs, community development financial institutions (CDFIs), and minority depository institutions (MDIs) – to maximize access to the Paycheck Protection Program (PPP or Program). SBA is continuing to encourage and support these efforts that have benefitted the smallest businesses and underserved communities.

The first round of the PPP supported the employment of 51 million American workers and over 80 percent of small business payroll across all 50 states and territories. More than 87 percent of loans have been for \$150,000 or less, with an average loan size of \$101,000 – demonstrating the accessibility of the PPP to even the smallest businesses. PPP loans have been broadly distributed across diverse areas of the economy, with 27 percent of the funds going to low- and moderate-income communities, which is in proportion to their percentage of the population. More than 70 percent of PPP loans have been made to businesses with fewer than 10 employees. Over \$80 billion, or 15 percent of the total PPP loan amount, has been disbursed to small businesses in rural communities. Small businesses in Historically Underutilized Business Zones (HUBZones) have received more than \$130 billion in PPP funding, accounting for more than 25 percent of all PPP loan dollars. In addition, more than 430 CDFIs and MDIs across the country have made over 221,000 PPP loans for more than \$16.4 billion.

Building on the success of the first round of PPP, SBA is continuing to address potential barriers to access to capital for minority, underserved, veteran, and women-owned business concerns.

In the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act (Economic Aid Act), our partners in Congress have set aside funds for new and smaller borrowers, for borrowers in low- and moderate-income communities, and for community and smaller lenders. These set asides include:

- \$15 billion across first and second draw PPP loans for lending by community financial institutions;
- \$15 billion across first and second draw PPP loans for lending by Insured Depository Institutions, Credit Unions, and Farm Credit System Institutions with consolidated assets of less than \$10 billion;
- \$35 billion for new first draw PPP borrowers; and
- \$15 billion and \$25 billion for first draw and second draw PPP loans, respectively, for borrowers with a maximum of 10 employees or for loans less than \$250,000 to borrowers in low-or moderate-income neighborhoods. SBA has determined that at least 25 percent of each of those set-asides will go to each one of the groups: loans to borrowers with a maximum of 10



Guidance on Accessing Capital for Minority, Underserved, Veteran and Women-Owned Business Concerns

employees and loans less than \$250,000 to borrowers in low-or moderate-income neighborhoods.

To efficiently and effectively implement the Economic Aid Act and to ensure increased access to PPP for minority, underserved, veteran, and women-owned business concerns, SBA is undertaking the following steps:

- Accept PPP loan applications only from community financial institutions for at least the first two days when the PPP loan portal re-opens;
- Direct Lender Match borrower inquiries to small lenders who can aid traditionally underserved communities;
- Match small businesses through Lender Match with Certified Development Companies (CDCs), Farm Credit System lenders, microloan intermediaries, and traditional smaller asset size lenders;
- Continue setting aside dedicated hours to process and assist our smallest PPP lenders with their PPP loans;
- Continue to strongly encourage CDFIs and minority-, women-, veteran-, and military-owned lenders to apply to become PPP lenders. SBA will give full and prompt consideration to these applications to become PPP lenders consistent with program guidelines, including in cases where the lender does not meet all of the requirements listed on the updated SBA Form 3507;
- Continue to work with the Board of Governors of the Federal Reserve System on the PPP Liquidity Facility to enable PPP lenders, including nonbank lenders, to pledge PPP loans to the Federal Reserve as collateral for Federal Reserve borrowings to enhance lender liquidity and enable PPP lenders to expand their lending capacity;
- Promote awareness of these policies and procedures via traditional media methods, SBA social media accounts and guidance to lenders before the formal opening of SBA's loan systems;
- Continue to work with our federal partners, including the Department of Agriculture, the Federal Reserve, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Farm Credit Administration, and the National Credit Union Administration, to share this guidance with PPP lenders, borrowers, and the broader public;
- Continue to use SBA's 68 district offices and network of SBA Resource Partners to further create awareness among the public about these approaches. Minority, underserved, veteran, and women-owned businesses that encounter difficulties in obtaining a PPP Loan should contact their local SBA district office for assistance. A link on how to find an office near you can be found via www.sba.gov/local-assistance.



PAYCHECK PROTECTION PROGRAM (PPP)

Guidance on Accessing Capital for Minority, Underserved, Veteran and Women-Owned Business Concerns

SBA will continue to engage with all PPP lenders to maximize access to the PPP for all of America's eligible small businesses. To accomplish this, SBA continues to call upon its lending partners and asks that they redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities, allowing us to further expand economic opportunity. In particular, all PPP lenders are strongly encouraged to:

- Continue to engage in community outreach and communication through organizations, trade associations, and individuals that represent and serve underserved communities and minority, veteran, and women-owned businesses. SBA will continue to lead by example on best practices for this type of engagement; and
- Continue to fully comply with all applicable Federal, State, local, and other statutory requirements related to fair lending.

In addition, SBA has added a demographic reporting section on the PPP borrower application. PPP lenders should encourage borrowers to report the optional information that has been added to better inform lenders and SBA on the success of our efforts to reach underserved, minority-owned, veteran-owned, and women-owned businesses.

While the PPP has been an incredible success, there are still many more opportunities to provide assistance to businesses who have yet to access these forgivable loans, especially as PPP re-opens for first and second draw loans. These are challenging times for our nation's small business owners and entrepreneurs, but through our continued outreach and focused approach, we will continue to ensure access and opportunity for all those who need assistance.

Jovita Carranza, *Administrator*

SMALL BUSINESS ADMINISTRATION

13 CFR Parts 113, 120 and 121

[Docket No. SBA-2021-0001]

RIN 3245-AH62

DEPARTMENT OF THE TREASURY

RIN 1505-AC74

**Business Loan Program Temporary Changes; Paycheck Protection Program as Amended
by Economic Aid Act**

AGENCY: U. S. Small Business Administration; Department of the Treasury.

ACTION: Interim final rule

SUMMARY: On April 2, 2020, the U.S. Small Business Administration (SBA) posted an interim final rule announcing the implementation of sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Section 1102 of the CARES Act temporarily adds a new program, titled the “Paycheck Protection Program,” to the SBA’s 7(a) Loan Program. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the Paycheck Protection Program (PPP). The PPP is intended to provide economic relief to small businesses nationwide adversely impacted by the Coronavirus Disease 2019 (COVID-19). Subsequently, SBA published twenty-three interim final rules providing additional guidance on the PPP (some of which were jointly issued with the Department of the Treasury) and Treasury published one interim final rule. On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) (Pub. L. 116-260) became law. The Economic Aid Act extends the authority to make PPP loans through March 31, 2021 and revises certain PPP requirements. This

interim final rule incorporates the Economic Aid Act amendments required to be implemented by regulation within 10 days of enactment. For ease of borrower and lender reference, this interim final rule also consolidates the interim final rules (and important guidance) issued to date governing borrower eligibility, lender eligibility, and PPP application and origination requirements for new PPP loans, as well as provides general rules relating to loan increases and loan forgiveness. This rule is not intended to substantively alter or affect PPP rules that were not amended by the Economic Aid Act. Additional rules related to second draw PPP loans will be published separately, and SBA intends to issue a consolidated rule governing all aspects of loan forgiveness and the loan review process as well. This interim final rule is intended to govern new PPP loans made under the Economic Aid Act, as well as applications for loan forgiveness on existing PPP loans where the loan forgiveness payment has not been remitted, and should not be construed to alter or affect the requirements applicable to PPP loans closed prior to its enactment, unless the provisions apply retroactively consistent with specific applicability provisions of the Economic Aid Act as identified in this rule. In addition, in this interim final rule, Treasury exercises its authority under section 1109 of the CARES Act to allow borrowers of first draw PPP loans to use 2019 or 2020 to calculate their maximum loan amount.

DATES: Effective Date: Unless otherwise specified in this interim final rule, the provisions of this interim final rule are effective [INSERT DATE OF FILING AT THE OFFICE OF THE FEDERAL REGISTER].

Applicability Date: This interim final rule applies to loan applications, including requests for increases, and applications for loan forgiveness submitted under the Paycheck Protection Program following enactment of the Economic Aid Act. This interim final rule also applies to

loan forgiveness applications submitted under the Paycheck Protection Program before enactment of the Economic Aid Act where SBA has not remitted the forgiveness payment.

Comment Date: Comments must be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by number SBA-2021-0001 through the Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

SBA will post all comments on www.regulations.gov. If you wish to submit confidential business information (CBI) as defined in the User Notice at www.regulations.gov, please send an email to ppp-ifr@sba.gov. All other comments must be submitted through the Federal eRulemaking Portal described above. Highlight the information that you consider to be CBI and explain why you believe SBA should hold this information as confidential. SBA will review the information and make the final determination whether it will publish the information.

FOR FURTHER INFORMATION CONTACT: Call Center Representative at 833-572-0502, or the local SBA Field Office; the list of offices can be found at <https://www.sba.gov/tools/local-assistance/districtoffices>.

SUPPLEMENTARY INFORMATION:

I. Background Information

On March 13, 2020, President Trump declared the ongoing Coronavirus Disease 2019 (COVID-19) pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, territories, and the District of Columbia. With the COVID-19 emergency, many small businesses nationwide continue to experience economic hardship as a direct result of the Federal, State, and local public health measures that continue to be taken to minimize the

public's exposure to the virus. In addition, based on the advice of public health officials, other voluntary measures continue to be observed, resulting in a decrease in economic activity as the public avoids malls, retail stores, and other businesses.

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act or the Act) (Pub. L. 116-136) to provide emergency assistance and health care response for individuals, families, and businesses affected by the coronavirus pandemic. The Small Business Administration (SBA) received funding and authority through the Act to modify existing loan programs and establish a new loan program to assist small businesses nationwide adversely impacted by the COVID-19 emergency.

Section 1102 of the CARES Act temporarily permitted SBA to guarantee 100 percent of 7(a) loans under a new program titled the "Paycheck Protection Program," pursuant to section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)). Section 1106 of the CARES Act provided for forgiveness of up to the full principal amount of qualifying loans guaranteed under the Paycheck Protection Program. A more detailed discussion of sections 1102 and 1106 of the Act is found in section III.

On April 24, 2020, the President signed the Paycheck Protection Program and Health Care Enhancement Act (Pub. L. 116-139), which provided additional funding and authority for the PPP. On June 5, 2020, the President signed the Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act) (Pub. L. 116-142), which changed key provisions of the Paycheck Protection Program, including provisions relating to the maturity of PPP loans, the deferral of PPP loan payments, and the forgiveness of PPP loans. Section 3(d) of the Flexibility Act provided that the amendments relating to PPP loan forgiveness and extension of the deferral period for PPP loans were effective as if included in the CARES Act, which meant that they

were retroactive to March 27, 2020. Section 2 of the Flexibility Act provided that the amendment relating to the extension of the maturity date for PPP loans became effective on the date of enactment (June 5, 2020). Under the Flexibility Act, the extension of the maturity date for PPP loans was applicable to PPP loans made on or after that date, and lenders and borrowers were able to mutually agree to modify PPP loans made before such date to reflect the longer maturity. On July 4, 2020, Public Law 116-147 extended the authority for SBA to guarantee PPP loans to August 8, 2020. On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) (Pub. L. 116-260) was enacted, which reauthorizes lending under the PPP through March 31, 2021, and among other things, modifies provisions related to making PPP loans and forgiveness of PPP loans, and authorizes second draw PPP loans under new section 7(a)(37) of the Small Business Act for PPP borrowers that previously received a PPP loan (rules for second draw loans will be published separately). The Economic Aid Act also redesignates section 1106 of the CARES Act as section 7A and transfers that section to the Small Business Act, to appear after section 7 of the Small Business Act.¹

In addition to incorporating the changes to PPP requirements made by the Economic Aid Act, this interim final rule consolidates and restates the following interim final rules: 85 Fed. Reg. 20811 (posted on April 2, 2020 and published in the Federal Register on April 15, 2020); 85 Fed. Reg. 20817 (posted on April 3, 2020 and published on April 15, 2020); 85 Fed. Reg. 21747 (posted on April 14, 2020 and published on April 20, 2020); 85 Fed. Reg. 23450 (posted on April 24, 2020 and published on April 28, 2020); 85 Fed. Reg. 23917 (posted on April 27,

¹ Because section 1106 of the CARES Act is now codified as section 7A of the Small Business Act, any reference to section 1106 of the CARES Act in the rules that are being restated herein will refer to section 7A.

2020 and published on April 30, 2020); 85 Fed. Reg. 26321 (posted on April 28, 2020 and published on May 4, 2020); 85 Fed. Reg. 26324 (posted on April 30, 2020 and published on May 4, 2020); 85 Fed. Reg. 27827 (posted on May 5, 2020 and published on May 8, 2020); 85 Fed. Reg. 29845 (posted on May 8, 2020 and published on May 19, 2020); 85 Fed. Reg. 29842 (posted on May 13, 2020 and published on May 19, 2020); 85 Fed. Reg. 29847 (posted on May 14, 2020 and published on May 19, 2020); 85 Fed. Reg. 30835 (posted on May 18, 2020 and published on May 21, 2020); 85 Fed. Reg. 31357 (posted on May 20, 2020 and published on May 26, 2020); 85 Fed. Reg. 35550 (posted on June 5, 2020 and published on June 11, 2020); 85 Fed. Reg. 36308 (posted on June 11, 2020 and published on June 16, 2020); 85 Fed. Reg. 36717 (posted on June 12, 2020 and published on June 18, 2020); 85 Fed. Reg. 36997 (posted on June 17, 2020 and published on June 19, 2020); 85 Fed. Reg. 38301 (posted on June 24, 2020 and published on June 26, 2020); and 85 Fed. Reg. 39066 (posted on June 25, 2020 and published on June 30, 2020). This rule should be interpreted consistently with the sets of Frequently Asked Questions (FAQs) regarding the PPP that are posted on SBA's and Treasury's websites and the interim final rules posted separately providing guidance on second draw PPP loans and the consolidated guidance on loan forgiveness and the loan review process; however, the Economic Aid Act overrides any conflicting guidance in the FAQs, and SBA will be revising the FAQs to fully conform to the Economic Aid Act as quickly as feasible.

Most of this document restates existing regulatory provisions to provide lenders and new PPP borrowers a single regulation to consult on borrower eligibility, lender eligibility, and loan application and origination requirements, as well as general rules on increases and loan forgiveness for PPP loans. To enhance the readability of this document, SBA has not reproduced the policy and legal justifications for existing regulatory provisions restated here, except to the

extent that those justifications may be helpful to the borrower or lender. However, those justifications from the original interim final rules are incorporated by reference here.

In addition, section 1109(b) of the CARES Act authorizes Treasury to establish criteria for certain other lenders to participate in the PPP. The SBA is required to administer the program that Treasury establishes under section 1109 of the Act, with guidance from Treasury. The CARES Act authorizes Treasury to issue regulations and guidance to implement section 1109, including regulations that establish “terms and conditions” for PPP loans. *See* section 1109(d)(2). The terms and conditions established by Treasury under section 1109 are not required to be identical to those provided elsewhere. Rather, the CARES Act allows Treasury to set terms and conditions pertaining to certain criteria—the maximum interest rate, maximum loan amount, and other specified terms—that are “consistent,” to “the maximum extent practicable,” with comparable terms in paragraph 36 of section 7(a) of the Small Business Act (15 U.S.C. 636(a)). *See* section 1109(d)(2).

In this rulemaking, Treasury is addressing the needs of new PPP borrowers by allowing all new borrowers to use 2019 or 2020 for purposes of calculating their maximum loan amount. Section 1102 of the CARES Act states that borrowers are to calculate their maximum loan amount by using “payroll costs incurred during the 1-year period before the date on which the loan is made....” For PPP loans made in 2020, most borrowers used 2019. The Economic Aid Act did not change this language for borrowers that are not farmers and ranchers and would require most new PPP borrowers who obtain a loan in 2021 to use 2020 as their base period. Using authority granted by section 1109 of the CARES Act, this rulemaking allows new borrowers to choose 2019 or 2020 as the base period, thereby ensuring that they are able to obtain funding on terms commensurate with existing PPP borrowers. Separately, section 313 of

the Economic Aid Act states that farmers and ranchers are to calculate their maximum loan amount using 2019 as their base period. This rulemaking allows farmers and ranchers to elect either 2019 or 2020 as their base period, in order to ensure that they can obtain funding on terms commensurate with those available to other new PPP borrowers.

As required by section 1109(d)(2)(B) of the CARES Act, Treasury has determined that providing new PPP borrowers with flexibility in choosing a base period is consistent, to the “maximum extent practicable,” with the terms applicable to existing PPP borrowers. This enhanced flexibility will help ensure that new PPP borrowers are treated even-handedly and do not see their permissible loan amounts reduced due to financial distress experienced in 2020. Other than these adjustments, the terms and requirements applicable to PPP loans under this rule are identical to the terms and requirements applicable to all other PPP loans. As a result, a PPP borrower that elects to use the flexibility in selecting a base period under this interim final rule may follow the same processes and procedures applicable to other PPP loans.

II. Comments and Immediate Effective Date

This interim final rule is being issued without advance notice and public comment because section 303 of the Economic Aid Act authorizes SBA to issue regulations to implement the Economic Aid Act without regard to notice requirements. In addition, this rule is being issued to allow for immediate implementation of this program. The intent of both the CARES Act and the Economic Aid Act is that SBA provides relief to America’s small businesses expeditiously. Congress reauthorized PPP because of the current economic conditions affecting small businesses and intended for the loans to be made quickly. The last day to apply for and receive a PPP loan is March 31, 2021. Given the short duration of this program, and the urgent need to issue loans quickly, the Administrator in consultation with the Secretary has determined that it is

impractical and not in the public interest to provide a 30-day delayed effective date. An immediate effective date will give small businesses the maximum amount of time to apply for loans and lenders the maximum amount of time to process applications before the program ends. This good cause justification also supports waiver of the 60-day delayed effective date for major rules under the Congressional Review Act at 5 U.S.C. 808(2). Although this interim final rule is effective immediately, comments are solicited from interested members of the public on all aspects of the interim final rule, including section III. These comments must be submitted on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. The SBA will consider these comments and the need for making any revisions as a result of these comments.

III. Paycheck Protection Program as Amended by Economic Aid Act

Overview

The CARES Act was enacted to provide immediate assistance to individuals, families, and businesses affected by the COVID-19 emergency. Among the provisions contained in the CARES Act are provisions authorizing SBA to temporarily guarantee loans under a new 7(a) loan program titled the “Paycheck Protection Program.” Loans guaranteed under the Paycheck Protection Program (PPP) will be 100 percent guaranteed by SBA, and the full principal amount of the loans may qualify for loan forgiveness. The Economic Aid Act reauthorizes lending under the PPP through March 31, 2021, and revises certain PPP requirements. The following outlines the key provisions of the PPP related to eligibility of applicants for PPP loans, which lenders are authorized to make PPP loans, the process for making PPP loans, loan increases, and loan forgiveness, as revised by the Economic Aid Act. Additional rules related to second draw PPP loans will be published separately. While this interim final rule fully implements the Economic

Aid Act's changes to loan forgiveness, SBA also intends to issue a consolidated rule governing all aspects of loan forgiveness and loan review as well to provide a single reference point for lenders and borrowers.

Table of Contents

A. General

B. What Do Borrowers Need to Know and Do?

1. What businesses, organizations, and individuals are eligible?
2. What businesses, organizations, and individuals are ineligible?
3. Affiliation rules generally
4. I have determined that I am eligible. How much can I borrow?
5. What is the interest rate on a PPP loan?
6. What will be the maturity date on a PPP loan?
7. Can I apply for more than one First Draw PPP Loan?
8. Can I use e-signatures or e-consents if a borrower has multiple owners?
9. When will I have to begin paying principal and interest on my PPP loan?
10. What forms do I need and how do I submit an application for a PPP loan?
11. How can PPP loans be used?
12. What certifications need to be made?
13. Limited safe harbor with respect to certification concerning need for PPP loan request.
14. Can my PPP loan be forgiven in whole or in part?
15. Do independent contractors count as employees for purposes of PPP loan forgiveness?
16. For loans made prior to December 27, 2020, what additional documentation must a borrower submit when the President of the United States, Vice President of the United States, the head of an Executive department, or a Member of Congress, or the spouse of any of the preceding, directly or indirectly holds a controlling interest in the borrower?

C. What Do Lenders Need to Know and Do?

1. Who is eligible to make PPP loans?
2. Do lenders have to register in SAM.gov to make PPP loans?
3. What do lenders have to do in terms of loan underwriting?
4. Can lenders rely on borrower documentation for loan forgiveness?
5. What fees will lenders be paid?
6. Can PPP loans be sold into the secondary market?
7. Do the requirements for loan pledges under 13 CFR 120.434 apply to PPP loans pledged for borrowings from a Federal Reserve Bank (FRB) or advances by a Federal Home Loan Bank (FHLB)?
8. Are lenders required to use a promissory note provided by SBA or may they use their own?
9. Are lenders required to use a separate SBA Authorization document to issue PPP loans?
10. By when must a lender electronically submit an SBA Form 1502 indicating that PPP loan funds have been disbursed?
11. How do lenders report disbursements on PPP loans that are approved for loan increases due to the Economic Aid Act?

D. What Do Both Borrowers and Lenders Need to Know and Do?

1. What are the loan terms and conditions?
2. Do lenders have to apply the “credit elsewhere test”?
3. Are there any fee waivers?
4. Who pays the fee to an agent who provides assistance in connection with a PPP loan?
5. Can a borrower take multiple draws from a PPP loan and thereby delay the start of the covered period?
6. If a partnership received a PPP loan that did not include any compensation for its partners, can the loan amount be increased to include partner compensation?

7. If a seasonal employer received a PPP loan before December 27, 2020, can the loan amount be increased based on a revised calculation of the maximum loan amount?
8. Which other PPP borrowers can reapply or request an increase in their PPP loan amount?
9. If a borrower's PPP loan has already been fully disbursed, can the lender make an additional disbursement for the increased loan proceeds?
10. Are recipients of PPP loans entitled to exemptions on the grounds provided in Federal nondiscrimination laws for sex-specific admissions practices, sex-specific domestic violence shelters, coreligionist housing, or Indian tribal preferences in connection with adoption or foster care practices?

A. General

SBA is authorized to guarantee loans under the PPP through March 31, 2021. Congress has authorized a total program level of \$806,450,000,000 to provide guaranteed loans under this temporary 7(a) program under sections 7(a)(36) (PPP loans or First Draw PPP Loans) and 7(a)(37) (Second Draw PPP Loans) of the Small Business Act, a portion of which is available for new First Draw and Second Draw PPP Loans. Lenders have delegated authority to make PPP loans. SBA will allow lenders to rely on certifications of the borrower in order to determine eligibility of the borrower and use of loan proceeds and to rely on specified documents provided by the borrower to determine qualifying loan amount and eligibility for loan forgiveness. Lenders must comply with the applicable lender obligations set forth in this interim final rule, but will be held harmless for borrowers' failure to comply with program criteria and will not be subject to any enforcement action or penalty relating to loan origination or forgiveness of the PPP loan if the lender acts in good faith relating to the origination or forgiveness of the PPP loan and satisfies all other applicable Federal, State, local, and other statutory or regulatory requirements (as provided in section 7A(h) of the Small Business Act, as amended). Remedies for violations of PPP requirements or fraud are

separately addressed in this interim final rule. The program requirements of the PPP identified in this rule temporarily supersede any conflicting Loan Program Requirement (as defined in 13 CFR 120.10).

B. What Do Borrowers Need to Know and Do?

1. What businesses, organizations, and individuals are eligible?

a. Am I eligible?^{2,3}

You are eligible for a PPP loan if:

i. you, together with any affiliates (if applicable),⁴ are:

- a small business concern under the applicable revenue-based size standard established by SBA in 13 C.F.R. 121.201 for your industry or under the SBA alternative size standard⁵;
- an independent contractor, eligible self-employed individual, or sole proprietor;
- a business concern, a tax-exempt nonprofit organization described in section 501(c)(3) of the Internal Revenue Code (IRC), a tax-exempt veterans organization described in section 501(c)(19) of the IRC, a Tribal business concern described in section 31(b)(2)(C) of the Small Business Act, and you

² See interim final rule on Second Draw PPP Loans for eligibility criteria for Second Draw PPP Loans, which is being published separately.

³ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.a. (April 15, 2020), as amended by 85 Fed. Reg. 36308 (June 16, 2020), 85 Fed. Reg. 36717 (June 18, 2020), and 85 Fed. Reg. 38301 (June 26, 2020), and has been modified to reflect subsequent rules or guidance and the Economic Aid Act.

⁴ See section 3 regarding the applicability of affiliation rules at 13 CFR 121.103 and 121.301 to PPP loans.

⁵ Under SBA's alternative size standard, a business concern may qualify as a small business concern if it, together with any affiliates: (1) has a maximum tangible net worth of not more than \$15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) for the two full fiscal years before the date of application is not more than \$5 million.

employ no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201;

- a housing cooperative, an eligible section 501(c)(6) organization, or an eligible destination marketing organization⁶, that employs no more than 300 employees;
- a news organization that is majority owned or controlled by a NAICS code 511110 or 5151 business or a nonprofit public broadcasting entity with a trade or business under NAICS 511110 or 5151, that employs no more than 500 employees (or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for your industry) per location; or
- another type of entity specifically provided for by PPP rules (as described below); and

ii. you were in operation on February 15, 2020, and either had employees for whom you paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC or you were an eligible self-employed individual, independent contractor, or sole proprietorship with no employees.

You must submit documentation sufficient to establish eligibility and to demonstrate the qualifying payroll amount, which may include, as applicable, payroll records, payroll tax filings, Form 1099-MISC, Schedule C or F, income and expenses from a sole proprietorship, or bank records.

⁶ See subsections 1.j., 1.k., and 1.m. for additional information on the eligibility of housing cooperatives, section 501(c)(6) organizations, and destination marketing organizations. The applicable size standard for these entities is not more than 300 employees.

b. Are employees of foreign affiliates included for purposes of determining whether a PPP borrower has more than 500 employees (or 300 employees, if applicable)?⁷

Yes. SBA's affiliation regulations provide that to determine a concern's size, employees of the concern "and all of its domestic and foreign affiliates" are included. 13 C.F.R. 121.301(f). Therefore, to calculate the number of employees of an entity for purposes of determining eligibility for the PPP, an entity must include all employees of its domestic and foreign affiliates, except in those limited circumstances where the affiliation rules expressly do not apply to the entity.⁸ Any entity that, together with its domestic and foreign affiliates, does not meet the 500-employee, 300-employee,⁹ or other applicable PPP size standard is therefore ineligible for a PPP loan. Under no circumstances may PPP funds be used to support non-U.S. workers or operations.

⁷ This subsection was originally published at 85 Fed. Reg. 30835, section III.1. (May 21, 2020) and has been modified for readability. Housing cooperatives, section 501(c)(6) organizations, and destination marketing organizations, added by the Economic Aid Act, must have no more than 300 employees to be eligible for PPP loans.

⁸ Paragraph 7(a)(36)(D)(iv) of the Small Business Act (15 U.S.C. 636(a)(36)(D)(iv)), as added by the CARES Act and amended by the Economic Aid Act, waives SBA's affiliation rules for (1) any business concern with not more than 500 employees that, as of the date on which the loan is disbursed, is assigned a North American Industry Classification System code beginning with 72; (2) any business concern operating as a franchise that is assigned a franchise identifier code by the Administration; (3) any business concern that receives financial assistance from a company licensed under section 301 of the Small Business Investment Act of 1958 (15 U.S.C. 681); and (4)(a) any business concern (including any station which broadcasts pursuant to a license granted by the Federal Communications Commission under title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) without regard for whether such a station is a concern as defined in section 121.105 of title 13, Code of Federal Regulations, or any successor thereto) that employs not more than 500 employees, or the size standard established by the Administrator for the North American Industry Classification System code applicable to the business concern, per physical location of such business concern and is majority owned or controlled by a business concern that is assigned a North American Industry Classification System code beginning with 511110 or 5151; or (b) any nonprofit organization that is assigned a North American Industry Classification System code beginning with 5151. SBA also applies affiliation exceptions to certain categories of entities. 13 C.F.R. 121.103(b).

⁹ For housing cooperatives, section 501(c)(6) organizations, and destination marketing organizations, the applicable size standard is not more than 300 employees. *See* subsections 1.j. and 1.m. For the applicable size standard for entities eligible to apply for Second Draw PPP Loans, see the interim final rule on Second Draw PPP Loans that is being published separately.

- c. *I have income from self-employment and file a Form 1040, Schedule C. Am I eligible for a PPP Loan?*¹⁰

You are eligible for a PPP loan if: (i) you were in operation on February 15, 2020; (ii) you are an individual with self-employment income (such as an independent contractor or a sole proprietor); (iii) your principal place of residence is in the United States; and (iv) you filed or will file a Form 1040 Schedule C for 2019 or meet the requirements below. However, if you are a partner in a partnership, you may not submit a separate PPP loan application for yourself as a self-employed individual. Instead, the self-employment income of general active partners may be reported as a payroll cost, up to \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred on a PPP loan application filed by or on behalf of the partnership. Partnerships are eligible for PPP loans under the CARES Act, as amended by the Economic Aid Act, and the Administrator has determined, in consultation with the Secretary of the Treasury (Secretary), that limiting a partnership and its partners (and an LLC filing taxes as a partnership) to one PPP loan is necessary to help ensure that as many eligible borrowers as possible obtain PPP loans before the statutory deadline of March 31, 2021. This limitation will allow lenders to more quickly process applications and lower the burdens of applying for partnerships/partners. The Administrator has further determined that permitting partners to apply as self-employed individuals would create unnecessary confusion regarding which entity, the partner or the partnership, applies for partner and LLC member income, and would generate loan

¹⁰ This subsection was originally published at 85 Fed. Reg. 21747, subsection III.1.a. (April 20, 2020) and has been modified to reflect subsequent interim final rules or guidance and the Economic Aid Act.

proceeds use coordination and allocation issues. Rent, mortgage interest, utilities, other debt service, operations expenditures, property damage costs, supplier costs, and worker protection expenditures are generally incurred at the partnership level, not partner level, so it is most natural to provide the funds for these expenses to the partnership, not individual partners. In addition, you should be aware that participation in the PPP may affect your eligibility for state-administered unemployment compensation or unemployment assistance programs, including the programs authorized by Title II, Subtitle A of the CARES Act, or CARES Act Employee Retention Credits. On June 26, 2020, SBA issued additional guidance for those individuals with self-employment income who: (i) were not in operation in 2019 but who were in operation on February 15, 2020, and (ii) filed a Form 1040 Schedule C for 2020. See “How To Calculate Maximum Loan Amounts – By Business Type,” Question 10 posted on SBA’s website.¹¹

- d. *Are eligible businesses owned by directors or shareholders of a PPP lender permitted to apply for a PPP loan through the lender with which they are associated?*¹²

SBA regulations (including 13 CFR 120.110 and 120.140) shall not apply to prohibit an otherwise eligible business owned (in whole or part) by an outside director or holder of a less than 30 percent equity interest in a PPP lender from obtaining a PPP loan from the PPP lender on whose board the director serves or in which the equity owner holds an interest, provided that the eligible business owned by the director or equity holder follows the same process as any similarly situated customer or account holder of the lender.

¹¹ https://www.sba.gov/sites/default/files/2020-12/How-to-Calculate-Loan-Amounts-508_6-26-20.pdf (April 20, 2020).

¹² This subsection was originally published at 85 Fed. Reg. 21747, subsection III.2.a. (April 20, 2020) and has been modified for readability.

Favoritism by the lender in processing time or prioritization of the director's or equity holder's PPP application is prohibited. Lenders should comply with all other applicable state and federal regulations concerning loans to associates of the lender. Lenders should also consult their own internal policies concerning lending to individuals or entities associated with the lender.

The foregoing paragraph does not apply to a director or owner who is also an officer or key employee of the PPP Lender. Officers and key employees of a PPP Lender may obtain a PPP Loan from a different lender, but not from the PPP Lender with which they are associated. SBA also reminds Lenders that the "Authorized Lender Official" for each PPP Loan is subject to the limitations described in the PPP Lender Application Form (SBA Form 2484), which states in relevant part: "Neither the undersigned Authorized Lender Official, nor such individual's spouse or children, has a financial interest in the Applicant [Borrower]."

e. If a seasonal business was dormant or not fully operating as of February 15, 2020, is it still eligible?¹³

Yes, in evaluating eligibility, a seasonal business will be considered to have been in operation as of February 15, 2020, if the business was in operation for any 12-week period between February 15, 2019 and February 15, 2020. This approach aligns the eligibility criteria for seasonal businesses being in operation with the time period for calculation of a seasonal employer's maximum loan amount from section 336 of the

¹³ This subsection was originally published at 85 Fed. Reg. 23917, subsection III.4. (April 30, 2020) and has been modified to reflect the Economic Aid Act.

Economic Aid Act and makes PPP loans available to seasonal businesses that operate outside of the original, more limited time frame.

f. How does the 500 employee limit apply to news organizations with more than one physical location?¹⁴

A business concern, or any station which broadcasts pursuant to a license granted by the Federal Communications Commission under title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.), with more than one physical location that employs not more than 500 employees (or the size standard established by the Administrator for the NAICS code applicable to the business concern) per physical location, is eligible for a PPP loan if it: (1) is majority owned or controlled by a business concern that is assigned a NAICS code beginning with 511110 or 5151 or, with respect to a public broadcasting entity (as defined in section 397(11) of the Communications Act of 1934 (47 U.S.C. 397(11))), has a trade or business that falls under such a code; and (2) makes a good faith certification that proceeds of the loan will be used to support expenses at the component of the organization that produces or distributes locally focused or emergency information. See section 3 for the applicability of SBA's affiliation rules to news organizations.

g. Industry-Specific Eligibility Issues

i. Is a hospital owned by governmental entities eligible for a PPP loan?¹⁵

Notwithstanding 13 CFR 120.110(j), a hospital that is otherwise eligible to receive a PPP loan as a business concern or nonprofit organization (described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under

¹⁴ This subsection has been added to conform to section 317 of the Economic Aid Act.

¹⁵ This subsection was originally published at 85 Fed. Reg. 23450, subsection III.2.c. (April 28, 2020) and has been modified for readability.

section 501(a) of such Code) shall not be rendered ineligible for a PPP loan due to ownership by a state or local government if the hospital receives less than 50% of its funding from state or local government sources, exclusive of Medicaid.

*ii. Are businesses that receive revenue from legal gaming eligible for a PPP Loan?*¹⁶

A business that is otherwise eligible for a PPP Loan is not rendered ineligible due to its receipt of legal gaming revenues, and 13 CFR 120.110(g) is inapplicable to PPP loans. Businesses that received illegal gaming revenue remain categorically ineligible.

*iii. Are electric cooperatives that are exempt from Federal income taxation under section 501(c)(12) of the Internal Revenue Code eligible for a PPP loan?*¹⁷

Yes. An electric cooperative that is exempt from Federal income taxation under section 501(c)(12) of the Internal Revenue Code will be considered to be “a business entity organized for profit” for purposes of 13 CFR 121.105(a)(1). As a result, such entities are eligible PPP borrowers, as long as other eligibility requirements are met. To be eligible, an electric cooperative must satisfy the employee-based size standard established in the CARES Act, SBA’s employee-based size standard corresponding to its primary industry, if higher, or both tests in SBA’s “alternative size standard.”¹⁸

¹⁶ This subsection was originally published at 85 Fed. Reg. 23450, subsection III.2.d. (April 28, 2020) and has been modified for readability.

¹⁷ This subsection was originally published at 85 Fed. Reg. 29847, subsection III.1. (May 19, 2020) and has been modified for readability.

¹⁸ Under the alternative size standard, a business concern, including an electric cooperative, can qualify for the PPP as a small business concern if, as of March 27, 2020: (1) the maximum tangible net worth of the business was not more than \$15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than \$5 million. For an electric cooperative that does not have net income, the cooperative’s savings distributed to its owner-members will be considered its net income.

- iv. *Are telephone cooperatives that are exempt from federal income taxation under section 501(c)(12) of the Internal Revenue Code eligible for a PPP loan?*¹⁹

Yes. A telephone cooperative that is exempt from federal income taxation under section 501(c)(12) of the Internal Revenue Code will be considered to be “a business entity organized for profit” for purposes of 13 CFR 121.105(a)(1). As a result, such entities are eligible PPP borrowers, as long as other eligibility requirements are met. To be eligible, a telephone cooperative must satisfy the employee-based size standard established in the CARES Act, SBA’s employee-based size standard corresponding to its primary industry, if higher, or both tests in SBA’s “alternative size standard.”²⁰

- v. *Are housing cooperatives as defined in section 216(b) of the Internal Revenue Code eligible for PPP loans?*²¹

Yes. Housing cooperatives (as defined in section 216(b) of the Internal Revenue Code of 1986) that employ not more than 300 employees are eligible to apply for PPP loans as long as other eligibility requirements are met. In addition, the provisions applicable to affiliation, described in section 3, apply to housing cooperatives in the same manner as with respect to a small business concern.

- vi. *Are nonprofit and tax-exempt news organizations eligible for PPP loans?*²²

¹⁹ This subsection was originally published at 85 Fed. Reg. 35550, subsection III.1. (June 11, 2020) and has been modified for readability.

²⁰ Under the alternative size standard, a business concern, including a telephone cooperative, can qualify for the PPP as a small business concern if, as of March 27, 2020: (1) the maximum tangible net worth of the business was not more than \$15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than \$5 million. For a telephone cooperative that does not have net income, the telephone cooperative’s capital credits distributed to its owner-members will be considered its net income.

²¹ This subsection has been added to conform to section 316 of the Economic Aid Act.

²² This subsection has been added to conform to section 317 of the Economic Aid Act.

Yes. A public broadcasting entity (as defined in section 397(11) of the Communications Act of 1934 (47 U.S.C. 397(11)) that is a nonprofit organization or any organization otherwise subject to section 511(a)(2)(B) of the Internal Revenue Code of 1986, and employs no more than 500 employees (or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for the entity's industry) per location is eligible for a PPP loan if the organization has a trade or business that is assigned a NAICS code beginning with 511110 or 5151, and makes a good faith certification that proceeds of the loan will be used to support expenses at the component of the organization that produces or distributes locally focused or emergency information.²³ See subsection B.1.f. for information on how the 500 employee limit applies to news organizations with more than one physical location. See section 3 for the applicability of SBA's affiliation rules to news organizations.

*vii. Are destination marketing organizations eligible for PPP loans?*²⁴

Yes. Under the Economic Aid Act, any destination marketing organization²⁵ is eligible to receive a PPP loan as long as other eligibility requirements are met and if:

²³ This subsection provides that an eligible nonprofit news organization under section 317 of the Economic Aid Act must have no more than 500 employees. (For those nonprofit news organizations with more than one physical location, they must have no more than 500 employees per location.) This will make PPP loans available to nonprofit news organizations, regardless of whether the organization would be a business concern under SBA regulations, if the nonprofit news organization satisfies the same general size standard applicable under the PPP rules to other borrowers that are nonprofit or tax-exempt organizations. The Administrator, in consultation with the Secretary, has determined this requirement appropriately implements section 317 of the Economic Aid Act by making PPP loans available to nonprofit news organizations on the same terms as other nonprofit organizations that have been made eligible for PPP loans.

²⁴ This subsection has been added to conform to section 318 of the Economic Aid Act.

²⁵ Section 318 of the Economic Aid Act added the following definition to paragraph 7(a)(36)(A) of the Small Business Act (15 U.S.C. 636(a)(36)(A)): "(xv) the term 'destination marketing organization' means a nonprofit entity that is -- (I) an organization described in section 501(c) of the Internal Revenue Code of 1986 and exempt

(1) the destination marketing organization does not receive more than 15 percent of its receipts from lobbying activities; (2) the lobbying activities of the destination marketing organization do not comprise more than 15 percent of the total activities of the organization; (3) the cost of the lobbying activities of the destination marketing organization did not exceed \$1,000,000 during the most recent tax year of the destination marketing organization that ended prior to February 15, 2020; (4) the destination marketing organization employs not more than 300 employees; and (5) the destination marketing organization: (a) is described in section 501(c) of the Internal Revenue Code and is exempt from taxation under section 501(a) of such Code; or (b) is a quasi-governmental entity or is a political subdivision of a State or local government, including any instrumentality of those entities.²⁶

*viii. Are 501(c)(6) organizations eligible for PPP loans?*²⁷

Yes. Any organization that is described in section 501(c)(6) of the Internal Revenue Code and that is exempt from taxation under section 501(a) of such Code (excluding professional sports leagues and organizations with the purpose of promoting or participating in a political campaign or other activity) shall be eligible to receive a PPP loan as long as other eligibility requirements are met and if: (1) the organization

from tax under section 501(a) of such Code; or (II) a State, or a political subdivision of a State (including any instrumentality of such entities) -- (aa) engaged in marketing and promoting communities and facilities to businesses and leisure travelers through a range of activities, including -- (AA) assisting with the location of meeting and convention sites; (BB) providing travel information on area attractions, lodging accommodations, and restaurants; (CC) providing maps; and (DD) organizing group tours of local historical, recreational, and cultural attractions; or (bb) that is engaged in, and derives the majority of the operating budget of the entity from revenue attributable to, providing live events.

²⁶ A destination marketing organization that is a quasi-governmental entity or is a political subdivision of a State or local government, including any instrumentality of those entities, is eligible for a PPP loan notwithstanding the SBA regulation at 13 CFR 120.110(j), which states that government-owned entities (except for businesses owned or controlled by a Native American tribe) are not eligible for SBA financial assistance.

²⁷ This subsection has been added to conform to section 318 of the Economic Aid Act.

does not receive more than 15 percent of its receipts from lobbying activities; (2) the lobbying activities of the organization do not comprise more than 15 percent of the total activities of the organization; (3) the cost of the lobbying activities of the organization did not exceed \$1,000,000 during the most recent tax year of the organization that ended prior to February 15, 2020; and (4) the organization employs not more than 300 employees.

2. *What businesses, organizations, and individuals are ineligible?*

a. *Could I be ineligible even if I meet the eligibility requirements in section 1?*²⁸

You are ineligible for a PPP loan if, for example:

- i. You are engaged in any activity that is illegal under Federal, state, or local law;
- ii. You are a household employer (individuals who employ household employees such as nannies or housekeepers);
- iii. An owner of 20 percent or more of the equity of the applicant is presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of, pleaded guilty or nolo contendere to, or commenced any form of parole or probation (including probation before judgment) for, a felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance within the last five years or any other felony within the last year;

²⁸ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.a. (April 15, 2020), as amended by 85 Fed. Reg. 36308 (June 16, 2020), 85 Fed. Reg. 36717 (June 18, 2020), and 85 Fed. Reg. 38301 (June 26, 2020), and has been modified to conform to subsequent interim final rules or guidance and the Economic Aid Act and for readability.

- iv. You, or any business owned or controlled by you or any of your owners, has ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted within the last seven years and caused a loss to the government;
- v. Your business or organization was not in operation on February 15, 2020;²⁹
- vi. You or your business received or will receive a grant under the Shuttered Venue Operator Grant program under section 324 of the Economic Aid Act;³⁰
- vii. The President, the Vice President, the head of an Executive Department, or a Member of Congress, or the spouse of such person as determined under applicable common law, directly or indirectly holds a controlling interest in your business;³¹
- viii. Your business is an issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f)³² (SBA will not consider whether a news organization that is eligible under the conditions described in subsection 1.f. and 1.g.vi. is affiliated with an entity, which includes any entity that owns or controls such news organization, that is an issuer³³); or

²⁹ Added to conform to section 310 of the Economic Aid Act. This provision is effective as if included in the CARES Act and applies to any loan made pursuant to section 7(a)(36) of the Small Business Act before, on, or after December 27, 2020, including forgiveness of such a loan.

³⁰ Added to conform to section 310 of the Economic Aid Act. This provision applies to PPP loans made on or after December 27, 2020.

³¹ Added to conform to section 322 of the Economic Aid Act. This provision applies to any loan made on or after December 27, 2020. For any loan made under section 7(a)(36) to a covered entity before December 27, 2020, *see* subsection B.16 of this interim final rule.

³² Added to conform to section 342 of the Economic Aid Act, which also added the following definitions to paragraph 7(a)(36)(A) of the Small Business Act (15 U.S.C. 636(a)(36)(A)): “(xvi) the terms ‘exchange’, ‘issuer’, and ‘security’ have the meanings given those terms in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).” This provision applies to loans made on or after December 27, 2020.

³³ *See* section 317 of the Economic Aid Act.

- ix. Your business has permanently closed.³⁴
- b. *Are businesses that are generally ineligible for 7(a) loans under 13 CFR 120.110 eligible for a PPP loan?*³⁵

Paragraphs (a), (g), and (k), of 13 C.F.R. 120.110 do not apply to PPP loans. For PPP loans, the ineligibility restriction in 13 C.F.R. 120.110(n) is superseded by subsection B.2.a.iii. of this interim final rule. Otherwise, a business is not eligible for a PPP loan if it is a type of business concern (or would be, if the entity were a business concern) described in 13 C.F.R. 120.110, except as permitted by subsections B.1.d and B.1.g of this rule or otherwise permitted by PPP rules. Businesses that are not generally eligible for a 7(a) loan under 13 C.F.R. 120.110 are described further in SBA's Standard Operating Procedure (SOP) 50 10 6, Part 2, Section A, Chapter 3.³⁶

- c. *Will I be approved for a PPP loan if my business is in bankruptcy?*³⁷

No. If the applicant or the owner of the applicant is the debtor in a bankruptcy proceeding, either at the time it submits the application or at any time before the loan is disbursed, the applicant is ineligible to receive a PPP loan. If the applicant or the owner of the applicant becomes the debtor in a bankruptcy proceeding after submitting a PPP

³⁴ This provision prohibits an entity that has gone out of business and has no intention of reopening from receiving a PPP loan. The Administrator, in consultation with the Secretary, has determined this provision is necessary to maintain program integrity, prevent abuse, and prevent PPP loans being made to businesses that have permanently closed. Preserving funds for businesses in operation is necessary because only businesses that are still in operation will retain employees, which is a primary purposes of the PPP. PPP was not intended to support businesses that have permanently closed. A borrower that has temporarily closed or temporarily suspended its business but intends to reopen remains eligible for a PPP loan.

³⁵ This subsection replaces the subsection originally published at 85 Fed. Reg. 20811, subsection III.2.c. (*"How do I determine if I am ineligible"*) (April 15, 2020) and modified to conform to the Economic Aid Act.

³⁶ SOP 50 10 6 can be found at <https://www.sba.gov/document/sop-50-10-lender-development-company-loan-programs-0>. For PPP loans approved before December 27, 2020, see SOP 50 10 5(K), Subpart B, Chapter 2 for ineligible types of businesses. SOP 50 10 5(K) can be found at <https://www.sba.gov/document/sop-50-10-5-lender-development-company-loan-programs>.

³⁷ This subsection was originally published at 85 Fed. Reg. 23450, subsection III.4. (April 28, 2020) and has been modified for readability.

application but before the loan is disbursed, it is the applicant's obligation to notify the lender and request cancellation of the application. Failure by the applicant to do so will be regarded as a use of PPP funds for unauthorized purposes.

The Borrower Application Form for PPP loans (SBA Form 2483), which reflects this restriction in the form of a borrower certification, is a loan program requirement. Lenders may rely on an applicant's representation concerning the applicant's or an owner of the applicant's involvement in a bankruptcy proceeding.

*d. Is a hedge fund or private equity firm eligible for a PPP loan?*³⁸

No. Hedge funds and private equity firms are primarily engaged in investment or speculation, and such businesses are therefore ineligible to receive a PPP loan.

3. Affiliation rules generally

*a. Are affiliates considered together for purposes of determining eligibility?*³⁹

In most cases, a borrower will be considered together with its affiliates for purposes of determining eligibility for the PPP.⁴⁰ Under SBA rules, entities may be considered

³⁸ This subsection was originally published at 85 Fed. Reg. 23450, subsection III.2.a. (April 28, 2020) and has been modified for readability.

³⁹ The text of this subsection was originally published at 85 Fed. Reg. 20817 (April 15, 2020).

⁴⁰ Paragraph 7(a)(36)(D)(iv) of the Small Business Act (15 U.S.C. 636(a)(36)(D)(iv), as added by the CARES Act and amended by the Economic Aid Act, waives the affiliation rules contained in § 121.103 for (1) any business concern with not more than 500 employees that, as of the date on which the loan is disbursed, is assigned a North American Industry Classification System code beginning with 72; (2) any business concern operating as a franchise that is assigned a franchise identifier code by the Administration; (3) any business concern that receives financial assistance from a company licensed under section 301 of the Small Business Investment Act of 1958 (15 U.S.C. 681); and (4)(a) any business concern (including any station which broadcasts pursuant to a license granted by the Federal Communications Commission under title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) without regard for whether such a station is a concern as defined in section 121.105 of title 13, Code of Federal Regulations, or any successor thereto) that employs not more than 500 employees, or the size standard established by the Administrator for the North American Industry Classification System code applicable to the business concern, per physical location of such business concern and is majority owned or controlled by a business concern that is assigned a North American Industry Classification System code beginning with 511110 or 5151; or (b) any nonprofit organization that is assigned a North American Industry Classification System code beginning with 5151.

affiliates based on factors including but not limited to stock ownership, overlapping management,⁴¹ and identity of interest. See 13 CFR 121.301(f).

b. How do SBA's affiliation rules affect my eligibility and apply to me under the PPP?⁴²

An entity generally is eligible for the PPP if it, combined with its affiliates, (i) is a small business as defined in section 3 of the Small Business Act (15 U.S.C. 632), (ii) (1) has 500 or fewer employees⁴³ or is a business that operates in a certain industry and meets applicable SBA employee-based size standards for that industry, if higher, and (2) is a tax-exempt nonprofit organization described in section 501(c)(3) of the Internal Revenue Code (IRC), a housing cooperative, a tax-exempt veterans organization described in section 501(c)(19) of the IRC, a Tribal business concern described in section 31(b)(2)(C) of the Small Business Act, a section 501(c)(6) organization, a destination marketing organization, or any other business concern, or (iii) has 500 or fewer employees per location (or an applicable SBA employee-based size standard for that industry, if higher) and is either majority owned or controlled by a NAICS code 511110 or 5151 business or is a nonprofit public broadcasting entity with a trade or business under NAICS code

This interim final rule has no effect on these statutory waivers, which remain in full force and effect. As a result, the affiliation rules contained in section 121.301 also do not apply to these types of entities. In addition, paragraph 7(a)(36)(D) of the Small Business Act (15 U.S.C. 636(a)(36)(D)), as amended by section 342 of the Economic Aid Act states that, with respect to a business concern made eligible under paragraph 7(a)(36)(D)(iii)(II) or (iv)(IV) (certain news organizations), the Administrator shall not consider whether any affiliated entity, which for purposes of this subclause shall include any entity that owns or controls such business concern, is an issuer.

⁴¹ In order to help potential borrowers identify other businesses with which they may be deemed to be affiliated under the common management standard, the Borrower Application Form, SBA Form 2483, released on April 2, 2020, requires applicants to list other businesses with which they have common management (including under a management agreement). The information supplied by the applicant in response to that information request should be used by applicants as they assess whether they have affiliates that should be included in their number of employees reported on SBA Form 2483.

⁴² The text of this subsection was originally published at 85 Fed. Reg. 20817 (April 15, 2020) and has been modified to conform to the Economic Aid Act.

⁴³ For housing cooperatives, section 501(c)(6) organizations, and destination marketing organizations, the applicable size standard is not more than 300 employees.

511110 or 5151. Prior to the CARES Act, the nonprofit organizations listed above were not eligible for SBA Business Loan Programs under section 7(a) of the Small Business Act; only for-profit small business concerns were eligible. The CARES Act made such nonprofit organizations not only eligible for the PPP, but also subjected them to SBA's affiliation rules. As amended, section 7(a) of the Small Business Act (15 U.S.C. 636(a)) now provides that the provisions applicable to affiliations under 13 CFR 121.103 apply with respect to nonprofit organizations, housing cooperatives, and veterans organizations in the same manner as with respect to small business concerns. However, the detailed affiliation standards contained in § 121.103 currently do not apply to PPP borrowers, because § 121.103(a)(8) provides that applicants in SBA's Business Loan Programs (which include the PPP) are subject to the affiliation rules contained in 13 CFR 121.301.

*c. Faith-Based Organizations*⁴⁴

This rule exempts otherwise qualified faith-based organizations from the SBA's affiliation rules, including those set forth in 13 CFR part 121, where the application of the affiliation rules would substantially burden those organizations' religious exercise. For the reasons described in 85 Fed. Reg. 20817, the SBA's affiliation rules, including those set forth in 13 CFR part 121, do not apply to the relationship of any church, convention or association of churches, or other faith-based organization or entity to any other person, group, organization, or entity that is based on a sincere religious teaching or belief or otherwise constitutes a part of the exercise of religion. This includes any relationship to a parent or subsidiary and other applicable aspects of organizational structure or form. A

⁴⁴ The text of this subsection was originally published at 85 Fed. Reg. 20817 (April 15, 2020) and has been modified for readability.

faith-based organization seeking loans under this program may rely on a reasonable, good faith interpretation in determining whether its relationship to any other person, group, organization, or entity is exempt from the affiliation rules under this provision, and SBA will not assess, and will not require participating lenders to assess, the reasonableness of the faith-based organization's determination.

- d. *Do the SBA affiliation rules prohibit a portfolio company of a private equity fund from being eligible for a PPP loan?*⁴⁵

Borrowers must apply the affiliation rules that appear in 13 CFR 121.301(f), as set forth in the Second PPP Interim Final Rule (85 FR 20817). The affiliation rules apply to private equity-owned businesses in the same manner as any other business subject to outside ownership or control.⁴⁶ However, in addition to applying any applicable affiliation rules, all borrowers should carefully review the required certification on the Paycheck Protection Program Borrower Application Form (SBA Form 2483) stating that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.”

- e. *Does participation in an employee stock ownership plan (ESOP) trigger application of the affiliation rules?*⁴⁷

No. For purposes of the PPP, a business's participation in an ESOP (as defined in 15 U.S.C. 632(q)(6)) does not result in an affiliation between the business and the ESOP.

⁴⁵ This subsection was originally published at 85 Fed. Reg. 23450, subsection III.2.b. (April 28, 2020).

⁴⁶ However, the CARES Act waives the affiliation rules if the borrower receives financial assistance from an SBA-licensed Small Business Investment Company (SBIC) in any amount. This includes any type of financing listed in 13 CFR 107.50, such as loans, debt with equity features, equity, and guarantees. Affiliation is waived even if the borrower has investment from other non-SBIC investors.

⁴⁷ This subsection was originally published at 85 Fed. Reg. 23450, section III.3. (April 28, 2020) and has been modified for readability.

4. *I have determined that I am eligible. How much can I borrow?*⁴⁸

Under the PPP, the maximum loan amount for First Draw PPP Loans is the lesser of \$10 million or an amount that you will calculate using a payroll-based formula authorized by the Act, as explained below.⁴⁹ PPP loans approved in 2020 used 2019 or the 1-year before the date on which the loan is made to calculate payroll costs for purposes of calculating the maximum loan amount. Borrowers who apply for PPP loans 2021 and who are not self-employed (including sole proprietorships and independent contractors) are also permitted to use the precise 1-year period before the date on which the loan is made to calculate payroll costs if they choose not to use 2019 or 2020. Since most borrowers will use 2019 or 2020 the rule text refers only to 2019 or 2020 for simplicity and readability.

a. *How do I calculate the maximum amount I can borrow?*⁵⁰

The following methodology, which is one of the methodologies authorized by the Act, will be most useful for many applicants.

- i. Step 1: Aggregate payroll costs (defined in detail below in subsections 4.g. and 4.h.) from 2019 or 2020 for employees whose principal place of residence is the United States.

⁴⁸ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.d. (April 15, 2020) and has been modified to conform to additional interim final rules or guidance and the Economic Aid Act.

⁴⁹ See subsection 4.d. for maximum loan amount applicable to certain farmers and ranchers. For the maximum loan amount for Second Draw PPP Loans, see the the interim final rule on Second Draw PPP Loans that is being published separately.

⁵⁰ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.d. (April 15, 2020) and has been modified to conform to additional rules or guidance and the Economic Aid Act.

- ii. Step 2: Subtract any compensation paid to an employee in excess of \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred.⁵¹
- iii. Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
- iv. Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.
- v. Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance. Do not include the amount of any “advance” under an EIDL COVID-19 loan (because it does not have to be repaid).

The examples below illustrate this methodology.

- i. Example 1 – No employees make more than \$100,000

Annual payroll: \$120,000

Average monthly payroll: \$10,000

Multiply by 2.5 = \$25,000

Maximum loan amount is \$25,000

- ii. Example 2 – Some employees make more than \$100,000

Annual payroll: \$1,500,000

Subtract compensation amounts in excess of an annual salary of \$100,000:

\$1,200,000

Average monthly qualifying payroll: \$100,000

Multiply by 2.5 = \$250,000

⁵¹ See subsection 4.j for treatment of amounts paid to independent contractors.

Maximum loan amount is \$250,000

- iii. Example 3 – No employees make more than \$100,000, outstanding EIDL loan of \$10,000.

Annual payroll: \$120,000

Average monthly payroll: \$10,000

Multiply by 2.5 = \$25,000

Add EIDL loan of \$10,000 = \$35,000

Maximum loan amount is \$35,000

- iv. Example 4 – Some employees make more than \$100,000, outstanding EIDL loan of \$10,000

Annual payroll: \$1,500,000

Subtract compensation amounts in excess of an annual salary of \$100,000:

\$1,200,000

Average monthly qualifying payroll: \$100,000

Multiply by 2.5 = \$250,000

Add EIDL loan of \$10,000 = \$260,000

Maximum loan amount is \$260,000

You must provide your Form 941 (or other tax forms containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever you used to calculate loan amount), or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions. A payroll statement or similar documentation from the pay period that

covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.⁵²

*b. I have income from self-employment and file a Form 1040, Schedule C, how do I calculate the maximum amount I can borrow and what documentation is required?*⁵³

How you calculate your maximum loan amount depends upon whether or not you employ other individuals. If you have no employees, the following methodology should be used to calculate your maximum loan amount:

- i. Step 1: Find your 2019 or 2020 IRS Form 1040 Schedule C line 31 net profit amount (if you are using 2020 to calculate payroll costs and have not yet filed a 2020 return, fill it out and compute the value). If this amount is over \$100,000, reduce it to \$100,000. If this amount is zero or less, you are not eligible for a PPP loan.
- ii. Step 2: Calculate the average monthly net profit amount (divide the amount from Step 1 by 12).
- iii. Step 3: Multiply the average monthly net profit amount from Step 2 by 2.5.
- iv. Step 4: Add the outstanding amount of any Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance. Do not include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

⁵² This subsection clarifies the documentation that must be submitted with an applicant's loan application to substantiate the borrower's payroll costs. This requirement applies to loans made after December 27, 2020. For documentation requirements for PPP loans made before December 27, 2020, *see* 85 Fed. Reg. 20811, subsection III.1.e. (April 15, 2020).

⁵³ This subsection was originally published at 85 Fed. Reg. 21747, subsection III.1.b. (April 20, 2020) and has been modified to conform to additional rules or guidance and the Economic Aid Act.

You must provide the 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule C with your PPP loan application to substantiate the applied-for PPP loan amount and a 2019 or 2020 (whichever you used to calculate loan amount) IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes you are self-employed. If using 2020 to calculate loan amount, this is required regardless of whether you have filed a 2020 tax return with the IRS. You must provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.

If you have employees, the following methodology should be used to calculate your maximum loan amount:

- i. Step 1: Compute 2019 or 2020 payroll (using the same year for all items) by adding the following:
 - a. Your 2019 or 2020 Form 1040 Schedule C line 31 net profit amount (if you are using 2020 and have not yet filed a 2020 return, fill it out and compute the value), up to \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, if this amount is over \$100,000, reduce it to \$100,000, if this amount is less than zero, set this amount at zero;
 - b. 2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States computed using 2019 or 2020 IRS Form 941 Taxable Medicare wages & tips (line 5c- column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages & tips; subtract any

amounts paid to any individual employee in excess of \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred and any amounts paid to any employee whose principal place of residence is outside the United States; and

- c. 2019 or 2020 employer contributions to employee group health, life, disability, vision and dental insurance (portion of IRS Form 1040 Schedule C line 14 attributable to those contributions); retirement contributions (Form 1040 Schedule C line 19), and state and local taxes assessed on employee compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms).
- ii. Step 2: Calculate the average monthly amount (divide the amount from Step 1 by 12).
- iii. Step 3: Multiply the average monthly amount from Step 2 by 2.5.
- iv. Step 4: Add the outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. Do not include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

You must supply your 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule C, Form 941 (or other tax forms or equivalent payroll processor records containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever you used to calculate loan amount) or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions, if applicable. A payroll statement or similar

documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

*c. How does a seasonal employer calculate the maximum PPP loan amount?*⁵⁴

As defined by section 315 of the Economic Aid Act, a borrower is a seasonal employer if it does not operate for more than 7 months in any calendar year or, during the preceding calendar year, it had gross receipts for any 6 months of that year that were not more than 33.33 percent of the gross receipts for the other 6 months of that year. Under section 336 of the Economic Aid Act, a seasonal employer must determine its maximum loan amount for purposes of the PPP by using the employer's average total monthly payments for payroll for any 12-week period selected by the seasonal employer beginning February 15, 2019, and ending February 15, 2020.

*d. How do farmers and ranchers calculate the maximum PPP loan amount?*⁵⁵

How you calculate your maximum loan amount depends upon whether you employ other individuals. If you have no employees, the following methodology should be used to calculate your maximum loan amount:

⁵⁴ This subsection has been added to conform to section 336 of the Economic Aid Act. Except for loans made pursuant to section 7(a)(36) of the Small Business Act for which SBA has remitted a loan forgiveness payment to the lender before December 27, 2020, it is effective as if included in the CARES Act and applies to any loan made before, on, or after December 27, 2020, including forgiveness of such a loan. Previous guidance issued for seasonal employers stated as follows: "Under section 1102 of the CARES Act, a seasonal employer may determine its maximum loan amount for purposes of the PPP by reference to the employer's average total monthly payments for payroll 'the 12-week period beginning February 15, 2019, or at the election of the eligible [borrower], March 1, 2019, and ending June 30, 2019.' Under this interim final rule issued pursuant to section 1109 of the Act, a seasonal employer may alternatively elect to determine its maximum loan amount as the average total monthly payments for payroll during any consecutive 12-week period between May 1, 2019 and September 15, 2019." 85 Fed. Reg. 23917 (April 30, 2020).

⁵⁵ This subsection has been added to conform to section 313 of the Economic Aid Act. This provision applies to a farmer or rancher who (1) operates as a sole proprietorship, an independent contractor, or is an eligible self-employed individual; (2) reports farm income or expenses on a Schedule F (or any equivalent successor schedule); and (3) was in business as of February 15, 2020. This provision is effective as if included in the CARES Act and applies to any loan made before, on, or after December 27, 2020, unless SBA has remitted a loan forgiveness payment to the lender on the PPP loan.

- i. Step 1: Find your 2019 or 2020 IRS Form 1040 Schedule F line 9 gross income (if you are using 2020 and you have not yet filed a 2020 return, fill it out and compute the value). If this amount is over \$100,000, reduce it to \$100,000. If this amount is zero or less, you are not eligible for a PPP loan.
- ii. Step 2: Divide the amount from Step 1 by 12.
- iii. Step 3: Multiply the average monthly gross income amount from Step 2 by 2.5.
- iv. Step 4: Add the outstanding amount of any Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and ending on April 3, 2020 that you seek to refinance. Do not include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

You must provide the 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule F with your PPP loan application to substantiate the applied-for PPP loan amount and a 2019 or 2020 (whichever you used to calculate loan amount) IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes you are self-employed. You must provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.

If you have employees, the following methodology should be used to calculate your maximum loan amount:

- i. Step 1: Compute 2019 or 2020 payroll (using the same year for all items) by adding the following:
 - a. The difference between your 2019 or 2020 Form 1040 Schedule F line 9 gross income amount (if you are using 2020 and you have not yet filed a 2020

return, fill it out and compute the value), and the sum of Schedule F lines 15, 22, 23, and 37, up to \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, if this amount is over \$100,000, reduce it to \$100,000, if this amount is less than zero, set this amount at zero;⁵⁶

- b. 2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States computed using 2019 or 2020 IRS Form 941 Taxable Medicare wages & tips (line 5c- column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages & tips; subtract any amounts paid to any individual employee in excess of \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred and any amounts paid to any employee whose principal place of residence is outside the United States; and
- c. 2019 or 2020 employer contributions for employee group health, life, disability, vision and dental insurance (portion of IRS Form 1040 Schedule F line 15 attributable to those contributions), employer contributions for employee retirement contributions (Form 1040 Schedule F line 15), and state and local taxes assessed on employers for employee compensation (primarily

⁵⁶ Any employee payroll costs should be subtracted from the farmer's or rancher's gross income to avoid double-counting amounts that represent pay to the employees of the farmer or rancher.

under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms).

- ii. Step 2: Calculate the average monthly amount (divide the amount from Step 1 by 12).
- iii. Step 3: Multiply the average monthly amount from Step 2 by 2.5.
- iv. Step 4: Add the outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. Do not include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

You must supply your 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule F, Form 941 (or other tax forms or equivalent payroll processor records containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever you used to calculate loan amount) or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions, if applicable. A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

A farmer or rancher who received a PPP loan before December 27, 2020 may request a recalculation of the maximum loan amount based on the formula described above regarding gross income, if doing so would result in a larger covered loan amount and may receive an increase in its PPP loan based on the recalculation.

e. How do partnerships calculate the maximum loan amount?

The following methodology should be used to calculate the maximum amount that partnerships can borrow:

- (i) Step 1: Compute 2019 or 2020 payroll (using the same year for all items) by adding (1) net earnings from self-employment of individual general partners in 2019 or 2020, as reported on IRS Form 1065 K-1, reduced by section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties, multiplied by 0.9235,⁵⁷ that is not more than \$100,000 per partner; (2) 2019 or 2020 gross wages and tips paid to your employees whose principal place of residence is in the United States, if any, which can be computed using 2019 or 2020 IRS Form 941 Taxable Medicare wages and tips (line 5c-column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages and tips, subtracting any amounts paid to any individual employee in excess of \$100,000 and any amounts paid to any employee whose principal place of residence is outside the U.S; (3) 2019 or 2020 employer contributions for employee group health, life, disability, vision and dental insurance, if any (portion of IRS Form 1065 line 19 attributable to those contributions); (4) 2019 or 2020 employer contributions to employee retirement plans, if any (IRS Form 1065 line 18); and (5) 2019 or 2020 employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms), if any.

⁵⁷ This treatment follows the computation of self-employment tax from IRS Form 1040 Schedule SE Section A line 4 and removes the “employer” share of self-employment tax, consistent with how payroll costs for employees in the partnership are determined.

- (ii) Step 2: Calculate the average monthly payroll costs (divide the amount from Step 1 by 12).
- (iii) Step 3: Multiply the average monthly payroll costs from Step 2 by 2.5.
- (iv) Step 4: Add any outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance. Do not include the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

You must supply 2019 or 2020 (whichever you used to calculate loan amount) IRS Form 1065 (including K-1s) and other relevant supporting documentation if the partnership has employees, including the 2019 or 2020 (whichever you used to calculate loan amount) IRS Form 941 and state quarterly wage unemployment insurance tax reporting form from each quarter (or equivalent payroll processor records or IRS Wage and Tax Statements) along with records of any retirement or health insurance contributions. If the partnership has employees, a payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish the partnership was in operation and had employees on that date. If the partnership has no employees, an invoice, bank statement, or book of record establishing the partnership was in operation on February 15, 2020 must instead be provided

f. Can a single corporate group receive unlimited PPP loans?⁵⁸

No. To preserve the limited resources available to the PPP program, and in light of the previous lapse of PPP appropriations and the high demand for PPP loans, businesses that are part of a single corporate group shall in no event receive more than \$20,000,000 of

⁵⁸ This subsection was originally published at 85 Fed. Reg. 26324, subsection III.1. (May 4, 2020).

PPP loans in the aggregate.⁵⁹ For purposes of this limit, businesses are part of a single corporate group if they are majority owned, directly or indirectly, by a common parent. It is the responsibility of an applicant for a PPP loan to notify the lender if the applicant has applied for or received PPP loans in excess of the amount permitted by this interim final rule and withdraw or request cancellation of any pending PPP loan application or approved PPP loan not in compliance with the limitation set forth in this rule. Failure by the applicant to do so will be regarded as a use of PPP funds for unauthorized purposes, and the loan will not be eligible for forgiveness. A lender may rely on an applicant's representation concerning the applicant's compliance with this limitation.

The Administrator, in consultation with the Secretary, determined that limiting the amount of PPP loans that a single corporate group may receive will promote the availability of PPP loans to the largest possible number of borrowers, consistent with the CARES Act. The Administrator has concluded that a limitation of \$20,000,000 strikes an appropriate balance between broad availability of PPP loans and program resource constraints.

SBA's affiliation rules, which relate to an applicant's eligibility for PPP loans, and any waiver of those rules under the CARES Act, continue to apply independent of this limitation. Businesses are subject to this limitation even if the businesses are eligible for

⁵⁹ The Administrator has authority to issue "such rules and regulations as [the Administrator] deems necessary to carry out the authority vested in [her] by or pursuant to" 15 U.S.C. Chapter 14A, including authorities established under section 1102 of the CARES Act. Section 1102 provides that the Administrator "may" guarantee loans under the terms and conditions set forth in section 7(a) of the Small Business Act, and those conditions specify a "maximum" – but not a minimum – loan amount. *See* 15 U.S.C. 636(a)(36)(B), (E); *see also* CARES Act section 1106(k) (authorizing SBA to issue regulations to govern loan forgiveness). To preserve finite appropriations for PPP loans and ensure broad access for eligible borrowers, the Administrator, in consultation with the Secretary, has determined that an aggregate limitation on loans to a single corporate group is necessary and appropriate.

the waiver-of-affiliation provision under the CARES Act or are otherwise not considered to be affiliates under SBA's affiliation rules.⁶⁰

This rule has no effect on lender obligations required to obtain an SBA guarantee for PPP loans.

g. What qualifies as "payroll costs?"⁶¹

Payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care or group life, disability, vision, or dental insurance,⁶² including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wages, commissions, income, or net earnings from self-employment, or similar compensation.

h. Is there anything that is expressly excluded from the definition of payroll costs?⁶³

Yes. The Act expressly excludes the following:

⁶⁰ See Section 7(a)(36)(D)(iv) of the Small Business Act (15 U.S.C. 636(a)(36)(D)(iv), as added by the CARES Act; 13 CFR 121.103(b).

⁶¹ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.f. (April 15, 2020) and has been modified to conform to the Economic Aid Act.

⁶² This provision has been modified to conform to section 308 of the Economic Aid Act. This revision is effective as if included in the CARES Act and applies to any loan made before, on, or after December 27, 2020, including forgiveness of such a loan.

⁶³ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.g. (April 15, 2020) and has been modified to conform to section 344 the Economic Aid Act.

- i. Any compensation of an employee whose principal place of residence is outside of the United States;
 - ii. The compensation of an individual employee in excess of \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred;
 - iii. Federal employment taxes imposed or withheld during the applicable period, including the employee's and employer's share of FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes, and income taxes required to be withheld from employees; and
 - iv. Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127).
- i. May fishing boat owners include payroll costs in their PPP loan applications that are attributable to crewmembers described in section 3121(b)(20) of the Internal Revenue Code?*⁶⁴
- Yes. A fishing boat owner may include compensation reported on Box 5 of IRS Form 1099-MISC and paid to a crewmember described in section 3121(b)(20) of the Code, up to \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, as a payroll cost in its PPP loan application.
- j. Do independent contractors count as employees for purposes of PPP loan calculations?*⁶⁵

⁶⁴ This subsection was originally published at 85 Fed. Reg. 39066, subsection III.1. (June 30, 2020) and has been modified to conform to section 344 the Economic Aid Act and for readability.

⁶⁵ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.h. (April 15, 2020).

No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of a borrower's PPP loan calculation.⁶⁶

*k. Do student workers count when determining the number of employees for PPP loan eligibility?*⁶⁷

Yes. Student workers generally count as employees, unless (a) the applicant is an institution of higher education, as defined in the Department of Education's Federal Work-Study regulations, 34 C.F.R. 675.2, and (b) the student worker's services are performed as part of a Federal Work-Study Program (as defined in those regulations⁶⁸) or a substantially similar program of a State or political subdivision thereof. Institutions of higher education must exclude work study students when determining the number of employees for PPP loan eligibility, and must also exclude payroll costs for work study students from the calculation of payroll costs used to determine their PPP loan amount.

*5. What is the interest rate on a PPP loan?*⁶⁹

The interest rate will be 100 basis points or one percent, calculated on a non-compounding, non-adjustable basis.⁷⁰

⁶⁶ See subsection 4.i. regarding fishing boat owners including payroll costs for their crewmembers in the calculation of the PPP loan amount.

⁶⁷ This subsection was originally published at 85 Fed. Reg. 27287, section III.2. (May 8, 2020) and has been modified for readability.

⁶⁸ The Department of Education's Federal Work-Study Programs described at 34 CFR Part 675 are (1) the Federal Work-Study Program, (2) the Job Location and Development Program, and (3) Work Colleges Program.

⁶⁹ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.i. (April 15, 2020) and has been modified to conform to additional interim final rules or guidance and the Economic Aid Act.

⁷⁰ Revised to conform to section 339 of the Economic Aid Act. The revision applies to PPP loans made on or after December 27, 2020, but may apply with respect to a PPP loan made before that date upon the mutual agreement of the lender and the borrower. A one percent interest rate provides low cost funds to borrowers to meet eligible payroll costs and other eligible expenses during this temporary period of economic dislocation caused by the coronavirus. Second, for lenders, the 100 basis points offers an attractive interest rate relative to the cost of funding for comparable maturities.

6. *What will be the maturity date on a PPP loan?*⁷¹

The maturity is five years.

7. *Can I apply for more than one First Draw PPP Loan?*⁷²

No. Except as set forth in subsection D.8, the Administrator, in consultation with the Secretary, determined that no eligible borrower may receive more than one First Draw PPP Loan. This means that if you apply for a PPP loan you should consider applying for the maximum amount. Any borrower who received a PPP loan in 2020 received a First Draw PPP Loan and is not eligible to receive another First Draw PPP Loan, but may be eligible for a second draw PPP loan.⁷³

8. *Can I use e-signatures or e-consents if a borrower has multiple owners?*⁷⁴

Yes, e-signature or e-consents can be used regardless of the number of owners.

9. *When will I have to begin paying principal and interest on my PPP loan?*⁷⁵

If you submit to your lender a loan forgiveness application within 10 months after the end of your loan forgiveness covered period, you will not have to make any payments of principal or interest on your loan before the date on which SBA remits the loan forgiveness amount on your loan to your lender (or notifies your lender that no loan forgiveness is allowed).

⁷¹ This subsection was originally published at 85 Fed. Reg. 36308, subsection III.1.b. (June 16, 2020) and has been modified for readability.

⁷² This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.i. (“*Can I apply for more than one PPP loan?*”) (April 15, 2020) and has been modified to conform to the Economic Aid Act and for readability. PPP borrowers may be eligible for a loan under section 7(a)(37) of the Small Business Act, “Paycheck Protection Program Second Draw Loans,” *see* interim final rule on Second Draw PPP Loans that is being published separately.

⁷³ *See* interim final rule on Second Draw PPP Loans for eligibility criteria for Second Draw PPP Loans, which is being published separately.

⁷⁴ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.l. (April 15, 2020).

⁷⁵ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.n. (April 15, 2020), as amended by 85 Fed. Reg. 36038 (June 16, 2020), and has been modified to conform to the Economic Aid Act.

Your “loan forgiveness covered period” is the period beginning on the date the lender disburses the PPP loan and ending on any date selected by the borrower that occurs during the period (i) beginning on the date that is 8 weeks after the date of disbursement and (ii) ending on the date that is 24 weeks after the date of disbursement. Your lender must notify you of remittance by SBA of the loan forgiveness amount (or notify you that SBA determined that no loan forgiveness is allowed) and the date your first payment is due. Interest continues to accrue during the deferment period.

If you do not submit to your lender a loan forgiveness application within 10 months after the end of your loan forgiveness covered period, you must begin paying principal and interest after that period. For example, if a borrower’s PPP loan is disbursed on January 25, 2021, the 24-week period ends on July 12, 2021. If the borrower does not submit a loan forgiveness application to its lender by May 12, 2022, the borrower must begin making payments on or after May 12, 2022.

10. What forms do I need and how do I submit an application for a PPP loan?⁷⁶

The applicant must submit Paycheck Protection Program Borrower Application Form (SBA Form 2483), or lender’s equivalent form, and payroll documentation, as described above. The lender must submit SBA Form 2484, Paycheck Protection Program Lender’s Application for 7(a) Loan Guaranty, electronically in accordance with program requirements and maintain the forms and supporting documentation in its files.

11. How can PPP loans be used?⁷⁷

a. The proceeds of a PPP loan are to be used for:

⁷⁶ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.q. (April 15, 2020).

⁷⁷ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.r. (April 15, 2020), as amended by 85 Fed. Reg. 36308 (June 16, 2020) and has been modified to conform to the Economic Aid Act.

- i. payroll costs (as defined in the CARES Act, Economic Aid Act and this interim final rule);
- ii. costs related to the continuation of group health care, life, disability, vision, or dental benefits during periods of paid sick, medical, or family leave, and group health care, life, disability, vision, or dental insurance premiums;
- iii. mortgage interest payments (but not mortgage prepayments or principal payments);
- iv. rent payments;
- v. utility payments;
- vi. interest payments on any other debt obligations that were incurred before February 15, 2020;
- vii. refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020;⁷⁸
- viii. covered operations expenditures (payments for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expenses);⁷⁹

⁷⁸ Under paragraph 7(a)(36)(Q) of the Small Business Act, as amended by section 341 of the Economic Aid Act, an EIDL loan used for purposes other than paying payroll costs and other eligible PPP expenditures is not considered a duplication of the assistance available under the PPP.

⁷⁹ Items viii. through xi. were added to conform to section 304 of the Economic Aid Act. These provisions are effective as if included in the CARES Act and apply to any loan made before, on, or after December 27, 2020, including forgiveness of such loan, unless SBA has remitted a loan forgiveness payment to the lender on the PPP loan. Section 1106 of the CARES Act (15 U.S.C. 9005) was redesignated as section 7A, transferred to the Small Business Act (15 U.S.C. 631 et seq.), and inserted so as to appear after section 7 of the Small Business Act (15 U.S.C. 636) in section 304(b) of the Economic Aid Act.

- ix. covered property damage costs (costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation);
- x. covered supplier costs (expenditures made by a borrower to a supplier of goods for the supply of goods that—(A) are essential to the operations of the borrower at the time at which the expenditure is made; and (B) is made pursuant to a contract, order, or purchase order—(i) in effect at any time before the covered period with respect to the applicable covered loan; or (ii) with respect to perishable goods, in effect before or at any time during the covered period with respect to the applicable covered loan); and
- xi. covered worker protection expenditures ((A) operating or a capital expenditures to facilitate the adaptation of the business activities of an entity to comply with requirements established or guidance issued by the Department of Health and Human Services, the Centers for Disease Control, or the Occupational Safety and Health Administration, or any equivalent requirements established or guidance issued by a State or local government, during the period beginning on March 1, 2020 and ending the date on which the national emergency with respect to the COVID–19 expires related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID–19; (B) such expenditures may include—(i) the purchase, maintenance, or renovation of assets that create or expand—(I) a drive-through window facility; (II) an indoor, outdoor, or combined air or air pressure ventilation or filtration system; (III) a physical barrier such as a sneeze guard; (IV) an expansion of

additional indoor, outdoor, or combined business space; (V) an onsite or offsite health screening capability; or (VI) other assets relating to the compliance with the requirements or guidance described in subparagraph (A), as determined by the Administrator in consultation with the Secretary of Health and Human Services and the Secretary of Labor; and (ii) the purchase of—(I) covered materials described in section 328.103(a) of title 44, Code of Federal Regulations, or any successor regulation; (II) particulate filtering facepiece respirators approved by the National Institute for Occupational Safety and Health, including those approved only for emergency use authorization; or (III) other kinds of personal protective equipment, as determined by the Administrator in consultation with the Secretary of Health and Human Services and the Secretary of Labor; and (C) such expenditures do not include residential real property or intangible property).

At least 60 percent of the PPP loan proceeds shall be used for payroll costs. For purposes of determining the percentage of use of proceeds for payroll costs, the amount of any EIDL refinanced will be included. For purposes of loan forgiveness, however, the borrower will have to document the proceeds used for payroll costs in order to determine the amount of forgiveness. While the Act provides that PPP loan proceeds may be used for the purposes listed above and for other allowable uses described in section 7(a) of the Small Business Act (15 U.S.C. 636(a)), the Administrator believes that finite appropriations and the structure of the Act warrant a requirement that borrowers use a substantial portion of the loan proceeds for payroll costs, consistent with Congress' overarching goal of keeping workers paid and employed. This percentage is consistent with the limitation on the forgiveness amount set forth in the Flexibility Act. This

limitation on use of the loan funds will help to ensure that the finite appropriations available for these loans are directed toward payroll protection, as each loan that is issued depletes the appropriation, regardless of whether portions of the loan are later forgiven.

- b. How can PPP loans be used by individuals with income from self-employment who file a Form 1040, Schedule C?*⁸⁰

The proceeds of a PPP loan are to be used for the following.

- i. Owner compensation replacement, calculated based on 2019 or 2020 (using the same year that was used to calculate the loan amount) net profit as described in subsection 4.b.
- ii. Employee payroll costs (as defined in this interim final rule) for employees whose principal place of residence is in the United States, if you have employees.
- iii. Mortgage interest payments (but not mortgage prepayments or principal payments) on any business mortgage obligation on real or personal property (*e.g.*, the interest on your mortgage for the warehouse you purchased to store business equipment or the interest on an auto loan for a vehicle you use to perform your business), business rent payments (*e.g.*, the warehouse where you store business equipment or the vehicle you use to perform your business), and business utility payments (*e.g.*, the cost of electricity in the warehouse you rent or gas you use driving your business vehicle). You must have claimed or be entitled to claim a deduction for such expenses on your 2019 or 2020 (whichever you used to calculate loan amount) Form 1040 Schedule C for them to be a permissible use.

⁸⁰ This subsection was originally published at 85 Fed. Reg. 21747, subsection III.1.d. (April 20, 2020) and has been modified to conform to the Economic Aid Act.

For example, if you did not claim or are not entitled to claim utilities expenses on your 2019 or 2020 Form 1040 Schedule C, you cannot use the proceeds for utilities.

- iv. Interest payments on any other debt obligations that were incurred before February 15, 2020 (such amounts are not eligible for PPP loan forgiveness).
- v. Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020 (maturity will be reset to PPP's maturity of two years for PPP loans made before June 5, 2020 unless the borrower and lender mutually agree to extend the maturity of such loans to five years, or PPP's maturity of five years for PPP loans made on or after June 5).⁸¹
- vi. Covered operations expenditures, as defined in section 7A(a) of the Small Business Act, to the extent they is deductible on Form 1040 Schedule C.
- vii. Covered property damage costs, as defined in section 7A(a) of the Small Business Act, to the extent they is deductible on Form 1040 Schedule C.
- viii. Covered supplier costs, as defined in section 7A(a) of the Small Business Act, to the extent they is deductible on Form 1040 Schedule C.
- ix. Covered worker protection expenditures, as defined in section 7A(a) of the Small Business Act, to the extent they is deductible on Form 1040 Schedule C.⁸²

⁸¹ Under section 7(a)(36)(Q) of the Small Business Act, as amended by section 341 of the Economic Aid Act, an EIDL loan used for purposes other than paying payroll costs and other eligible PPP expenditures is not considered a duplication of the assistance available under the PPP.

⁸² Items vi. through ix. were added to conform to section 304 of the Economic Aid Act. These provisions are effective as if included in the CARES Act and apply to any loan made before, on, or after December 27, 2020, including forgiveness of such loan, unless SBA has remitted a loan forgiveness payment to the lender on the PPP loan.

The Administrator, in consultation with the Secretary, determined that it is appropriate to limit self-employed individuals' (who file a Form 1040 Schedule C) use of loan proceeds to those types of allowable uses for which the borrower made expenditures in 2019 or 2020 or that were used on covered property damage, as defined in section 7A(a). The Administrator has determined that this limitation on self-employed individuals who file a Form 1040 Schedule C is consistent with the borrower certification required by the Act; specifically, that the PPP loan is necessary "to support the ongoing operations" of the borrower. The Administrator and the Secretary thus believe that this limitation is consistent with the structure of the Act to maintain existing operations and payroll and not for business expansion. This limitation on the use of PPP loan proceeds will also help to ensure that the finite appropriations available for these loans are directed toward maintaining existing operations and payroll, as each loan that is made depletes the appropriation.

*c. Can PPP proceeds be used for lobbying activities or expenditures?*⁸³

No. None of the proceeds of a PPP loan may be used for (1) lobbying activities, as defined in section 3 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1602); (2) lobbying expenditures related to a State or local election; or (3) expenditures designed to influence the enactment of legislation, appropriations, regulation, administrative action, or Executive order proposed or pending before Congress or any State government, State legislature, or local legislature or legislative body.

*d. What happens if PPP loan funds are misused?*⁸⁴

⁸³ This subsection has been added to conform to section 319 of the Economic Aid Act.

⁸⁴ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.s. (April 15, 2020).

If you use PPP funds for unauthorized purposes, SBA will direct you to repay those amounts. If you knowingly use the funds for unauthorized purposes, you will be subject to additional liability such as charges for fraud. If one of your shareholders, members, or partners uses PPP funds for unauthorized purposes, SBA will have recourse against the shareholder, member, or partner for the unauthorized use.

*12. What certifications need to be made?*⁸⁵

On the PPP borrower application, an authorized representative of the applicant must certify in good faith to all of the below:⁸⁶

- i. The Applicant was in operation on February 15, 2020, has not permanently closed, and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees, or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC.
- ii. Current economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant.
- iii. The funds will be used to retain workers and maintain payroll; or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures as specified under the Paycheck Protection Program Rules; I

⁸⁵ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.s. (April 15, 2020), as amended by 85 Fed. Reg. 36308 (June 16, 2020) and has been modified to conform to the Economic Aid Act and the revised PPP Borrower Application Form (SBA Form 2483).

⁸⁶ A representative of the applicant can certify for the business as a whole if the representative is legally authorized to do so. The certifications have been revised to conform to the Economic Aid Act and the revised PPP Borrower Application Form (SBA Form 2483).

understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable such as for charges of fraud. (As explained above, not more than 40 percent of loan proceeds may be used for nonpayroll costs.)

- iv. I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, covered utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures, and not more than 40% of the forgiven amount may be for non-payroll costs. If required, the Applicant will provide to the Lender and/or SBA documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of eligible expenses for the covered period following this loan.
- v. The Applicant has not and will not receive another loan under the Paycheck Protection Program, section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) (this does not include Paycheck Protection Program second draw loans, section 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(37))).
- vi. The Applicant has not and will not receive a Shuttered Venue Operator grant from SBA.
- vii. The President, the Vice President, the head of an Executive department, or a Member of Congress, or the spouse of such person as determined under applicable common law, does not directly or indirectly hold a controlling interest in the Applicant, with such terms having the meanings provided in section 322 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act.

- viii. The Applicant is not an issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f).
- ix. I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.
- x. I acknowledge that the Lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

13. Limited safe harbor with respect to certification concerning need for PPP loan request.⁸⁷

The CARES Act requires each applicant applying for a PPP loan to certify in good faith “that the uncertainty of current economic conditions makes necessary the loan request to support the ongoing obligations” of the applicant. SBA, in consultation with the

⁸⁷ This subsection has been added to codify the safe harbor contained in FAQ 46 (posted May 13, 2020).

Department of the Treasury, issued additional guidance on May 13, 2020 concerning how SBA will review the required good-faith certification. *See* FAQ 46 (posted May 13, 2020). This guidance included a safe harbor providing that any PPP borrower, together with its affiliates, that received PPP loans with an original principal amount of less than \$2 million will be deemed to have made the required certification concerning the necessity of the loan request in good faith.

*14. Can my PPP loan be forgiven in whole or in part?*⁸⁸

Yes. The amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest. An eligible borrower will not be responsible for any loan payment if the borrower uses all of the loan proceeds for forgivable purposes and employee and compensation levels are maintained or, if not, an applicable safe harbor or exemption applies. The actual amount of loan forgiveness will depend, in part, on the total amount of payroll costs (including employer contributions for group health, life, disability, vision and dental insurance), payments of interest on mortgage obligations incurred before February 15, 2020, rent payments on leases dated before February 15, 2020, utility payments for service that began before February 15, 2020, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures over the loan forgiveness covered period.⁸⁹

Payroll costs that are qualified wages taken into account in determining the Employer

⁸⁸ This subsection replaces the rule originally published at 85 Fed. Reg. 20811, subsection III.2.o (April 15, 2020), as amended by 85 Fed. Reg. 36308 (June 16, 2020) and has been modified to conform to the Economic Aid Act.

⁸⁹ Covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures were added as eligible expenses in section 304 of the Economic Aid Act. Except for loans made pursuant to section 7(a)(36) of the Small Business Act for which SBA has remitted a loan forgiveness payment to the lender before December 27, 2020, these eligible expenses apply to any loan made before, on, or after December 27, 2020, including forgiveness of such a loan.

Retention Credit are not eligible for loan forgiveness. The “loan forgiveness covered period” is the period beginning on the date the lender disburses the PPP loan and ending on any date selected by the borrower that occurs during the period (i) beginning on the date that is 8 weeks after the date of disbursement and (ii) ending on the date that is 24 weeks after the date of disbursement.

To receive full loan forgiveness, a borrower must use at least 60 percent of the PPP loan for payroll costs, and not more than 40 percent of the loan forgiveness amount may be attributable to nonpayroll costs. For example, if a borrower uses 59 percent of its PPP loan for payroll costs, it will not receive the full amount of loan forgiveness it might otherwise be eligible to receive. Instead, the borrower will receive partial loan forgiveness, based on the requirement that 60 percent of the forgiveness amount must be attributable to payroll costs. For example, if a borrower receives a \$100,000 PPP loan, and during the covered period the borrower spends \$54,000 (or 54 percent) of its loan on payroll costs, then because the borrower used less than 60 percent of its loan on payroll costs, the maximum amount of loan forgiveness the borrower may receive is \$90,000 (with \$54,000 in payroll costs constituting 60 percent of the forgiveness amount and \$36,000 in nonpayroll costs constituting 40 percent of the forgiveness amount). Because the Economic Aid Act changed the loan forgiveness covered period from either an 8- or 24-week period to a covered period between 8 and 24 weeks at the election of the borrower, SBA is eliminating the “alternative covered period” as defined in the interim final rule published at 85 Fed. Reg. 33004, 33006 (June 1, 2020), as amended.

Additionally, an eligible borrower that received a loan of \$150,000 or less shall not, at the time of its application for loan forgiveness, be required to submit any application or

documentation in addition to the certification and information required by paragraph 7A(l)(1)(A) of the Small Business Act. Such borrowers must retain records relevant to the form that prove compliance with the PPP requirements —with respect to employment records, for the 4-year period following submission of the loan forgiveness application, and with respect to other records, for the 3-year period following submission of the loan forgiveness application. All other borrowers must follow the existing requirements for loan forgiveness applications and records retention. SBA may review and audit PPP loans of \$150,000 or less and access any records the borrower is required to retain. All borrowers with loans of any size must provide documentation independently to a lender to satisfy relevant Federal, State, local or other statutory or regulatory requirements or in connection with an SBA loan review.

The Economic Aid Act repealed the CARES Act provision requiring SBA to deduct EIDL Advance Amounts received by borrowers from the forgiveness payment amounts remitted by SBA to the lender. The EIDL Advance Amount received by the borrower will not reduce the amount of forgiveness to which the borrower is entitled and will not be deducted from the forgiveness payment amount that SBA remits to the lender. Any EIDL Advance Amounts previously deducted from a borrower's forgiveness amount will be remitted to the lender, together with interest to the remittance date.

15. Do independent contractors count as employees for purposes of PPP loan forgiveness?⁹⁰

No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of a borrower's PPP loan forgiveness.

⁹⁰ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.2.p. (April 15, 2020).

16. For loans made prior to December 27, 2020, what additional documentation must a borrower submit when the President of the United States, Vice President of the United States, the head of an Executive department, or a Member of Congress, or the spouse of any of the preceding, directly or indirectly holds a controlling interest in the borrower?

For PPP loans made before December 27, 2020, if the President of the United States, Vice President of the United States, the head of an Executive department, or a Member of Congress, or the spouse of such person as determined under applicable common law, directly or indirectly holds a controlling interest in the borrower, the principal executive officer, or individual performing a similar function, of the borrower must disclose that information to SBA. Such disclosure must be made not later than January 26, 2021, if the borrower submitted an application for forgiveness before December 27, 2020, or not later than 30 days after submitting an application for forgiveness.

C. What Do Lenders Need to Know and Do?

1. Who is eligible to make PPP loans?⁹¹

- a. All SBA 7(a) lenders are automatically approved to make PPP loans on a delegated basis.
- b. The Act provides that the authority to make PPP loans can be extended to additional lenders determined by the Administrator and the Secretary to have the necessary qualifications to process, close, disburse, and service loans made with the SBA guarantee. Since SBA is authorized to make PPP loans (and loans under section 7(a)(37) of the Small Business Act) up to \$806.45 billion by March 31,

⁹¹ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.3.a. (April 15, 2020) and has been modified to conform to additional interim final rules or guidance and sections 323 and 343 of the Economic Aid Act.

2021, the Administrator and the Secretary have jointly determined that authorizing additional lenders is necessary to achieve the purpose of allowing as many eligible borrowers as possible to receive loans by the March 31, 2021 deadline.

- c. The following types of lenders have been determined to meet the criteria and are eligible to make PPP loans unless they currently are designated in Troubled Condition by their primary Federal regulator or are subject to a formal enforcement action with their primary Federal regulator that addresses unsafe or unsound lending practices:

- i. Any federally insured depository institution or any federally insured credit union;
- ii. Any Farm Credit System institution⁹² (other than the Federal Agricultural Mortgage Corporation) as defined in 12 U.S.C. 2002(a) that applies the requirements under the Bank Secrecy Act and its implementing regulations (collectively, BSA) as a federally regulated financial institution, or functionally equivalent requirements that are not altered by this rule;
and
- iii. Any depository or non-depository financing provider that originates, maintains, and services business loans or other commercial financial

⁹² Section 314 of the Economic Aid Act contains the following information related to Farm Credit System Institutions: “(1) APPLICABLE RULES.—Solely with respect to loans under paragraphs (36) and (37) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)), Farm Credit Administration regulations and guidance issued as of July 14, 2020, and compliance with such regulations and guidance, shall be deemed functionally equivalent to requirements referenced in section 3(a)(iii)(II) of the interim final rule of the Administration entitled ‘Business Loan Program Temporary Changes; Paycheck Protection Program’ (85 Fed. Reg. 20811 (April 15, 2020)) or any similar requirement referenced in that interim final rule in implementing such paragraph (37).”

receivables and participation interests; has a formalized compliance program; applies the requirements under the BSA as a federally regulated financial institution, or the BSA requirements of an equivalent federally regulated financial institution; has been operating since at least February 15, 2019, and has originated, maintained, or serviced more than \$50 million in business loans or other commercial financial receivables during a consecutive 12 month period in the past 36 months, or is a service provider to any insured depository institution that has a contract to support such institution's lending activities in accordance with 12 U.S.C. 1867(c) and is in good standing with the appropriate Federal banking agency.⁹³

- d. Qualified institutions described in 1.c.i. and ii. will be automatically qualified under delegated authority by the SBA upon transmission of CARES Act Section 1102 Lender Agreement (SBA Form 3506) unless they currently are designated in Troubled Condition by their primary Federal regulator or are subject to a formal enforcement action by their primary Federal regulator that addresses unsafe or unsound lending practices.
- e. A non-bank lender may be approved to make PPP loans if it has originated, maintained, or serviced more than \$10 million in business loans or other commercial financial receivables during a 12-month period in the past 36 months,

⁹³ This subsection c.iii. was modified to implement the rule originally published at 85 Fed. Reg. 26324, subsection III.2.a. (May 4, 2020).

if the non-bank lender is (1) a community development financial institution (other than a federally insured bank or federally insured credit union) or (2) a majority minority-, women-, or veteran/military-owned lender.⁹⁴

2. *Do lenders have to register in SAM.gov to make PPP loans?*⁹⁵

Yes. Given the exigent circumstances in which small businesses and lenders currently find themselves due to the COVID-19 pandemic, PPP lenders will have thirty (30) days from the date of the first PPP loan disbursement made by them after December 27, 2020 to complete SAM registration and provide SBA with the lender's unique entity identifier.

3. *What do lenders have to do in terms of loan underwriting?*⁹⁶

Each lender shall:

- a. Confirm receipt of borrower certifications contained in Paycheck Protection Program Borrower Application Form (SBA Form 2483) issued by the Administration or lender's equivalent form;
- b. Confirm receipt of information demonstrating that a borrower was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees or had employees for whom the borrower paid salaries and payroll taxes on or around February 15, 2020;

⁹⁴ Lenders described in this subsection (e.) should follow the special instructions in footnote 1 of the 1102 Lender Agreement – Non-Bank and Non-Insured Depository Institution Lenders (SBA Form 3507). This subsection (e.) was adapted from the rule originally published at 85 Fed. Reg. 26324, subsection III.2.b. (May 4, 2020).

⁹⁵ This subsection adds a new requirement that all PPP lenders must register in SAM.gov. See 2 CFR 25.110(c)(2)(iii).

⁹⁶ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.3.b. (April 15, 2020) and has been modified to conform to additional rules or guidance and the Economic Aid Act

- c. Confirm the dollar amount of average monthly payroll costs for 2019 or 2020 by reviewing the payroll documentation submitted with the borrower's application;⁹⁷ and
- d. Follow applicable BSA requirements:
 - i. Federally insured depository institutions and federally insured credit unions should continue to follow their existing BSA protocols when making PPP loans to either new or existing customers who are eligible borrowers under the PPP. PPP loans for existing customers will not require re-verification under applicable BSA requirements, unless otherwise indicated by the institution's risk-based approach to BSA compliance.
 - ii. Entities that are not presently subject to the requirements of the BSA, should, prior to engaging in PPP lending activities, including making PPP loans to either new or existing customers who are eligible borrowers under the PPP, establish an anti-money laundering (AML) compliance program equivalent to that of a comparable federally regulated institution. Depending upon the comparable federally regulated institution, such a program may include a customer identification program (CIP), which includes identifying and verifying their PPP borrowers' identities (including e.g., date of birth, address, and taxpayer identification number), and, if that PPP borrower is a company, following any applicable beneficial

⁹⁷ See PPP FAQ 1 (April 3, 2020) for further information on this step.

ownership information collection requirements. Alternatively, if available, entities may rely on the CIP of a federally insured depository institution or federally insured credit union with an established CIP as part of its AML program. In either instance, entities should also understand the nature and purpose of their PPP customer relationships to develop customer risk profiles. Such entities will also generally have to identify and report certain suspicious activity to the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). If such entities have questions with regard to meeting these requirements, they should contact the FinCEN Regulatory Support Section at FRC@fincen.gov. In addition, FinCEN has created a COVID-19-specific contact channel, via a specific drop-down category, for entities to communicate to FinCEN COVID-19-related concerns while adhering to their BSA obligations. Entities that wish to communicate such COVID-19-related concerns to FinCEN should go to www.FinCEN.gov, click on "Need Assistance," and select "COVID19" in the subject drop-down list.

Each lender's underwriting obligation under the PPP is limited to the items above and reviewing the "Paycheck Protection Borrower Application Form." Borrowers must submit such documentation as is necessary to establish eligibility such as payroll records, payroll tax filings, or Form 1099-MISC, Schedule C or F, income and expenses from a sole proprietorship, or bank records. For borrowers that do not have any such

documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.

A lender may rely on any certification or documentation submitted by an applicant for a PPP loan or an eligible recipient or eligible entity that (A) is submitted pursuant to all applicable statutory requirements, regulations, and guidance related to a PPP loan, including under paragraph 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)); and (B) attests that the applicant, eligible recipient, or eligible entity, as applicable, has accurately provided the certification or documentation to the lender in accordance with the statutory requirements, regulations, and guidance related to PPP loans. With respect to a lender that relies on such a certification or documentation related to a PPP loan, an enforcement action may not be taken against the lender, and the lender shall not be subject to any penalties relating to loan origination or forgiveness of the PPP loan, if— (A) the lender acts in good faith relating to loan origination or forgiveness of the PPP loan based on that reliance; and (B) all other relevant Federal, State, local, and other statutory and regulatory requirements applicable to the lender are satisfied with respect to the PPP loan.⁹⁸

4. *Can lenders rely on borrower documentation for loan forgiveness?*⁹⁹

⁹⁸ This paragraph was added to conform to section 305 of the Economic Aid Act. This shall be effective as if included in the CARES Act and shall apply to any loan made before, on, or after December 27, 2020, including forgiveness of such a loan.

⁹⁹ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.3.c. (April 15, 2020) and has been modified for readability. SBA also intends to issue a consolidated interim final rule governing all aspects of loan forgiveness and the loan review process.

Yes. The lender does not need to independently verify the borrower's reported information if the borrower submits documentation supporting its request for loan forgiveness and attests that it accurately verified the payments for eligible costs.

5. *What fees will lenders be paid?*¹⁰⁰

For PPP loans made on or after December 27, 2020, SBA will pay lenders fees, based on the balance of the financing outstanding at the time of disbursement of the loan, for processing PPP loans in the following amounts:

- i. For loans of not more than \$50,000, an amount equal to the lesser of fifty (50) percent or \$2,500;
- ii. Five (5) percent for loans of more than \$50,000 and not more than \$350,000;
- iii. Three (3) percent for loans of more than \$350,000 and less than \$2,000,000; and
- iv. One (1) percent for loans of at least \$2,000,000.

SBA will pay the fee not later than 5 days after the reported disbursement of the PPP loan and, as required by the Economic Aid Act, may not require the fee to be repaid by the lender unless the lender is found guilty of an act of fraud in connection with the PPP loan.

6. *Can PPP loans be sold into the secondary market?*¹⁰¹

Yes. A PPP loan may be sold on the secondary market after the loan is fully disbursed. A PPP loan may be sold on the secondary market at a premium or a discount to par value.

¹⁰⁰ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.3.d. (April 15, 2020) and has been modified to conform to section 340 of the Economic Aid Act.

¹⁰¹ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.4.d (April 15, 2020) and modified to reflect that advance purchases are not available.

7. *Do the requirements for loan pledges under 13 CFR 120.434 apply to PPP loans pledged for borrowings from a Federal Reserve Bank (FRB) or advances by a Federal Home Loan Bank (FHLB)?*¹⁰²

No. Pursuant to SBA regulations at 13 CFR 120.435(d) and (e), a pledge of 7(a) loans to a FRB or FHLB does not require SBA's prior written consent or notice to SBA. SBA, in consultation with Treasury, has determined that for purposes of loans made under the PPP, the additional requirements set forth in 120.434 shall also not apply. This would mean, for example, that SBA would not have to approve loan documents or require a multi-party agreement among SBA, the lender, and others.

8. *Are lenders required to use a promissory note provided by SBA or may they use their own?*¹⁰³

Lenders may use their own promissory note or an SBA form of promissory note.

9. *Are lenders required to use a separate SBA Authorization document to issue PPP loans?*¹⁰⁴

No. A lender does not need a separate SBA Authorization for SBA to guarantee a PPP loan. However, lenders must have executed SBA Form 2484 (the Lender Application Form—Paycheck Protection Program Loan Guaranty)¹⁰⁵ to issue PPP loans and receive a loan number for each originated PPP loan. Lenders may include in their promissory notes for PPP loans any terms and conditions, including relating to amortization and

¹⁰² This subsection was originally published at 85 Fed. Reg. 21747, subsection III.3. (April 20, 2020).

¹⁰³ This subsection was originally published at 85 Fed. Reg. 23450, subsection III.1.a. (April 28, 2020).

¹⁰⁴ This subsection was originally published at 85 Fed. Reg. 23450, subsection III.1.b. (April 28, 2020) and has been modified to conform to the Economic Aid Act.

¹⁰⁵ This requirement is satisfied by a lender when the lender completes the process of submitting a loan through the E-Tran system; no transmission or retention of a physical copy of Form 2484 is required.

disclosure, that are not inconsistent with section 1102 of the CARES Act and section 7A of the Small Business Act, the PPP Interim Final Rules and guidance, and SBA Form 2484. *See* FAQ 21 (posted April 13, 2020). The decision not to require a separate SBA Authorization in order to ensure that critical PPP loans are disbursed as efficiently as practicable.

*10. By when must a lender electronically submit an SBA Form 1502 indicating that PPP loan funds have been disbursed?*¹⁰⁶

SBA has made available a specific SBA Form 1502 reporting process through which PPP lenders report on PPP loans and collect the processing fee on fully disbursed loans to which they are entitled. Lenders must electronically upload SBA Form 1502 information within 20 calendar days after a PPP loan is approved. The lender must report on SBA Form 1502 whether it has fully disbursed PPP loan proceeds. A lender will not receive a processing fee: (1) prior to full disbursement of the PPP loan; (2) if the PPP loan is cancelled before disbursement; or (3) if the PPP loan is cancelled or voluntarily terminated and repaid after disbursement (including if a borrower repays the PPP loan proceeds to conform to the borrower's certification regarding the necessity of the PPP loan request). If the lender has received a processing fee on a loan that was cancelled or voluntarily terminated and repaid after disbursement (including if a borrower repaid the PPP loan proceeds to conform to the borrower's certification regarding the necessity of the PPP loan request), SBA will not require the lender to repay the processing fee unless the lender is found guilty of an act of fraud in connection with the PPP loan. In addition

¹⁰⁶ This subsection was originally published at 85 Fed. Reg. 26321, subsection III.1.b. (May 4, 2020) and has been modified to conform to the Economic Aid Act and for readability.

to providing ACH credit information to direct payment of the requested processing fee, lenders will be required to confirm that all PPP loans for which the lender is requesting a processing fee have been fully disbursed on the disbursement dates and in the loan amounts reported. A lender must report through either E-Tran Servicing or the SBA Form 1502 report any PPP loans that have been cancelled before disbursement or that have been cancelled or voluntarily terminated and repaid after disbursement.

*11. How do lenders report disbursements on PPP loans that are approved for loan increases due to the Economic Aid Act?*¹⁰⁷

Lenders must submit the SBA Form 1502 information within 20 calendar days after a PPP loan increase is approved following the SBA Form 1502 reporting process. See subsection C.10. for more information.

D. What Do Both Borrowers and Lenders Need to Know and Do?

*1. What are the loan terms and conditions?*¹⁰⁸

Loans will be guaranteed under the PPP under the same terms, conditions and processes as other 7(a) loans, with certain changes including but not limited to:

- a. The guarantee percentage is 100 percent.
- b. No collateral will be required.
- c. No personal guarantees will be required.

¹⁰⁷ This subsection was added to conform to the Economic Aid Act.

¹⁰⁸ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.4.a. (April 15, 2020) and modified to conform to the Economic Aid Act.

- d. The interest rate will be 100 basis points or one percent, calculated on a non-compounding, non-adjustable basis.¹⁰⁹
- e. All loans will be processed by all lenders under delegated authority and lenders will be permitted to rely on certifications of the borrower in order to determine eligibility of the borrower and the use of loan proceeds.

2. *Do lenders have to apply the “credit elsewhere test”?¹¹⁰*

No. When evaluating an applicant’s eligibility lenders will not be required to apply the “credit elsewhere test” (as set forth in section 7(a)(1)(A) of the Small Business Act (15 U.S.C. 636) and SBA regulations at 13 CFR 120.101).

3. *Are there any fee waivers?¹¹¹*

- a. There will be no up-front guarantee fee payable to SBA by the borrower;
- b. There will be no lender’s annual service fee (“on-going guaranty fee”) payable to SBA;
- c. There will be no subsidy recoupment fee; and
- d. There will be no fee payable to SBA for any guarantee sold into the secondary market.

4. *Who pays the fee to an agent who provides assistance in connection with a PPP loan?¹¹²*

Agent fees may not be paid out of the proceeds of a PPP loan. If a borrower has knowingly retained an agent, such fees will be paid by the borrower. A lender is only

¹⁰⁹ This subsection (d) was revised to conform to section 339 of the Economic Aid Act. The revision applies to PPP loans made on or after December 27, 2020, but may apply with respect to a PPP loan made before that date upon the mutual agreement of the lender and the borrower.

¹¹⁰ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.3.e. (April 15, 2020).

¹¹¹ This subsection was originally published at 85 Fed. Reg. 20811, subsection III.4.a. (April 15, 2020).

¹¹² This subsection was originally published at 85 Fed. Reg. 20811, subsection III.4.c. (April 15, 2020) and modified to conform to section 340 of the Economic Aid Act. This revision is effective as if included in the CARES Act and applies to PPP loans made before, on, or after December 27, 2020, including forgiveness of such a loan.

responsible for paying fees to an agent for services for which the lender directly contracts with the agent. The total amount that an agent may collect from the lender for assistance in preparing an application for a PPP loan (including referral to the lender) may not exceed:

- a. One (1) percent for loans of not more than \$350,000;
- b. 0.50 percent for loans of more than \$350,000 and less than \$2 million; and
- c. 0.25 percent for loans of at least \$2 million.

The Act authorizes the Administrator to establish limits on agent fees. The Administrator, in consultation with the Secretary, determined that the agent fee limits set forth above are reasonable based upon the application requirements and the fees that lenders receive for making PPP loans.

5. *Can a borrower take multiple draws from a PPP loan and thereby delay the start of the covered period?*¹¹³

No. The lender must make a one-time, full disbursement of the PPP loan within ten calendar days of loan approval; for the purposes of this rule, a loan is considered approved when the loan is assigned a loan number by SBA.¹¹⁴

Notwithstanding this limitation, lenders are not responsible for delays in disbursement attributable to a borrower's failure to timely provide required loan documentation, including a signed promissory note. Loans for which funds have not been disbursed because a borrower has not submitted required loan documentation within 20 calendar

¹¹³ This subsection was originally published at 85 Fed. Reg. 26321, subsection III.1.a. (May 4, 2020), as amended by 85 Fed. Reg. 26321 (June 19, 2020), and has been modified for readability.

¹¹⁴ If the tenth calendar day is a Saturday, Sunday, or legal holiday, the period continues to run until the end of the next business day.

days of loan approval shall be cancelled by the lender. When disbursing loans, lenders must send any amount of loan proceeds designated for the refinance of an EIDL loan directly to SBA and not to the borrower.

6. *If a partnership received a PPP loan that did not include any compensation for its partners, can the loan amount be increased to include partner compensation?*¹¹⁵

Yes. If a partnership received a PPP loan that only included amounts necessary for payroll costs of the partnership's employees and other eligible operating expenses, but did not include any amount for partner compensation,¹¹⁶ the lender may electronically submit a request through SBA's E-Tran Servicing site to increase the PPP loan amount to include appropriate partner compensation, even if the loan has been fully disbursed and even if the lender's first SBA Form 1502 report to SBA on the PPP loan has already been submitted. In no event can the increased loan amount exceed the maximum loan amount allowed under the PPP Program, which is \$10 million for an individual borrower or \$20 million for a corporate group. Additionally, the borrower must provide the lender with required documentation to support the calculation of the increase. Any request for an increase must be submitted electronically in E-Tran on or before March 31, 2021, and is subject to the availability of funds.

As described in subsection B.1.c., partnerships, rather than individual partners, are eligible for a PPP loan. As described in subsection B.4.e., self-employment income of

¹¹⁵ This subsection was originally published at 85 Fed. Reg. 29842, subsection III.1.a. (May 19, 2020) and has been revised to conform to sections 312 and 344 of the Economic Aid Act.

¹¹⁶ A partner in a partnership may not submit a separate PPP loan application as a self-employed individual. Instead, the self-employment income of general active partners may be reported as a payroll cost, up to \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, on a PPP loan application filed by or on behalf of the partnership.

general active partners could be reported as a payroll cost, up to \$100,000 on an annualized basis, as prorated for the period during which the payments are made or the obligation to make the payments is incurred, on a PPP loan application filed by or on behalf of the partnership. For guidance describing how to calculate partnership PPP loan amounts and defining the self-employment income of partners, *see* How to Calculate Maximum Loan Amounts, Question 4 at <https://www.sba.gov/sites/default/files/2020-04/How-to-Calculate-Loan-Amounts.pdf> (April 20, 2020).

7. *If a seasonal employer received a PPP loan before December 27, 2020, can the loan amount be increased based on a revised calculation of the maximum loan amount?*¹¹⁷

Yes. If a seasonal employer received a PPP loan before December 27, 2020, and such employer would be eligible for a higher maximum loan amount under section 336 of the Economic Aid Act, as described in subsection B.4.c., the lender may electronically submit a request through SBA's E-Tran Servicing site to increase the PPP loan amount, even if the loan has been fully disbursed and even if the lender's first SBA Form 1502 report to SBA on the PPP loan has already been submitted. In no event can the increased loan amount exceed the maximum PPP loan amount (\$10 million for an individual borrower or \$20 million for a corporate group). Additionally, the borrower must provide the lender with required documentation to support the calculation of the increase. Any request for an increase must be submitted electronically in E-Tran on or before March 31, 2021, and is subject to the availability of funds.

¹¹⁷ This subsection was originally published at 85 Fed. Reg. 29842, subsection III.1.b. (May 19, 2020) and has been revised to conform to sections 312 and 336 of the Economic Aid Act.

8. *Which other PPP borrowers can reapply or request an increase in their PPP loan amount?*¹¹⁸

The following borrowers can reapply or request an increase in their PPP loan amount:

- a. If a borrower returned all of a PPP loan, the borrower may reapply for a PPP loan in an amount the borrower is eligible for under current PPP rules.
- b. If a borrower returned part of a PPP loan, the borrower may reapply for an amount equal to the difference between the amount retained and the amount previously approved.
- c. If a borrower did not accept the full amount of a PPP loan for which it was approved, the borrower may request an increase in the amount of the PPP loan up to the amount previously approved.

Any request for an increase must be submitted electronically in E-Tran on or before March 31, 2021, and is subject to the availability of funds. SBA will issue additional guidance on the process to reapply or request a loan increase under subsections D.6, D.7, and D.8.

9. *If a borrower's PPP loan has already been fully disbursed, can the lender make an additional disbursement for the increased loan proceeds?*¹¹⁹

Yes. Notwithstanding the requirement set forth in paragraph 1.a. of the interim final rule on disbursements posted on April 28, 2020, i.e., that lenders make a one-time, full disbursement of the PPP loan within ten calendar days of loan approval, if a PPP loan is

¹¹⁸ This subsection was added to conform to section 312 of the Economic Aid Act. *See also* recalculation available under subsection B.4.d. above for farmers and ranchers.

¹¹⁹ This subsection was originally published at 85 Fed. Reg. 29842, subsection III.2.a. (May 19, 2020) and revised to conform to section 312 of the Economic Aid Act.

increased under subsections D.6., D.7., or D.8., the lender may make a single additional disbursement of the increased loan proceeds.

*10. Are recipients of PPP loans entitled to exemptions on the grounds provided in Federal nondiscrimination laws for sex-specific admissions practices, sex-specific domestic violence shelters, coreligionist housing, or Indian tribal preferences in connection with adoption or foster care practices?*¹²⁰

Yes. With respect to any loan or loan forgiveness under the PPP, the nondiscrimination provisions in the applicable SBA regulations incorporate the limitations and exemptions provided in corresponding Federal statutory or regulatory nondiscrimination provisions for sex-specific admissions practices at preschools, non-vocational elementary or secondary schools, and private undergraduate higher education institutions under Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 *et seq.*), for sex-specific emergency shelters and coreligionist housing under the Fair Housing Act of 1968 (42 U.S.C. 3601 *et seq.*), and for adoption or foster care practices giving child placement preferences to Indian tribes under the Indian Child Welfare Act of 1978 (25 U.S.C. 1901 *et seq.*).

In addition, for purposes of the PPP, SBA regulations do not bar a religious nonprofit entity from making decisions with respect to the membership or the employment of individuals of a particular religion to perform work connected with the carrying on by such nonprofit of its activities.

E. Additional Information

¹²⁰ This subsection was originally published at 85 Fed. Reg. 27287, section III.1. (May 8, 2020).

All loans guaranteed by the SBA pursuant to the CARES Act and the Economic Aid Act will be made consistent with constitutional, statutory, and regulatory protections for religious liberty, including the First Amendment to the Constitution, the Religious Freedom Restoration Act, 42 U.S.C. 2000bb-1 and bb-3, and SBA regulation at 13 CFR 113.3-1h, which provides that nothing in SBA nondiscrimination regulations shall apply to a religious corporation, association, educational institution or society with respect to the membership or the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution or society of its religious activities.

SBA may provide further guidance, if needed, through SBA notices and a program guide which will be posted on SBA's website at www.sba.gov.

Questions on the Paycheck Protection Program 7(a) Loans may be directed to the Lender Relations Specialist in the local SBA Field Office. The local SBA Field Office may be found at <https://www.sba.gov/tools/local-assistance/districtoffices>.

Compliance with Executive Orders 12866, 12988, 13132, 13563, and 13771, the Paperwork Reduction Act (44 U.S.C. Ch. 35), and the Regulatory Flexibility Act (5 U.S.C. 601-612).
Executive Orders 12866, 13563, and 13771

This interim final rule is economically significant for the purposes of Executive Orders 12866 and 13563, and the Office of Management and Budget's Office of Information and Regulatory Affairs (OIRA) has determined that this is a major rule under the Congressional Review Act (5 U.S.C. 804(2)). SBA, however, is proceeding under the emergency provision at Executive Order 12866 section 6(a)(3)(D) based on the need to move expeditiously to mitigate the current economic conditions arising from the COVID-19 emergency. This rule's designation under Executive Order 13771 will be informed by public comment.

This rule is necessary to implement the Economic Aid Act in order to provide economic relief to small businesses nationwide adversely impacted under the COVID-19 Emergency Declaration. We anticipate that this rule will result in substantial benefits to small businesses, their employees, and the communities they serve. However, we lack data to estimate the effects of this rule.

The Administrator of OIRA has determined that this is a major rule for purposes of the Congressional Review Act (5 U.S.C. 801 et seq.) (CRA). Under section 801(3) of the CRA, a major rule takes effect 60 days after the rule is published in the Federal Register.

Notwithstanding this requirement, section 808(2) of the CRA allows agencies to dispense with the requirements of section 801 when the agency for good cause finds that such procedure would be impracticable, unnecessary, or contrary to the public interest and the rule shall take effect at such time as the agency promulgating the rule determines. Pursuant to section 808(2) of the CRA, SBA finds, for good cause, that a 60-day delay in the effective date is unnecessary and contrary to the public interest.

As discussed elsewhere in this interim final rule, the last day to apply for and receive a PPP loan is March 31, 2021. Given the short duration of this program, and the urgent need to issue loans quickly, the Administrator in consultation with the Secretary has determined that it is impractical and not in the public interest to provide a delayed effective date. An immediate effective date will give small businesses the maximum amount of time to apply for loans and lenders the maximum amount of time to process applications before the program ends.

Executive Order 12988

SBA has drafted this rule, to the extent practicable, in accordance with the standards set forth in section 3(a) and 3(b)(2) of Executive Order 12988, to minimize litigation, eliminate

ambiguity, and reduce burden. The rule has no preemptive effect but does have some retroactive effect consistent with specific applicability provisions of the Economic Aid Act (such provisions are identified in the footnotes).

Executive Order 13132

SBA has determined that this rule will not have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various layers of government. Therefore, SBA has determined that this rule has no federalism implications warranting preparation of a federalism assessment.

Paperwork Reduction Act, 44 U.S.C. Chapter 35

SBA has determined that this rule requires revisions to existing recordkeeping or reporting requirements of the Paycheck Protection Program (PPP) information collection (OMB Control Number 3245-0407) as a result of amendments made to the PPP by the Economic Aid Act and implemented in this interim final rule. The revisions will affect the PPP Borrower Application Form (SBA Form 2483), the PPP Lender Application Form (SBA Form 2484), the Lender Application Form for Federally Insured Depository Institutions, Federally Insured Credit Unions, and Farm Credit System Institutions (SBA Form 3506), and the Lender Application Form for Non-Bank and Non-Insured Depository Institution Lenders (SBA Form 3507).

SBA Form 2483 has been revised to add housing cooperatives, section 501(c)(6) organizations, destination marketing organizations, and certain news organizations to the categories of eligible entities; to collect the NAICS code of the applicant; to add additional eligible use of proceeds; and to add or revise the certifications to incorporate the Economic Aid Act amendments. Changes were made to SBA Form 2484 to conform to the changes made to SBA Form 2483. SBA Forms 3506 and 3507 were revised to extend the term through March 31,

2021; restate the way interest rate is calculated; and make clarifying changes for consistency with program requirements.

SBA is developing a process to collect the information necessary for eligible borrowers to reapply or request an increase in their PPP loan amount as described in this interim final rule.

SBA has requested emergency approval of the revisions to this PPP information collection to enable the Agency to resume the reauthorized PPP as quickly as possible. Without such emergency approval, the authority for the program would expire before the procedural steps, including the comment periods generally required by the Paperwork Reduction Act, could be completed.

Regulatory Flexibility Act (RFA)

The Regulatory Flexibility Act (RFA) generally requires that when an agency issues a proposed rule, or a final rule pursuant to section 553(b) of the APA or another law, the agency must prepare a regulatory flexibility analysis that meets the requirements of the RFA and publish such analysis in the Federal Register. 5 U.S.C. 603, 604. Specifically, the RFA normally requires agencies to describe the impact of a rulemaking on small entities by providing a regulatory impact analysis. Such analysis must address the consideration of regulatory options that would lessen the economic effect of the rule on small entities. The RFA defines a “small entity” as (1) a proprietary firm meeting the size standards of the Small Business Administration (SBA); (2) a nonprofit organization that is not dominant in its field; or (3) a small government jurisdiction with a population of less than 50,000. 5 U.S.C. 601(3)–(6). Except for small government jurisdictions with a population of less than 50,000, neither State nor local governments are “small entities.”

The requirement to conduct a regulatory impact analysis does not apply if the head of the agency “certifies that the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.” 5 U.S.C. 605(b). The agency must, however, publish the certification in the Federal Register at the time of publication of the rule, “along with a statement providing the factual basis for such certification.” If the agency head has not waived the requirements for a regulatory flexibility analysis in accordance with the RFA’s waiver provision, and no other RFA exception applies, the agency must prepare the regulatory flexibility analysis and publish it in the Federal Register at the time of promulgation or, if the rule is promulgated in response to an emergency that makes timely compliance impracticable, within 180 days of publication of the final rule. 5 U.S.C. 604(a), 608(b).

Rules that are exempt from notice and comment are also exempt from the RFA requirements, including conducting a regulatory flexibility analysis, when among other things the agency for good cause finds that notice and public procedure are impracticable, unnecessary, or contrary to the public interest. Small Business Administration’s Office of Advocacy guide: *How to Comply with the Regulatory Flexibility Ac. Ch.1. p.9*. Since this rule is exempt from notice and comment, SBA is not required to conduct a regulatory flexibility analysis.

Authority: 15 U.S.C. 636(a)(36); Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136, section 1114 and Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Pub. L. 116-260), section 303.

Jovita Carranza,

Administrator

Michael Faulkender,

Assistant Secretary for Economic Policy

SMALL BUSINESS ADMINISTRATION

13 CFR Parts 120 and 121

Docket No. SBA-2021-0002

RIN 3245-AH63

Business Loan Program Temporary Changes; Paycheck Protection Program Second Draw Loans

AGENCY: U.S. Small Business Administration.

ACTION: Interim final rule.

SUMMARY: This interim final rule announces the implementation of section 311 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act). The Economic Aid Act authorizes the U.S. Small Business Administration to guarantee additional loans under the temporary Paycheck Protection Program, which was originally established under the Coronavirus Aid, Relief, and Economic Security Act to provide economic relief to small businesses nationwide adversely impacted under the Coronavirus Disease 2019 (COVID-19) Emergency Declaration (COVID-19 Emergency Declaration) issued by President Trump on March 13, 2020. Section 311 of the Economic Aid Act adds a second temporary program to SBA’s 7(a) Loan Program titled, “Paycheck Protection Program Second Draw Loans.” This interim final rule implements the key provisions of section 311 of the Economic Aid Act and requests public comment.

DATES: Effective Date: This interim final rule is effective [INSERT DATE OF FILING AT THE OFFICE OF THE FEDERAL REGISTER].

Applicability Date: This interim final rule applies to loan applications and applications for loan forgiveness submitted for Paycheck Protection Program Second Draw Loans.

Comment Date: Comments must be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by number SBA-2021-0002 through the Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

SBA will post all comments on www.regulations.gov. If you wish to submit confidential business information (CBI) as defined in the User Notice at www.regulations.gov, please send an email to ppp-ifr@sba.gov. All other comments must be submitted through the Federal eRulemaking Portal described above. Highlight the information that you consider to be CBI and explain why you believe SBA should hold this information as confidential. SBA will review the information and make the final determination whether it will publish the information.

FOR FURTHER INFORMATION CONTACT: Call Center Representative at 833-572-0502, or the local SBA Field Office; the list of offices can be found at <https://www.sba.gov/tools/local-assistance/districtoffices>.

SUPPLEMENTARY INFORMATION:

I. Background Information

On December 27, 2020, President Trump signed the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act) (Pub. L. 116-260) into law to provide continued assistance to individuals and businesses that have been financially impacted by the ongoing coronavirus pandemic. Section 311 of the Economic Aid Act added a new temporary section 7(a)(37) to the Small Business Act (15 U.S.C. 636(a)(37)). This new section authorizes the U.S. Small Business Administration (SBA or the Administration) to guarantee Paycheck Protection Program Second Draw Loans (PPP Second Draw Program), under generally

the same terms and conditions available under the Paycheck Protection Program (PPP) established under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)). Under section 311, SBA may guarantee loans under the PPP Second Draw Program through March 31, 2021 (“Second Draw PPP Loans”) to borrowers that previously received a PPP loan under section 7(a)(36) of the Small Business Act (“First Draw PPP Loans”) and have used or will use the full amount of the initial PPP loan for authorized purposes on or before the expected date of disbursement of the Second Draw PPP Loan.

Like First Draw PPP Loans, Second Draw PPP Loans are intended to provide expeditious relief to America’s small businesses. Second Draw PPP Loans generally are guaranteed by SBA under the same terms, conditions, and processes as First Draw PPP Loans. SBA guarantees 100 percent of Second Draw PPP Loans and SBA may forgive up to the full principal loan amount. Second Draw PPP Loans are subject to SBA’s and the Department of the Treasury’s (Treasury’s) consolidated interim final rules implementing updates to the Paycheck Protection Program for First Draw PPP Loans (“Consolidated First Draw PPP IFR ”) issued concurrently with this interim final rule (IFR)¹ and all PPP loan program requirements, except as specified in this IFR. The key differences between First Draw PPP Loans and Second Draw PPP Loans are described in this IFR, which explains the loan terms, eligibility requirements, and application process for Second Draw PPP Loans.

II. Comments and Immediate Effective Date

¹ The Consolidated First Draw PPP IFR titled “Business Loan Program Temporary Changes: Extension of and Changes to Paycheck Protection Program” restates existing regulatory provisions to provide lenders and new PPP borrowers a single regulation to consult on borrower eligibility, lender eligibility, and loan application and origination requirements issues for new First Draw PPP loans, as well as general rules relating to First Draw PPP Loan increases and loan forgiveness.

This interim final rule is being issued without advance notice and public comment because section 303 of the Economic Aid Act authorizes SBA to issue regulations to implement the Economic Aid Act without regard to notice requirements. In addition, this rule is being issued to allow for immediate implementation of this program. The intent of the Economic Aid Act is that SBA provide relief to America's small businesses expeditiously. The last day to apply for and receive a PPP loan is March 31, 2021. Given the short duration of this program, and the urgent need to issue loans quickly, the Administrator in consultation with the Secretary has determined that it is impractical and not in the public interest to provide a 30-day delayed effective date. An immediate effective date will give small businesses the maximum amount of time to apply for loans and lenders the maximum amount of time to process applications before the program ends. This good cause justification also supports waiver of the 60-day delayed effective date for major rules under the Congressional Review Act at 5 U.S.C. 808(2). Although this IFR is effective immediately, comments are solicited from interested members of the public on all aspects of the interim final rule. These comments must be submitted on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. SBA will consider these comments and the need for making any revisions as a result of these comments.

III. Summary of Key Terms of PPP Second Draw Loans

The rules applicable to Second Draw PPP Loans are published in section IV of this IFR. This summary provides additional information and explains the key terms in the IFR. All references to subsections refer to section IV.

Second Draw PPP Loans are generally subject to the same terms, conditions and requirements as First Draw PPP Loans. These include, but are not limited to the following terms:

- The guarantee percentage is 100 percent.
- No collateral will be required.
- No personal guarantees will be required.
- The interest rate will be 100 basis points or one percent, calculated on a non-compounding, non-adjustable basis².
- The maturity is five years.
- All loans will be processed by all lenders under delegated authority and lenders will be permitted to rely on certifications of the borrower to determine the borrower's eligibility and use of loan proceeds.

Subsection (b) of this IFR confirms that these terms apply to Second Draw PPP Loans.

Subsection (b) also confirms that SBA's Consolidated First Draw PPP IFR, Frequently Asked Questions (FAQs), and other guidance about PPP loans under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) apply to Second Draw PPP Loans, except as specified in this IFR.³

The Economic Aid Act includes terms and conditions, including but not limited to terms relating to eligibility and a borrower's maximum loan amount, that apply only to Second Draw PPP Loans and do not apply to First Draw PPP Loans, regardless of when the First Draw PPP Loan is made. These terms and conditions specific to Second Draw PPP Loans are summarized below.

A. Eligibility requirements

1. General eligibility requirements

² Section 339 of the Economic Aid Act added "calculated on a non-compounding, non-adjustable basis" to the maximum interest rate for a PPP loan.

³ SBA will be revising the FAQs to conform to the Economic Aid Act as quickly as feasible.

In general, the Economic Aid Act made the eligibility requirements for Second Draw PPP Loans narrower than the eligibility requirements for First Draw PPP Loans. The Economic Aid Act generally provides that a borrower is eligible for a Second Draw PPP Loan only if it has 300 or fewer employees and experienced a revenue reduction in 2020 relative to 2019 (described further below).⁴ In addition, the Economic Aid Act provides that a Second Draw PPP Loan may only be made to an eligible borrower that (i) has received a First Draw PPP Loan, and (ii) has used, or will use, the full amount of the First Draw PPP Loan on or before the expected date on which the Second Draw PPP Loan is disbursed to the borrower.⁵ Accordingly, subsections (c)(1)(i) through (c)(1)(iv) of this IFR implement these criteria. Subsection (c)(1)(ii) of the IFR clarifies that “the full amount” of the borrower’s First Draw PPP Loan includes the amount of any increase on such First Draw PPP Loan made pursuant to the Economic Aid Act. In addition, subsection (c)(1)(ii) of the IFR clarifies that the borrower must have spent the full amount of its First Draw PPP Loan on eligible expenses under the PPP rules to be eligible for a Second Draw PPP Loan. This clarification will help ensure program integrity by preventing a borrower from receiving a Second Draw PPP Loan if the borrower has not complied with PPP loan program requirements.⁶

2. Revenue reduction requirement

The Economic Aid Act provides that, to be eligible for a Second Draw PPP Loan, the borrower must have experienced a revenue reduction of 25% or greater in 2020 relative to 2019.⁷ A borrower must calculate this revenue reduction by comparing the borrower’s quarterly gross

⁴ See paragraph 7(a)(37)(A)(iv) of the Small Business Act.

⁵ See paragraph 7(a)(37)(O) of the Small Business Act.

⁶ Subsection (B)(11) of the Consolidated First Draw PPP IFR specifies that the proceeds of a PPP loan may be spent only on certain eligible expenses.

⁷ See paragraph 7(a)(37)(A)(iv) of the Small Business Act.

receipts for one quarter in 2020 with the borrower's gross receipts for the corresponding quarter of 2019. For example, a borrower with gross receipts of \$50,000 in the second quarter of 2019 and gross receipts of \$30,000 in the second quarter of 2020 has experienced a revenue reduction of 40 percent between the quarters, and is therefore eligible for a Second Draw PPP loan (assuming all other eligibility criteria are met). Subsection (c)(1)(iv)(A) of the IFR reflects this methodology. Subsection (c)(1)(iv)(B) of the IFR provides that a borrower that was in operation in all four quarters of 2019 is deemed to have experienced the required revenue reduction if it experienced a reduction in annual receipts of 25 percent or greater in 2020 compared to 2019 and the borrower submits copies of its annual tax forms substantiating the revenue decline. This provision will allow a borrower to provide annual tax return forms to substantiate its revenue reduction. The Administrator, in consultation with the Secretary of the Treasury (Secretary), has determined that this is necessary to improve administrability of Second Draw PPP Loans by providing borrowers an additional verifiable method for substantiating their revenue reduction. This method will be particularly important for small borrowers that may not have quarterly revenue information readily available. Moreover, this approach is appropriate because, if annual filings show a 25 percent revenue reduction, then at least one quarter in 2020 would have had at least a 25 percent revenue reduction. A borrower that did not experience a 25 percent annual decline in revenues, or that was not in operation in all four quarters of 2019, may still meet the revenue reduction requirement under one of the quarterly measurements described above.

The Economic Aid Act does not include a general definition of gross receipts for purposes of determining a borrower's revenue reduction.⁸ Subsection (c)(2) of the IFR defines

⁸ For an eligible nonprofit organization, a veterans organization, an eligible nonprofit news organization, eligible 501(c) organization, or eligible destination marketing organization, gross receipts has the meaning in section 6033 of the Internal Revenue Code of 1986. See paragraph 7(a)(37)(I)(ii) of the Small Business Act. Subsection (c)(2) of

gross receipts consistent with the definition of receipts in 13 C.F.R. 121.104 of SBA’s size regulations because this definition appropriately captures the type of income that is typically included in a small business’s gross receipts.⁹ Moreover, this definition will enhance the administrability of Second Draw PPP Loans because it is a definition already used by the Administration and many small businesses.

The IFR specifies that any forgiveness amount of a First Draw PPP Loan that a borrower received in calendar year 2020 is excluded from a borrower’s gross receipts. Excluding the forgiveness amount from a borrower’s gross receipts is consistent with section 7A(i) of the Small Business Act, which expressly excludes PPP forgiveness amounts from being taxed as income.¹⁰ This clarification ensures the effectiveness of the second draw loan program by ensuring that a borrower is not disqualified from receiving a Second Draw PPP Loan because it received forgiveness on a First Draw PPP Loan. This furthers the purpose of the second draw loan provisions, which is to deliver additional aid to small businesses that previously received a First Draw PPP Loan.

3. Business concerns with more than one physical location

the IFR clarifies that this definition, which generally relates to eligible nonprofit organizations, applies only to eligible nonprofit news organizations rather than to all eligible news organizations.

⁹ Subsection (c)(2) of the IFR generally defines gross receipts to include all revenue in whatever form received or accrued (in accordance with the entity’s accounting method) from whatever source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances. Generally, receipts are considered “total income” (or in the case of a sole proprietorship, independent contractor, or self-employed individual “gross income”) plus “cost of goods sold,” and excludes net capital gains or losses as these terms are defined and reported on IRS tax return forms. Gross receipts do not include the following: taxes collected for and remitted to a taxing authority if included in gross or total income (such as sales or other taxes collected from customers and excluding taxes levied on the concern or its employees); proceeds from transactions between a concern and its domestic or foreign affiliates; and amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker. All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer’s request, investment income, and employee-based costs such as payroll taxes, may not be excluded from gross receipts. Subsection (c)(2) also adapts the methodology for calculating affiliate receipts from 13 C.F.R. 121.104.

¹⁰ Section 1106 of the CARES Act (15 U.S.C. 9005) was redesignated as section 7A, transferred to the Small Business Act (15 U.S.C. 631 et seq.), and inserted so as to appear after section 7 of the Small Business Act (15 U.S.C. 636) in section 304(b) of the Economic Aid Act.

Under the CARES Act, any single business entity that is assigned a NAICS code beginning with 72 (including hotels and restaurants) and employs not more than 500 employees per physical location is eligible to receive a First Draw PPP Loan.¹¹ In addition, as discussed below, under the Consolidated First Draw PPP IFR, SBA's affiliation rules (13 CFR 121.301) do not apply to any business entity that is assigned a NAICS code beginning with 72 and that employs not more than a total of 500 employees.¹² As a result, if each hotel or restaurant location owned by a parent business is a separate legal business entity and employs not more than 500 employees, each hotel or restaurant location is permitted to apply for a separate PPP loan provided it uses its unique EIN.

Section 317 of the Economic Aid Act modified this provision for Second Draw PPP Loans by reducing the limit on employees per physical location to 300. Accordingly, a single business entity that is assigned a NAICS code beginning with 72 is eligible to receive a Second Draw PPP Loan if it employs no more than 300 employees per physical location and meets the revenue reduction requirements and otherwise satisfies the eligibility criteria described in this IFR.¹³ Under section 317 of the Economic Aid Act, the same standard applies to certain news organizations.¹⁴ Subsections (c)(3) and (c)(4) of the IFR implement these statutory provisions. Borrowers may consult PPP Frequently Asked Question (FAQ) 24¹⁵ for guidance on these standards for business concerns with more than one physical location, except that, for Second Draw PPP Loans, the number of employees per physical location is limited to 300 rather than 500.

¹¹ Paragraph 7(a)(36)(D)(iii)(I) of the Small Business Act.

¹² Paragraph 7(a)(36)(D)(iv) of the Small Business Act.

¹³ Paragraph 7(a)(37)(D) of the Small Business Act.

¹⁴ Paragraph 7(a)(36)(D)(iii)(II) of the Small Business Act.

¹⁵ See PPP FAQ #24 (posted April 13, 2020), available at <https://www.sba.gov/sites/default/files/2020-12/Final%20PPP%20FAQs%20%28December%209%202020%29-508.pdf>.

B. Affiliation rules

The same affiliation rules that apply to First Draw PPP Loans apply to Second Draw PPP Loans, except as provided in this IFR. As with First Draw PPP Loans, in most cases, a borrower is considered together with its affiliates to determine eligibility for the PPP.¹⁶ However, the CARES Act waived the affiliation rules for certain categories of borrowers.¹⁷ Paragraph 7(a)(37)(E) of the Small Business Act, as amended by the Economic Aid Act, applies the same waivers to Second Draw PPP Loans, adds a waiver for certain eligible news organizations, and makes adjustments to reflect the reduced size requirement for Second Draw PPP Loans. Specifically, business concerns with a NAICS code beginning with 72 qualify for the affiliation waiver for Second Draw PPP Loans if they employ 300 or fewer employees. Eligible news organizations with a NAICS code beginning with 511110 or 5151 (or majority-owned or controlled by a business concern with those NAICS codes) may qualify for the affiliation waiver for Second Draw PPP Loans only if they employ 300 or fewer employees per physical location.¹⁸ Subsection (d)(2) implements these revised affiliation waivers. SBA also adopted a religious exemption to the affiliation rules by regulation,¹⁹ which applies to Second Draw PPP loans.

C. Excluded entities

¹⁶ Paragraph 7(a)(36)(D)(iv) of the Small Business Act (15 U.S.C. 636(a)(36)(D)(iv), as added by the CARES Act and amended by the Economic Aid Act, waived the affiliation rules contained in § 121.103 for (1) any business concern with not more than 500 employees that, as of the date on which the loan is disbursed, is assigned a NAICS code beginning with 72; (2) any business concern operating as a franchise that is assigned a franchise identifier code by SBA; (3) any business concern that receives financial assistance from a company licensed under section 301 of the Small Business Investment Act of 1958 (15 U.S.C. 681); and (4)(a) any business concern (including any station which broadcasts pursuant to a license granted by the Federal Communications Commission under title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) without regard for whether such a station is a concern as defined in 13 C.F.R. § 121.105, or any successor thereto) that employs not more than 500 employees, or the size standard established by the Administrator for the NAICS code applicable to the business concern, per physical location of such business concern and is majority owned or controlled by a business concern that is assigned a NAICS code beginning with 511110 or 5151; or (b) any nonprofit organization that is assigned a NAICS code beginning with 5151.

¹⁷ Paragraph 7(a)(36)(D)(iv) of the Small Business Act.

¹⁸ Paragraph 7(a)(37)(E) of the Small Business Act.

¹⁹ See section (B)(3)(c) of the Consolidated First Draw PPP IFR.

An entity that is ineligible to receive a First Draw PPP Loan under the CARES Act or Consolidated First Draw PPP IFR is also ineligible for a Second Draw PPP Loan.²⁰ Subsection (e)(1) of the IFR implements this restriction. Subsection (e)(1) ensures that a borrower that received a First Draw PPP Loan despite being ineligible to receive the loan is not eligible to receive a Second Draw PPP Loan.

The Economic Aid Act also prohibits several additional categories of borrowers from receiving a Second Draw PPP Loan under section 7(a)(37) of the Small Business Act. These categories of prohibited borrowers are listed in subsection (e) of the IFR:

- a business concern or entity primarily engaged in political activities or lobbying activities, including any entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or that describes itself as a think tank in any public documents;²¹
- certain entities organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, or with other specified ties to the People's Republic of China or the Special Administrative Region of Hong Kong;²²
- any person required to submit a registration statement under section 2 of the Foreign Agents Registration Act of 1938 (22 U.S.C. 612);²³
- a person or entity that receives a grant for shuttered venue operators under section 324 of the Economic Aid Act;²⁴

²⁰ Paragraph 7(a)(37)(O) of the Small Business Act provides that a Second Draw PPP Loan may be made only to a borrower that received a First Draw PPP Loan under paragraph 7(a)(36). In addition, section 7(a)(37)(B) provides that the Administrator may guarantee covered loans to eligible entities under the same terms, conditions, and processes as First Draw PPP Loans.

²¹ Paragraph 7(a)(37)(A)(iv)(III)(bb) of the Small Business Act.

²² Paragraph 7(a)(37)(A)(iv)(III)(cc) of the Small Business Act.

²³ Paragraph 7(a)(37)(A)(iv)(III)(dd) of the Small Business Act.

²⁴ Paragraph 7(a)(37)(A)(iv)(III)(ee) of the Small Business Act.

- entities in which the President, the Vice President, the head of an Executive department, or a Member of Congress, or the spouse of such person owns, controls, or holds at least 20 percent of any class of equity;²⁵ or
- a publicly traded company, defined as an issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f).²⁶

In addition, subsection (e)(9) of this IFR provides that an entity that has previously received a Second Draw PPP Loan may not receive another Second Draw PPP Loan, as required by the Economic Aid Act.²⁷ Subsection (e)(9) also prohibits an entity that has permanently closed from receiving a Second Draw PPP Loan because paragraph 7(a)(37)(A)(iv) of the Small Business Act is best understood to describe existing businesses. The Administrator, in consultation with the Secretary, has determined this provision is also necessary to maintain program integrity, prevent abuse, and preserve the availability of Second Draw PPP Loan funds for businesses still in operation. Preserving funds for such businesses is necessary because only businesses that are still in operation will retain employees, which is a primary purpose of the PPP. A borrower that has temporarily closed or temporarily suspended its business remains eligible for a Second Draw PPP Loan.

D. Payroll cost calculation

In general, section 307 of the Economic Aid Act provides that the maximum loan amount for a Second Draw PPP Loan is equal to the lesser of two and half months of the borrower's average monthly payroll costs or \$2 million. Relative to First Draw PPP loans, the Economic

²⁵ Section 322 of the Economic Aid Act.

²⁶ Section 342 of the Economic Aid Act.

²⁷ Paragraph 7(a)(37)(F) of the Small Business Act.

Aid Act adjusted the methodology for calculating a borrower's payroll costs. Unlike First Draw PPP Loans, the Economic Aid Act provides that the relevant time period for calculating a borrower's payroll costs for a Second Draw PPP Loan is either the twelve-month period prior to when the loan is made or calendar year 2019. The Act also provided tailored methodologies for certain categories of borrowers. These calculations are reflected in subsection (f) of this IFR. Subsection (f) of the IFR uses "calendar year 2020" to refer to "the twelve-month period prior to when the loan is made." Calculating payroll costs based on calendar year 2020 rather than the twelve months preceding the date the loan is made will simplify the calculations and documentation requirements for borrowers because payroll records are more commonly created and retained on a calendar-year basis. Allowing borrowers to calculate payroll costs based on calendar year 2020 is also not expected to result in a significant difference in payroll costs compared to the twelve months preceding the date the loan is made because all Second Draw PPP Loans will be made in the first quarter of 2021. However, the rule notes that Second Draw PPP Loan borrowers who are not self-employed (including sole proprietorships and independent contractors) are also permitted to use the precise 1-year period before the date on which the loan is made to calculate payroll costs if they choose not to use 2019 or 2020 to calculate payroll costs.

Consistent with the Economic Aid Act, subsections (f)(3) and (f)(4) of the IFR include tailored calculation methodologies for seasonal businesses, new entities that did not exist for the full twelve-month period preceding the Second Draw PPP Loan, and borrowers assigned a NAICS code beginning with 72 at the time of disbursement. For borrowers assigned a NAICS code beginning with 72 at the time of disbursement, the Economic Aid Act provides that the maximum loan amount is equal to three-and-a-half (3.5) months of payroll costs rather than two-

and-a-half (2.5) months.²⁸ These subsections also provide that, for a borrower with a NAICS code beginning with 72 that would fall into more than one category listed in subsection (f) (for example, a business with a NAICS code beginning with 72 that is also a seasonal business or is also a new entity without 12 months of payroll costs), the borrower may calculate its average monthly payroll costs based on the methodology that applies to the entity but may use the 3.5 multiplier applicable to businesses with a NAICS code beginning with 72. The Administrator, in consultation with the Secretary, has determined that this methodology is necessary to provide small businesses in the accommodation and food services sector the full amount of relief provided in the Economic Aid Act while allowing these borrowers to calculate their average monthly payroll costs accurately.

The Economic Aid Act included a new payroll cost calculation for farmers and ranchers receiving First Draw PPP Loans. However, it did not specify how payroll costs should be calculated for Second Draw PPP Loans to farmers and ranchers. This IFR clarifies that the same general calculation for farmers and ranchers applicable to First Draw PPP Loans applies to Second Draw PPP Loans, with adjustments that (i) eliminate the provision for refinancing of an Economic Injury Disaster Loan (EIDL), which does not apply to Second Draw PPP Loans, and (ii) apply the choice of time period for calculating a farmer's or rancher's payroll costs for Second Draw PPP Loans, consistent with other Second Draw PPP Loans. This IFR also specifies that, in calculating a farmer's or rancher's maximum loan amount, any employee payroll costs should be subtracted from the farmer's or rancher's gross income to avoid double-counting amounts that represent pay to the employees of the farmer or rancher.

²⁸ Paragraph 7(a)(37)(C)(iv) of the Small Business Act.

Subsections (f)(7) and (f)(8) of the IFR include tailored calculation methodologies for self-employed individuals and partnerships. These methodologies are based on the corresponding methodologies for self-employed individuals and partnerships that are used for First Draw PPP Loans.²⁹ These methodologies have been adjusted to eliminate the provision for refinancing of an EIDL loan, which does not apply to Second Draw PPP loans and to apply the choice of time period for calculating payroll costs, consistent with other Second Draw PPP loans.

Finally, subsection (f)(9) provides that businesses that are part of a single corporate group shall in no event receive more than \$4,000,000 of Second Draw PPP Loans in the aggregate. The Administrator, in consultation with the Secretary, determined that limiting the amount of Second Draw PPP Loans that a single corporate group may receive will promote the availability of PPP loans to the largest possible number of borrowers, consistent with the CARES and Economic Aid Act. The Administrator has concluded that a limitation of \$4,000,000 is appropriate because it is proportional to the \$20,000,000 maximum amount for corporate groups that is provided under the Consolidated First Draw PPP IFR when the maximum loan amount for a single PPP loan is \$10,000,000.

E. Second Draw PPP Loan application and documentation requirements

Subsection (g) of this IFR includes the application and documentation requirements for Second Draw PPP Loans. The documentation required to substantiate an applicant's payroll cost calculations is generally the same as documentation required for First Draw PPP Loans. However, no additional documentation to substantiate payroll costs will be required if the applicant (i) used calendar year 2019 figures to determine its First Draw PPP Loan amount, (ii) used calendar year 2019 figures to determine its Second Draw PPP Loan amount (instead of

²⁹ See subsections (B)(4)(b) and (B)(4)(e) of the Consolidated First Draw PPP IFR.

calendar year 2020), and (iii) the lender for the applicant's Second Draw PPP Loan is the same as the lender that made the applicant's First Draw PPP Loan. In such cases, additional documentation is not required because the lender already has the relevant documentation supporting the borrower's payroll costs. The lender may request additional documentation, however, if on further review the lender concludes that it would be useful in conducting the lender's good-faith review of the borrower's loan amount calculation.

For loans with a principal amount greater than \$150,000, the applicant must also submit documentation adequate to establish that the applicant experienced a revenue reduction of 25% or greater in 2020 relative to 2019. (The revenue reduction requirement is addressed in subsection (c)(1)(iv) of this IFR.) Such documentation may include relevant tax forms, including annual tax forms, or, if relevant tax forms are not available, quarterly financial statements or bank statements. For loans with a principal amount of \$150,000 or less, such documentation is not required at the time the borrower submits its application for a loan, but must be submitted on or before the date the borrower applies for loan forgiveness, as required under the Economic Aid Act.³⁰ If a borrower does not submit an application for loan forgiveness, such documentation must be provided upon SBA's request.

F. Lender Requirements

Subsection (g) of this IFR contains the provisions specific to lenders for Second Draw PPP Loans. Paragraph 7(a)(37)(K) of the Small Business Act, added by the Economic Aid Act, states that a lender approved to make First Draw PPP loans may make Second Draw PPP Loans under the same terms and conditions as new First Draw PPP Loans. Subsection (g)(2) of this IFR provides that lenders are subject to the same requirements when making Second Draw PPP

³⁰ See paragraph 7(a)(37)(I)(i) of the Small Business Act.

Loans as when they are making First Draw PPP Loans. These provisions allow a lender approved to make Second Draw PPP Loans to use existing program guidance and standard operating procedures to the maximum extent practicable.³¹ The requirements applicable to PPP lenders are in sections (C) and (D) of the Consolidated First Draw PPP IFR. If a borrower has not submitted new payroll documentation with its Second Draw PPP Loan application because it previously submitted 2019 payroll information to the same lender when it applied for its First Draw PPP Loan, then the lender must confirm the borrower's average monthly payroll costs based on that prior documentation.

In addition, for a Second Draw PPP Loan greater than \$150,000, the lender must confirm the dollar amount and percentage of the borrower's revenue reduction by performing a good faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning the borrower's revenue reduction. If the lender identifies errors in the borrower's calculation or a material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the issue.

G. Loans to Borrowers with Unresolved First Draw PPP Loans

As described in SBA's interim final rule on SBA Loan Review Procedures and Related Borrower and Lender Responsibilities, SBA may review any PPP loan, as the Administrator deems appropriate.³² Subsection (i) of the IFR establishes procedures relating to the handling of a Second Draw PPP Loan application by a borrower whose First Draw PPP Loan is under review by SBA ("unresolved borrower"). If a borrower's First Draw PPP loan is under review by SBA and/or information in SBA's possession indicates that the borrower may have been ineligible for

³¹ Paragraph 7(a)(37)(N) of the Small Business Act.

³² 85 FR 33010, 33012.

the First Draw PPP Loan it received or for the loan amount it received, the lender will receive notification from SBA when the lender submits an application for a guaranty of a Second Draw PPP Loan and will not receive an SBA loan number until the issue related to the unresolved borrower's First Draw PPP Loan is resolved. SBA will resolve issues related to unresolved borrowers expeditiously. These procedures are designed to promote compliance with the eligibility requirements for Second Draw PPP Loans by preventing additional loans from being made to borrowers that were not eligible for a First Draw PPP Loan or received an impermissible loan amount. At the same time, these procedures do not disqualify an eligible unresolved borrower from receiving a Second Draw PPP Loan, in recognition that many flags will be resolved in the borrower's favor. The Administrator, in consultation with the Secretary, has determined that these procedures strike an appropriate balance between promoting program integrity and preventing abuse, while making Second Draw PPP Loans available to all eligible borrowers as expeditiously as possible. SBA will set aside available appropriations to fund Second Draw PPP Loans applied for by unresolved borrowers in the event they are approved.

H. Loan Forgiveness

Loan forgiveness of Second Draw PPP Loans and the loan review process for Second Draw PPP Loans are generally subject to the interim final rules regarding Loan Forgiveness and SBA Loan Review Procedures and Related Borrower and Lender Responsibilities, as modified to conform to the Economic Aid Act by the Consolidated First Draw PPP IFR, which is being published concurrently with this IFR. Subsection (j) contains forgiveness provisions specific to Second Draw PPP loans.

Table of Contents

- (a) Second Draw PPP Loan Program

- (b) What requirements apply to Second Draw PPP Loans?
- (c) Who is eligible for a Second Draw PPP Loan?
- (d) How do SBA's affiliation rules affect an applicant's eligibility for a Second Draw PPP Loan?
- (e) Who is not eligible for a Second Draw PPP Loan?
- (f) What is the maximum loan amount for a Second Draw PPP Loan?
- (g) How do I submit an application for a Second Draw PPP Loan and what documentation must I provide to demonstrate eligibility?
- (h) What do lenders need to know and do?
- (i) Will an applicant's Second Draw PPP Loan application be affected if there are unresolved issues regarding the applicant's First Draw PPP Loan?
- (j) Are Second Draw PPP Loans eligible for loan forgiveness?

IV. Paycheck Protection Program Second Draw Loans

(a) Second Draw PPP Loan Program

Under section 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(37)), SBA is authorized to guarantee Paycheck Protection Program Second Draw Loans ("Second Draw PPP Loans").

(b) What requirements apply to Second Draw PPP Loans?

(1) Second Draw PPP Loans are subject to SBA's and the Department of the Treasury's ("Treasury's") consolidated interim final rule implementing the Paycheck Protection Program ("Consolidated First Draw PPP IFR") and all PPP loan program requirements, except as otherwise provided in this section, including but not limited to the following terms:

- (i) The guarantee percentage is 100 percent.
- (ii) No collateral will be required.
- (iii) No personal guarantees will be required.

(iv) The interest rate will be 100 basis points or one percent, calculated on a non-compounding, non-adjustable basis.

(v) The maturity is five years.

(vi) All loans will be processed by all lenders under delegated authority and lenders will be permitted to rely on certifications of the borrower in order to determine eligibility of the borrower and the use of loan proceeds.

(2) Frequently Asked Questions and other guidance issued by SBA or by SBA in consultation with the Department of the Treasury with respect to PPP loans under section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) (“First Draw PPP Loans”) apply to Second Draw PPP Loans, except as otherwise provided in this section.

(c) Who is eligible for a Second Draw PPP Loan?

Subject to subsection (e) of this section, below, the following applicants are eligible for Second Draw PPP Loans:

(1) An applicant is eligible for a Second Draw PPP Loan if it is a business concern, independent contractor, eligible self-employed individual, sole proprietor, nonprofit organization eligible for a First Draw PPP Loan, veterans organization, Tribal business concern, housing cooperative, small agricultural cooperative, eligible 501(c)(6) organization or destination marketing organization, or an eligible nonprofit news organization³³ that:

(i) previously received a First Draw PPP loan in accordance with the eligibility criteria in the Consolidated First Draw PPP IFR;

(ii) has used, or will use, the full amount of its First Draw PPP Loan (including the amount of any increase on such First Draw PPP Loan) on authorized uses under subsection (B)(11) of the

³³ All terms in this subsection have the same definitions as in sections 7(a)(36) and (37) of the Small Business Act and the Consolidated First Draw PPP IFR, as applicable.

Consolidated First Draw PPP IFR on or before the expected date on which the Second Draw PPP Loan will be disbursed;³⁴

(iii) employs not more than 300 employees, unless it satisfies the alternative criteria for businesses with a North American Industry Classification System (“NAICS”) code beginning with 72 and eligible news organizations with more than one physical location described in subsection (c)(3) or (c)(4) of this section; and

(iv) (A) experienced a reduction in revenue in calendar year 2020, measured as follows:

(1) the applicant had gross receipts during the first, second, third, or fourth quarter in 2020 that demonstrate at least a 25 percent reduction from the applicant’s gross receipts during the same quarter in 2019 (for example, an applicant that had gross receipts of \$50,000 in the second quarter of 2019 and had gross receipts of \$30,000 in the second quarter of 2020 experienced a 40 percent revenue reduction between these two quarters);

(2) if the applicant was not in business during the first or second quarter of 2019, but was in business during the third and fourth quarters of 2019, the applicant had gross receipts during the first, second, third, or fourth quarter of 2020 that demonstrate at least a 25 percent reduction from the applicant’s gross receipts during the third or fourth quarter of 2019 (for example, an applicant that had gross receipts of \$50,000 in the third quarter of 2019 and had gross receipts of \$30,000 in the third quarter of 2020—demonstrating a reduction of 40 percent from the applicant’s gross receipts during the third quarter in 2019);

(3) if the applicant was not in business during the first, second, or third quarter of 2019, but was in business during the fourth quarter of 2019, the applicant had gross receipts during the first, second, third, or fourth quarter of 2020 that demonstrate at least a 25 percent reduction from the

³⁴ A lender must make disbursement of the loan within ten calendar days of loan approval. *See* subsection (D)(7) of the Consolidated First Draw PPP IFR.

fourth quarter of 2019 (for example, an applicant that had gross receipts of \$50,000 in the fourth quarter of 2019 and had gross receipts of \$30,000 in the fourth quarter of 2020—demonstrating a reduction of 40 percent from the applicant’s gross receipts during the fourth quarter in 2019); or (4) if the applicant was not in business during 2019, but was in operation on February 15, 2020, the applicant had gross receipts during the second, third, or fourth quarter of 2020 that demonstrate at least a 25 percent reduction from the gross receipts of the entity during the first quarter of 2020 (for example, an applicant that had gross receipts of \$50,000 in the first quarter of 2020 and had gross receipts of \$30,000 in the fourth quarter of 2020 – demonstrating a reduction of 40 percent from the applicant’s gross receipts during the first quarter in 2020).

(B) An applicant that was in operation in all four quarters of 2019 is deemed to have experienced the revenue reduction in subsection (c)(1)(iv)(A)(I) if it experienced a reduction in annual receipts of 25 percent or greater in 2020 compared to 2019 and the borrower submits copies of its annual tax forms substantiating the revenue decline.

(2)(i) Gross receipts includes all revenue in whatever form received or accrued (in accordance with the entity’s accounting method) from whatever source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances. Generally, receipts are considered “total income” (or in the case of a sole proprietorship, independent contractor, or self-employed individual “gross income”) plus “cost of goods sold,” and excludes net capital gains or losses as these terms are defined and reported on IRS tax return forms. Gross receipts do not include the following: taxes collected for and remitted to a taxing authority if included in gross or total income (such as sales or other taxes collected from customers and excluding taxes levied on the concern or its employees); proceeds from transactions between a concern and its domestic or foreign affiliates; and amounts collected

for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker. All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer's request, investment income, and employee-based costs such as payroll taxes, may not be excluded from gross receipts.

(ii) Gross receipts of affiliates are calculated as follows:

(A) Gross receipts of a borrower with affiliates is calculated by adding the gross receipts of the business concern with the gross receipts of each affiliate.

(B) If a borrower has acquired an affiliate or been acquired as an affiliate during 2020, gross receipts includes the receipts of the acquired or acquiring concern. This aggregation applies for the entire period of measurement, not just the period after the affiliation arose. However, if a concern acquired a segregable division of another business concern during 2020, gross receipts do not include the receipts of the acquired division prior to the acquisition.

(C) The gross receipts of a former affiliate are not included. This exclusion of gross receipts of such former affiliate applies during the entire period of measurement, rather than only for the period after which affiliation ceased. However, if a borrower sold a segregable division during 2020, the gross receipts will continue to include the receipts of the division that was sold.

(D) All terms in this subsection shall have the meaning attributed to them by the IRS.

(iii) For an eligible nonprofit organization, a veterans organization, an eligible nonprofit news organization, an eligible 501(c)(6) organization, or eligible destination marketing organization, gross receipts means gross receipts within the meaning of section 6033 of the Internal Revenue Code of 1986.

(iv) The amount of any forgiven First Draw PPP Loan shall not be included toward any borrower's gross receipts.

(3) Any business concern that has more than one physical location and that employs not more than 300 employees per physical location is eligible to receive a Second Draw PPP Loan if it is assigned a NAICS code beginning with 72 at the time of loan disbursement and otherwise meets the eligibility criteria in subsection (c)(1).

(4) Any business concern, or any station which broadcasts pursuant to a license granted by the Federal Communications Commission under title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.), that has more than one physical location and that employs not more than 300 employees per physical location is eligible to receive a Second Draw PPP Loan if it meets the eligibility criteria in subsection (c)(1) and: (1) is majority owned or controlled by a business concern that is assigned a NAICS code beginning with 511110 or 5151 or, with respect to a public broadcasting entity (as defined in section 397(11) of the Communications Act of 1934 (47 U.S.C. 397(11))), has a trade or business that falls under such a code; and (2) makes a good faith certification that proceeds of the loan will be used to support expenses at the component of the organization that produces or distributes locally focused or emergency information.

(d) How do SBA's affiliation rules affect an applicant's eligibility for a Second Draw PPP Loan?

(1) Eligibility for Second Draw PPP Loans is governed by the same affiliations rules (and waivers) as First Draw PPP Loans, except as described in subsection (d)(2).

(2) The affiliation rules under 13 CFR 121.301(f) are waived with respect to eligibility for a Second Draw PPP Loan for:

- (i) any business concern with not more than 300 employees that, as of the date on which the covered loan is disbursed, is assigned a NAICS code beginning with 72; and
- (ii) (A) any business concern (including any station which broadcasts pursuant to a license

granted by the Federal Communications Commission under title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) without regard for whether such a station is a concern as defined in 13 C.F.R. § 121.105, or any successor thereto) that employs not more than 300 employees, per physical location of such business concern and is majority owned or controlled by a business concern that is assigned a NAICS code beginning with 511110 or 5151; or

(B) any nonprofit organization that is assigned a NAICS code beginning with 5151.

(e) Who is not eligible for a Second Draw PPP Loan?

An applicant is not eligible for a Second Draw PPP Loan, even if it meets the eligibility requirements of subsection (c) of this section, if the applicant is:

(1) excluded from eligibility under the Consolidated First Draw PPP IFR;³⁵

(2) a business concern or entity primarily engaged in political activities or lobbying activities, as defined in section 3 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1602), including any entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public documents;

(3) any business concern or entity:

(i) for which an entity created in or organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, or that has significant operations in the People's Republic of China or the Special Administrative Region of Hong Kong, owns or holds, directly or indirectly, not less than 20 percent of the economic interest of the business concern or entity, including as equity shares or a capital or profit interest in a limited liability company or partnership; or

(ii) that retains, as a member of the board of directors of the business concern, a person who is a

³⁵ See generally section (B)(2) of the Consolidated First Draw PPP IFR.

resident of the People's Republic of China;

(4) any person required to submit a registration statement under section 2 of the Foreign Agents Registration Act of 1938 (22 U.S.C. 612);

(5) any person or entity that receives a grant for shuttered venue operators under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act;

(6) any entity in which the President, the Vice President, the head of an Executive department, or a Member of Congress, or the spouse of such person as determined under applicable common law, directly or indirectly holds a controlling interest in the entity, where:

(i) "controlling interest" means owning, controlling, or holding not less than 20 percent, by vote or value, of the outstanding amount of any class of equity interest in an entity;

(ii) "equity interest" means:

(A) a share in an entity, without regard to whether the share is transferable or classified as stock or anything similar;

(B) a capital or profit interest in a limited liability company or partnership; or

(C) a warrant or right, other than a right to convert, to purchase, sell, or subscribe to a share or interest described in (A) or (B), respectively;

(iii) "Executive department" has the meaning given the term in section 101 of title 5, United States Code;

(iv) "Member of Congress" means a Member of the Senate or House of Representatives, a Delegate to the House of Representatives, and the Resident Commissioner from Puerto Rico; and

(v) For the purpose of determining whether a person has a controlling interest in the entity, the securities owned, controlled, or held by the President, the Vice President, the head of an Executive department, or a Member of Congress, shall be aggregated with the securities held by

his or her spouse as determined under applicable common law;

- (7) any issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f), where the terms “exchange,” “issuer,” and “security” have the meanings given those terms in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) (except SBA will not consider whether a news organization that is eligible under subsection (c)(4) is affiliated with an entity, which includes any entity that owns or controls such news organization, that is an issuer);
- (8) an entity that has previously received a Second Draw PPP Loan; or
- (9) an entity that has permanently closed.

(f) What is the maximum loan amount for a Second Draw PPP Loan?

(1) In general, the maximum loan amount for a Second Draw PPP Loan is equal to the lesser of two and half months of the borrower’s average monthly payroll costs or \$2 million, except as otherwise specified in this subsection (e). A borrower’s average monthly payroll costs may be based on calendar year 2020, calendar year 2019,³⁶ or as otherwise specified in subsections (f)(2) through (f)(9) of this section. “Payroll costs” has the same meaning as in subsections (B)(4)(g) and (B)(4)(h) of the Consolidated First Draw PPP IFR and is calculated in the same manner. In calculating a borrower’s payroll costs, the borrower must subtract any compensation paid to an employee in excess of \$100,000 on an annualized basis, as prorated for the time period during which the payments are made or the obligation to make the payments is incurred.

(2) Except as otherwise provided in subsection (f)(3) through (f)(7), the maximum amount of a Second Draw PPP Loan is calculated as the lesser of:

³⁶ Second Draw PPP Loan borrowers who are not self-employed, sole proprietorships, or independent contractors are also permitted to use the precise 1-year period before the date on which the loan is made to calculate payroll costs if they choose not to use 2019 or 2020. Since most borrowers will use 2019 or 2020 the rule text refers only to 2019 or 2020 for simplicity and readability.

(i) the product obtained by multiplying:

(A) the average total monthly payment for payroll costs incurred or paid by the borrower during 2019 or 2020 (at the election of the borrower); by

(B) 2.5; or

(ii) \$2,000,000.

(3) The maximum amount of a Second Draw PPP Loan to a borrower that is a seasonal employer (meaning an employer that does not operate for more than 7 months in any calendar year or that during the preceding calendar year, had gross receipts for any 6 months of that year that were not more than 33.33 percent of the gross receipts of the employer for the other 6 months of that year) is calculated as the lesser of:

(i) the product obtained by multiplying:

(A) at the election of the borrower, the average total monthly payments for payroll costs incurred or paid by the borrower for any 12-week period between February 15, 2019 and February 15, 2020; by

(B) 2.5 (or, only for a borrower assigned a NAICS code beginning with 72 at the time of disbursement as defined in subsection (f)(10), 3.5); or

(ii) \$2,000,000.

(4) The maximum amount of a Second Draw PPP Loan to a borrower that did not exist during the 1-year period preceding February 15, 2020, but was in operation on February 15, 2020 (“new entity”), is calculated as the lesser of:

(i) the product obtained by multiplying:

(A) the quotient obtained by dividing:

(I) the sum of the total monthly payments by the borrower for payroll costs paid or incurred by

the borrower as of the date on which the borrower applies for the Second Draw PPP Loan; by

(2) the number of months in which those payroll costs were paid or incurred; by

(B) 2.5 (or, only for a borrower assigned a NAICS code beginning with 72 at the time of disbursement as defined in subsection (f)(10), 3.5); or

(ii) \$2,000,000.

(5) The maximum amount of a Second Draw PPP Loan made to a borrower assigned a NAICS code beginning with 72 at the time of disbursement as defined in subsection (f)(10) (that is not a seasonal employer or new entity addressed in subsection (f)(3) or (f)(4) or a borrower with self-employment income or a partnership addressed in subsection (f)(7) or (f)(8) of this section) is calculated as the lesser of:

(i) the product obtained by multiplying:

(A) the average total monthly payment for payroll costs incurred or paid by the borrower during either 2019 or 2020 (at the borrower's election) by

(B) 3.5; or

(ii) \$2,000,000.

(6) (i) The maximum amount of a Second Draw PPP Loan to a farmer or rancher that:

(A) operates as a sole proprietorship or as an independent contractor, or is an eligible self-employed individual;

(B) reports farm income or expenses on a Schedule F (IRS Form 1040); and

(C) was in business as of February 15, 2020;

is calculated according to (ii) or (iii) of this subsection(e)(6), depending on whether the borrower has employees.

(ii) If a borrower meeting the criteria in subsection (6)(i) of this section does not have any

employees, the maximum loan amount is the product obtained by multiplying:

(A) the gross income of the borrower in 2019 or 2020, as reported on a Schedule F (IRS Form 1040), that is not more than \$100,000, divided by 12; and

(B) 2.5.

(iii) If a borrower meeting the criteria in subsection (6)(i) of this section has employees, the maximum loan amount is calculated as the lesser of:

(A) the product obtained by multiplying:

(I) the sum of (i) the difference between gross income and employee payroll costs of the borrower in 2019 or 2020 (at the election of the borrower), as reported on a Schedule F (IRS Form 1040), that is not more than \$100,000, divided by 12, and (ii) the average total monthly payment for employee payroll costs incurred or paid by the borrower during the same year elected by the borrower; by

(2) 2.5; or

(B) \$2,000,000.

(7) The maximum amount of a Second Draw PPP Loan to a borrower that has income from self-employment and files a Form 1040, Schedule C, is calculated as follows, depending on whether the borrower has employees:

(i) For a borrower that has income from self-employment and does not have any employees, the maximum loan amount is the lesser of:

(A) the product obtained by multiplying:

(I) the net profit of the borrower in 2019 or 2020, as reported on IRS Form 1040 Schedule C, that is not more than \$100,000, divided by 12; and

(2) 2.5 (or, only for a borrower assigned a NAICS code beginning with 72 as defined in

subsection (f)(10) at the time of disbursement, 3.5).

(ii) For a borrower that has income from self-employment and has employees, the maximum loan amount is the lesser of:

(A) the product obtained by multiplying:

(I) the sum of (i) the net profit of the borrower in 2019 or 2020 (at the election of the borrower), as reported on IRS Form 1040 Schedule C, that is not more than \$100,000, divided by 12; (ii) the average total monthly payment for employee payroll costs incurred or paid by the borrower during the same year elected by the borrower; by

(2) 2.5 (or, only for a borrower assigned a NAICS code beginning with 72 at the time of disbursement as defined in subsection (f)(10), 3.5); or

(B) \$2,000,000.

(8) The maximum amount of a Second Draw PPP Loan to a borrower that files taxes as a partnership is calculated as the lesser of:

(i) the product obtained by multiplying:

(A) the sum of (I) net earnings from self-employment of individual general partners in 2019 or 2020 (at the election of the borrower), as reported on IRS Form 1065 K-1, reduced by section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties, multiplied by 0.9235³⁷, that is not more than \$100,000, divided by 12; (2) the average total monthly payment for employee payroll costs incurred or paid by the borrower during the same year elected by the borrower; by

(B) 2.5 (or, only for a borrower assigned a NAICS code beginning with 72 as defined in

³⁷ This treatment follows the computation of self-employment tax from IRS Form 1040 Schedule SE Section A line 4 and removes the “employer” share of self-employment tax, consistent with how payroll costs for employees in the partnership are determined.

subsection (f)(10) at the time of disbursement, 3.5); or

(ii) \$2,000,000.

(9) Businesses that are part of a single corporate group shall in no event receive more than \$4,000,000 of Second Draw PPP Loans in the aggregate. Corporate group has the same meaning as in subsection (B)(4)(f) of the Consolidated First Draw PPP IFR.

(10) For purposes of calculating a borrower's maximum payroll costs, a borrower may multiply its average monthly payroll costs by 3.5 only if the borrower is in the Accommodation and Food Services sector and has reported a NAICS code beginning with 72 as its business activity code on its most recent IRS income tax return.

(g) How do I submit an application for a Second Draw PPP Loan and what documentation must I provide to demonstrate eligibility?

(1) The applicant must submit to the lender SBA Form 2483-SD (Paycheck Protection Program Second Draw Borrower Application Form) or the lender's equivalent form including the required certifications and the documentation in subsection (g)(2).

(2) At the time an applicant submits its loan application form, it must submit the following unless the documentation was submitted to the lender for the First Draw PPP Loan (i.e., the applicant used calendar year 2019 figures to determine both its First Draw PPP Loan amount and its Second Draw PPP Loan amount, and the lender for the applicant's Second Draw PPP Loan is the same as the lender that made the applicant's First Draw PPP Loan):

(i) If the applicant is not self-employed, the applicant's Form 941 (or other tax forms containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever was used to calculate payroll), as applicable, or equivalent payroll processor records, along with evidence of any retirement and employee group

health, life, disability, vision and dental insurance contributions, must be provided. A partnership must also include its IRS Form 1065 K-1s.

(ii) If the applicant is self-employed and has employees, the applicant's 2019 or 2020 (whichever was used to calculate loan amount) IRS Form 1040 Schedule C, Form 941 (or other tax forms or equivalent payroll processor records containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever was used to calculate loan amount), as applicable, or equivalent payroll processor records, along with evidence of any retirement and employee group health, life, disability, vision and dental insurance contributions, if applicable, must be provided. A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish the applicant was in operation on February 15, 2020.

(iii) If the applicant is self-employed and does not have employees, the applicant must provide (a) its 2019 or 2020 (whichever was used to calculate loan amount) Form 1040 Schedule C, (b) a 2019 or 2020 (whichever was used to calculate loan amount) IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes that the applicant is self-employed; and (c) a 2020 invoice, bank statement, or book of record to establish that the applicant was in operation on or around February 15, 2020.

(iv) For loans with a principal amount greater than \$150,000, documentation sufficient to establish that the applicant experienced a reduction in revenue, as provided in subsection(c)(1)(iv), must be provided at the time of application, which may include relevant tax forms, including annual tax forms, or, if relevant tax forms are not available, a copy of the applicant's quarterly income statements or bank statements.

(v) For loans with a principal amount of \$150,000 or less, the applicant must submit

documentation sufficient to establish that the applicant experienced a reduction in revenue as provided in subsection (c)(1)(i) of this section at the time of application, on or before the date the borrower submits an application for loan forgiveness, or, if the borrower does not apply for loan forgiveness, at SBA's request. Such documentation may include relevant tax forms, including annual tax forms, or, if relevant tax forms are not available, a copy of the applicant's quarterly income statements or bank statements.

(3) On the Second Draw PPP Loan borrower application, an authorized representative of the applicant³⁸ must make the certifications listed in subsection (B)(12) of the Consolidated First Draw PPP IFR, except:

(i) instead of the certification in subsection (B)(12)(v) of the Consolidated First Draw PPP IFR, the applicant must certify that the applicant has not and will not receive another Second Draw Paycheck Protection Program Loan; and

(ii) an authorized representative of the applicant must also certify:

(A) The Applicant has realized a reduction in gross receipts in excess of 25% relative to the relevant comparison time period. For loans greater than \$150,000, Applicant has provided documentation to the lender substantiating the decline in gross receipts. For loans of \$150,000 or less, Applicant will provide documentation substantiating the decline in gross receipts upon or before seeking loan forgiveness for the Second Draw Paycheck Protection Program Loan or upon SBA request.

(B) The Applicant received a First Draw Paycheck Protection Program Loan and, before the Second Draw Paycheck Protection Program Loan is disbursed, will have used the full loan amount (including any increase) of the First Draw Paycheck Protection Program Loan only for

³⁸ A representative of the applicant can certify for the business as a whole if the representative is legally authorized to do so.

eligible expenses.

(C) The Applicant is not a business concern or entity (a) for which an entity created in or organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, or that has significant operations in the People's Republic of China or the Special Administrative Region of Hong Kong, owns or holds, directly or indirectly, not less than 20 percent of the economic interest of the business concern or entity, including as equity shares or a capital or profit interest in a limited liability company or partnership; or (b) that retains, as a member of the board of directors of the business concern, a person who is a resident of the People's Republic of China.

(D) The Applicant is not required to submit a registration statement under section 2 of the Foreign Agents Registration Act of 1938 (22 U.S.C. 612).

(E) The Applicant is not a business concern or entity primarily engaged in political or lobbying activities, including any entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public documents.

(4) A lender must submit SBA Form 2484-SD (Paycheck Protection Program Lender's Application – Second Draw Loan Guaranty) electronically in accordance with program requirements and maintain the forms and supporting documentation in its files.

(h) What do lenders need to know and do?

(1) A lender approved to make First Draw PPP Loans may make Second Draw PPP Loans under the same terms and conditions applicable to First Draw PPP Loans, including all requirements under sections (C) and (D) of the Consolidated First Draw PPP IFR, except as otherwise provided in this section.

(2) What do lenders have to do in terms of loan underwriting?

(i) Each lender shall:

(A) Confirm receipt of borrower certifications contained in Paycheck Protection Program Second Draw Borrower Application Form (SBA Form 2483-SD) or lender's equivalent;

(B) Confirm receipt of information demonstrating that a borrower was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees or had employees for whom the borrower paid salaries and payroll taxes on or around February 15, 2020;

(C) Confirm the dollar amount of average monthly payroll costs for 2019 or 2020 (whichever was used to calculate loan amount) by reviewing the payroll documentation submitted with the borrower's application;

(D) For a Second Draw PPP Loan greater than \$150,000 or a loan of \$150,000 or less where the borrower provides documentation of revenue reduction, confirm the dollar amount and percentage of the borrower's revenue reduction by performing a good faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning the borrower's revenue reduction. For a loan of \$150,000 or less where the borrower does not provide documentation of revenue reduction with its application, the lender shall perform this review when the borrower provides such documentation. If the lender identifies errors in the borrower's calculation or material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the issue.

(E) Follow applicable BSA requirements (listed in subsection (C)(3)(d) of the Consolidated First Draw PPP IFR); and

(ii) Each lender's underwriting obligation under the Second Draw PPP is limited to the items above and reviewing the "Paycheck Protection Program Second Draw Borrower Application Form" (SBA Form 2483-SD) or lender's equivalent form.

(iii) A lender may rely on any certification or documentation submitted by an applicant for a PPP loan or an eligible recipient or eligible entity that (A) is submitted pursuant to all applicable statutory requirements, regulations, and guidance related to a PPP loan, including under sections 7(a)(36) or (37) of the Small Business Act (15 U.S.C. 636(a)(36) and (37)); and (B) attests that the applicant, eligible recipient, or eligible entity, as applicable, has accurately provided the certification or documentation to the lender in accordance with the statutory requirements, regulations, and guidance related to PPP loans. With respect to a lender that relies on such a certification or documentation related to a Second Draw PPP Loan, an enforcement action may not be taken against the lender, and the lender shall not be subject to any penalties relating to loan origination or forgiveness of the Second Draw PPP Loan, if— (A) the lender acts in good faith relating to loan origination or forgiveness of the Second Draw PPP Loan based on that reliance; and (B) all other relevant Federal, State, local, and other statutory and regulatory requirements applicable to the lender are satisfied with respect to the Second Draw PPP Loan.

(3) SBA will pay lenders fees for processing Second Draw PPP Loans in the following amounts:

(i) for a Second Draw PPP Loan of up to (and including) \$50,000, in an amount equal to the lesser of:

(A) 50 percent of the balance of the financing outstanding at the time of disbursement of the loan; or

(B) \$2,500; and

(ii) for a Second Draw PPP Loan of more than \$50,000, in an amount that is:

(A) 5 percent of the balance of the financing outstanding at the time of disbursement of the loan for a loan up to (and including) \$350,000; and

(B) 3 percent of the balance of the financing outstanding at the time of disbursement of the loan for a loan above \$350,000.

(i) Will an applicant's Second Draw PPP Loan application be affected if there are unresolved issues regarding the applicant's First Draw PPP Loan?

(1) If a First Draw PPP Loan is under review pursuant to PPP rules and/or information in SBA's possession indicates that the borrower may have been ineligible for the First Draw PPP Loan it received or for the loan amount received by the borrower, the lender will receive notification from SBA when the lender submits an application for guaranty of a Second Draw PPP Loan ("unresolved borrower").

(2) If the lender receives notification that the Applicant for a Second Draw PPP Loan is an unresolved borrower, the lender will not receive an SBA loan number. SBA will resolve the issue related to the unresolved borrower expeditiously and will notify the lender of the process to obtain an SBA loan number for the Second Draw PPP Loan, if appropriate.

(j) Are Second Draw PPP Loans eligible for loan forgiveness?

Second Draw PPP Loans are eligible for loan forgiveness on the same terms and conditions as First Draw PPP Loans, except that Second Draw PPP Loan borrowers with a principal amount of \$150,000 or less are required to provide documentation of revenue reduction if such documentation was not provided at the time of the loan application as specified in subsections (g)(2)(iv) and (v) of this section.

V. Additional Information

SBA may provide further guidance, if needed, through SBA notices and a program guide which will be posted on SBA's website at www.sba.gov.

Questions on the Paycheck Protection Program 7(a) Loans (First Draw PPP Loans and Second Draw PPP Loans) may be directed to the Lender Relations Specialist in the local SBA Field Office. The local SBA Field Office may be found at <https://www.sba.gov/tools/local-assistance/districtoffices>.

**Compliance with Executive Orders 12866, 12988, 13132, 13563, and 13771, the Paperwork Reduction Act (44 U.S.C. Ch. 35), and the Regulatory Flexibility Act (5 U.S.C. 601-612).
Executive Orders 12866, 13563, and 13771**

This interim final rule is economically significant for the purposes of Executive Orders 12866 and 13563, and the Office of Management and Budget's Office of Information and Regulatory Affairs (OIRA) had determined that this is a major rule under the Congressional Review Act (5 U.S.C. 804(2)). SBA, however, is proceeding under the emergency provision at Executive Order 12866 section 6(a)(3)(D) based on the need to move expeditiously to mitigate the current economic conditions arising from the COVID-19 emergency. This rule's designation under Executive Order 13771 will be informed by public comment.

This rule is necessary to implement the Economic Aid Act in order to provide economic relief to small businesses nationwide adversely impacted under the COVID-19 Emergency Declaration. We anticipate that this rule will result in substantial benefits to small businesses, their employees, and the communities they serve. However, we lack data to estimate the effects of this rule.

The Administrator of OIRA has determined that this is a major rule for purposes of the Congressional Review Act (5 U.S.C. 801 et seq.) (CRA). Under section 801(3) of the CRA, a major rule takes effect 60 days after the rule is published in the Federal Register.

Notwithstanding this requirement, section 808(2) of the CRA allows agencies to dispense with the requirements of section 801 when the agency for good cause finds that such procedure would be impracticable, unnecessary, or contrary to the public interest and the rule shall take effect at such time as the agency promulgating the rule determines. Pursuant to section 808(2) of the CRA, SBA finds, for good cause, that a 60-day delay in the effective date is unnecessary and contrary to the public interest.

As discussed elsewhere in this interim final rule, the last day to apply for and receive a PPP loan is March 31, 2021. Given the short duration of this program, and the urgent need to issue loans quickly, the Administrator in consultation with the Secretary has determined that it is impractical and not in the public interest to provide a delayed effective date. An immediate effective date will give small businesses the maximum amount of time to apply for loans and lenders the maximum amount of time to process applications before the program ends.

Executive Order 12988

SBA has drafted this rule, to the extent practicable, in accordance with the standards set forth in section 3(a) and 3(b)(2) of Executive Order 12988, to minimize litigation, eliminate ambiguity, and reduce burden. The rule has no preemptive or retroactive effect.

Executive Order 13132

SBA has determined that this rule will not have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various layers of government. Therefore, SBA has determined that

this rule has no federalism implications warranting preparation of a federalism assessment.

Paperwork Reduction Act, 44 U.S.C. Chapter 35

SBA has determined that this rule will impose new recordkeeping or reporting requirements under the Paperwork Reduction Act (“PRA”). This information collection (IC) consists of SBA Form 2483-SD (Paycheck Protection Program Second Draw Application Form) and SBA Form 2484-SD (Paycheck Protection Program Lender’s Application – Second Draw Loan Guaranty. SBA has requested emergency approval for the IC required to implement the Second Draw PPP Program described above.

Regulatory Flexibility Act (RFA)

The Regulatory Flexibility Act (RFA) generally requires that when an agency issues a proposed rule, or a final rule pursuant to section 553(b) of the APA or another law, the agency must prepare a regulatory flexibility analysis that meets the requirements of the RFA and publish such analysis in the Federal Register. 5 U.S.C. 603, 604. Specifically, the RFA normally requires agencies to describe the impact of a rulemaking on small entities by providing a regulatory impact analysis. Such analysis must address the consideration of regulatory options that would lessen the economic effect of the rule on small entities. The RFA defines a “small entity” as (1) a proprietary firm meeting the size standards of the Small Business Administration (SBA); (2) a nonprofit organization that is not dominant in its field; or (3) a small government jurisdiction with a population of less than 50,000. 5 U.S.C. 601(3)–(6). Except for small government jurisdictions with a population of less than 50,000, neither State nor local governments are “small entities.”

The requirement to conduct a regulatory impact analysis does not apply if the head of the agency “certifies that the rule will not, if promulgated, have a significant economic impact on a

substantial number of small entities.” 5 U.S.C. 605(b). The agency must, however, publish the certification in the Federal Register at the time of publication of the rule, “along with a statement providing the factual basis for such certification.” If the agency head has not waived the requirements for a regulatory flexibility analysis in accordance with the RFA’s waiver provision, and no other RFA exception applies, the agency must prepare the regulatory flexibility analysis and publish it in the Federal Register at the time of promulgation or, if the rule is promulgated in response to an emergency that makes timely compliance impracticable, within 180 days of publication of the final rule. 5 U.S.C. 604(a), 608(b).

Rules that are exempt from notice and comment are also exempt from the RFA requirements, including conducting a regulatory flexibility analysis, when among other things the agency for good cause finds that notice and public procedure are impracticable, unnecessary, or contrary to the public interest. Small Business Administration’s Office of Advocacy guide: *How to Comply with the Regulatory Flexibility Ac. Ch.1. p.9*. Since this rule is exempt from notice and comment, SBA is not required to conduct a regulatory flexibility analysis.

Authority: 15 U.S.C. 636(a)(36); Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136, section 1114; and Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, Pub. L. 116-260, section 303.

Jovita Carranza,
Administrator

PAYCHECK PROTECTION PROGRAM FIRST DRAW LOANS

SBA is reopening the Paycheck Protection Program (PPP) for First Draw Loans the week of January 11, 2021. First Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

Full Forgiveness Terms

First Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained;
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.

Who Can Apply

Eligible small entities, that together with their affiliates (if applicable), have 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—can apply. Entities with more than 500 employees in certain industries that meet SBA's alternative size standard or SBA's size standards for those particular industries can also apply.¹

Reapplying and Loan Increases

Existing PPP borrowers that did not receive loan forgiveness by December 27, 2020 may: (1) reapply for a First Draw PPP Loan if they previously returned some or all of their First Draw PPP Loan funds, or (2) under certain circumstances, request to modify their First Draw PPP Loan amount if they previously did not accept the full amount for which they are eligible.

How and When to Apply

Borrowers can apply for a First Draw PPP Loan until March 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender, or Farm Credit System institution that is participating in PPP. All new First Draw PPP Loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found [HERE](#).

Ensuring Access for All

SBA continues to call upon its lending partners, including Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), to redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities. At least \$15 billion is being set aside for First Draw PPP loans to eligible borrowers with a maximum of 10 employees or for loans of \$250,000 or less to eligible borrowers in low- or moderate-income neighborhoods. To promote access for smaller lenders and their customers, SBA will initially only accept loan applications from community financial institutions starting on January 11, 2021. The PPP will open to all participating lenders shortly thereafter.

Visit www.sba.gov or www.treasury.gov for more information and details, including the comprehensive program rules.

¹ Also eligible to apply for First Draw PPP Loans are businesses with a NAICS Code that begins with 72 (Accommodation and Food Services sector) or eligible news organizations with no more than 500 employees per physical location, as well as housing cooperatives, 501(c)(6) organizations, or destination marketing organizations with no more than 300 employees.

PAYCHECK PROTECTION PROGRAM SECOND DRAW LOANS

The Paycheck Protection Program (PPP) now allows certain eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP Loan with the same general loan terms as their First Draw PPP Loan. Second Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

Full Forgiveness Terms

Second Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained in the same manner as required for the First Draw PPP loan;
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.

Targeted Eligibility

A borrower is generally eligible for a Second Draw PPP Loan if the borrower:

- Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

Maximum Loan Amount and

Increased Assistance for Accommodation and Food Services Businesses

For most borrowers, the maximum loan amount of a Second Draw PPP Loan is 2.5x average monthly 2019 or 2020 payroll costs up to \$2 million. For borrowers in the Accommodation and Food Services sector (click [HERE](#) for NAICS 72 to confirm), the maximum loan amount for a Second Draw PPP Loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million.

How and When to Apply

Borrowers can apply for a Second Draw PPP Loan until March 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender, or Farm Credit System institution that is participating in PPP. All Second Draw PPP Loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found [HERE](#).

Ensuring Access for All

SBA continues to call upon its lending partners, including Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), to redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities. At least \$25 billion is being set aside for Second Draw PPP Loans to eligible borrowers with a maximum of 10 employees or for loans of \$250,000 or less to eligible borrowers in low- or moderate-income neighborhoods. To promote access for smaller lenders and their customers, SBA will initially only accept Second Draw PPP Loan applications from community financial institutions starting on January 13, 2021. The PPP will open to all participating lenders for Second Draw PPP Loans shortly thereafter.

Visit www.sba.gov or www.treasury.gov for more information and details, including the comprehensive program rules.

U.S. DEPARTMENT OF THE TREASURY
EMERGENCY RENTAL ASSISTANCE PROGRAM
Data and Methodology for State, Local Government, and Territory Allocations
January 11, 2021

Eligibility of Local Governments

A unit of local government eligible for receipt of direct payment includes a county, municipality, town, township, village, parish, borough, or other unit of general government below the State level with a population that exceeds 200,000.

Overlapping Jurisdictions.

Some local governments (for example, a city) may be entirely within the boundaries of a larger local government (for example, a county or parish). The larger local government may include, for purposes of determining whether it meets the 200,000 threshold for *eligibility*, the population of the smaller, constituent local government.

The population used to calculate the larger local government's *payment amount* will depend on whether any smaller, constituent local government that is eligible to receive a payment provides a certification for payment:

- If the smaller, constituent local government does not provide a certification for payment, the entire population of the larger local government (including the population of the smaller local government) will be used for purposes of calculating its payment amount.
- If the smaller, constituent local government provides a certification for payment, the population of the smaller local government will be subtracted from the population of the larger local government for purposes of calculating its payment amount.

The following examples illustrate these points.

- County A has a total population of 250,000, comprised of 75,000 in City B (the incorporated part of the county within the borders of County A) and 175,000 in the unincorporated part of the county.
 - County A is eligible to receive a payment, because its total population (including both the incorporated City A and the unincorporated part of the county) is greater than 200,000.
 - County A's payment amount will be calculated based on a population of 250,000.
 - City B is not eligible to receive a payment because its population is less than 200,000.
- County C has a total population of 400,000, comprised of 300,000 in City D (the incorporated part of the county) and 100,000 in the unincorporated part of the county.
 - Both County C and City D are eligible to provide a certification, because their total respective populations exceed 200,000.
 - If County C provides a certification but City D does not, County C's payment amount will be based on a population of 400,000.
 - If both County C and City D provide certifications, County C's payment amount will be calculated based on a population of 100,000 (total population less the population of City D). City D's payment amount will be calculated based on its population of 300,000.

Census Data

The Consolidated Appropriation Act, 2021 (the “Act”) directs Treasury to use U.S. Census Bureau data for the most recent year for which data are available for population calculations for the Emergency Rental Assistance program.

States and Local Governments

Treasury will use data from the U.S. Census Bureau’s Population Estimates Program for determining the populations of States and local governments:

- Treasury will use 2020 data from the 2020 Vintage for States and the District of Columbia. The 2020 Vintage for States is the most recently available estimates of state population, and is available at <https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html>.
- Treasury will use 2019 data from the 2019 Vintage to determine the local governments’ relative population share of each state. The 2019 Vintage is the most recently available estimates of the relative population share of each local government’s population to the state population. The 2019 Vintage data for States, Counties, and units of local government below the county level are available at <https://www.census.gov/programs-surveys/popest/data/tables.2019.html>.

The table below includes the population for each State and the District of Columbia, the State’s share of the total population of the 50 states and the District of Columbia, and the State’s allocation (which takes into account the statutory requirement that no State receive less than \$200,000,000).

State	State Population, 2020	State Share of Total Population	Maximum State Allocation
Alabama	4,921,532	0.0149	\$326,358,801.20
Alaska	731,158	0.0022	\$200,000,000.00
Arizona	7,421,401	0.0225	\$492,131,217.20
Arkansas	3,030,522	0.0092	\$200,961,311.80
California	39,368,078	0.1195	\$2,610,593,356.20
Colorado	5,807,719	0.0176	\$385,124,024.50
Connecticut	3,557,006	0.0108	\$235,873,751.10
Delaware	986,809	0.0030	\$200,000,000.00
District of Columbia	712,816	0.0022	\$200,000,000.00
Florida	21,733,312	0.0660	\$1,441,188,973.40
Georgia	10,710,017	0.0325	\$710,207,372.20
Hawaii	1,407,006	0.0043	\$200,000,000.00
Idaho	1,826,913	0.0055	\$200,000,000.00
Illinois	12,587,530	0.0382	\$834,709,842.60
Indiana	6,754,953	0.0205	\$447,937,423.40
Iowa	3,163,561	0.0096	\$209,783,452.70
Kansas	2,913,805	0.0088	\$200,000,000.00
Kentucky	4,477,251	0.0136	\$296,897,443.50
Louisiana	4,645,318	0.0141	\$308,042,376.60
Maine	1,350,141	0.0041	\$200,000,000.00
Maryland	6,055,802	0.0184	\$401,575,013.80

State	State Population, 2020	State Share of Total Population	Maximum State Allocation
Massachusetts	6,893,574	0.0209	\$457,129,720.30
Michigan	9,966,555	0.0302	\$660,906,592.10
Minnesota	5,657,342	0.0172	\$375,152,158.50
Mississippi	2,966,786	0.0090	\$200,000,000.00
Missouri	6,151,548	0.0187	\$407,924,164.80
Montana	1,080,577	0.0033	\$200,000,000.00
Nebraska	1,937,552	0.0059	\$200,000,000.00
Nevada	3,138,259	0.0095	\$208,105,615.30
New Hampshire	1,366,275	0.0041	\$200,000,000.00
New Jersey	8,882,371	0.0270	\$589,011,704.40
New Mexico	2,106,319	0.0064	\$200,000,000.00
New York	19,336,776	0.0587	\$1,282,268,820.90
North Carolina	10,600,823	0.0322	\$702,966,451.50
North Dakota	765,309	0.0023	\$200,000,000.00
Ohio	11,693,217	0.0355	\$775,405,764.40
Oklahoma	3,980,783	0.0121	\$263,975,438.50
Oregon	4,241,507	0.0129	\$281,264,683.40
Pennsylvania	12,783,254	0.0388	\$847,688,778.80
Rhode Island	1,057,125	0.0032	\$200,000,000.00
South Carolina	5,218,040	0.0158	\$346,020,970.50
South Dakota	892,717	0.0027	\$200,000,000.00
Tennessee	6,886,834	0.0209	\$456,682,774.50
Texas	29,360,759	0.0891	\$1,946,983,603.80
Utah	3,249,879	0.0099	\$215,507,410.00
Vermont	623,347	0.0019	\$200,000,000.00
Virginia	8,590,563	0.0261	\$569,661,203.50
Washington	7,693,612	0.0234	\$510,182,193.10
West Virginia	1,784,787	0.0054	\$200,000,000.00
Wisconsin	5,832,655	0.0177	\$386,777,591.50
Wyoming	582,328	0.0018	\$200,000,000.00
Total	329,484,123	1.0000	\$23,785,000,000.00

U.S. Territories

Section 501(b)(3)(A)(ii) of Division N of the Act provides discretion to the Secretary to determine each Territory's share of the total population of all Territories.

Treasury will use 2019 data from the 2019 Vintage from the U.S. Census Bureau's Population Estimates Program for determining the population of Puerto Rico. The 2019 Vintage data are available at <https://www.census.gov/programs-surveys/popest/data/tables.2019.html>.

Treasury will use data from the U.S. Census Bureau's International Programs' International Data Base for determining the populations of USVI, Guam, CNMI, and American Samoa. International Programs

updated its population estimates and future population projections for the U.S. Territories in December 2020. The December 2020 update caused the population estimates for 2019 to be revised from previous releases. Treasury will use the 2019 population projections from International Programs' December 2020 population estimates and projections for USVI, Guam, CNMI, and American Samoa. These data are available at <https://www.census.gov/data-tools/demo/idb/#/table>.

These Census data provide the most accurate estimate available of the current population of each of the Territories. In addition, this approach is consistent with the approach taken for the population data of States and local governments.

The table below includes the population of each Territory, the share of the Territories, and the allocation for each Territory (which takes into account the statutory requirement that the sum of the amounts allocated for payments to all the Territories other than Puerto Rico shall not be less than \$75,000,000).

	Population, 2019	Share of Total Population	Allocation
American Samoa	48,456	0.0136	\$9,682,885.60
Guam	168,149	0.0471	\$33,600,948.00
Northern Mariana Islands	52,048	0.0146	\$10,400,669.30
Puerto Rico	3,193,694	0.8948	\$325,000,000.00
Virgin Islands	106,669	0.0299	\$21,315,497.10
Total	3,569,016	1.0000	\$400,000,000.00

FEMA Supporting COVID-19 Vaccine Distribution

FEMA is supporting state, local, tribal and territorial governments in the fight against the Coronavirus (COVID-19) by reimbursing eligible expenses incurred in providing the COVID-19 vaccine to the public.

COVID-19 vaccines have been purchased and are being distributed by Operation Warp Speed at no cost to enrolled COVID-19 vaccine providers. Operation Warp Speed is also providing vaccination kits, including needles, syringes, and personal protective equipment (PPE) needed for the safe administration of COVID-19 vaccines.

As part of the unprecedented effort to support the protection of public health and end the COVID-19 pandemic, FEMA will support eligible state, local, tribal, and territorial governments and private nonprofit (PNP) facilities with the distribution, transportation, storage, and administration of COVID-19 vaccines. Eligible costs include, but are not limited to: PPE, other equipment, and supplies required for storing, handling, distributing/transporting, and administering COVID-19 vaccines; facility support costs, including leasing space for storage and/or administration of vaccines, utilities, maintenance, and security; medical and support staff not paid for by another funding source; information technology systems and support; communications to disseminate public information regarding vaccinations; and training and technical assistance for vaccine distribution and administration. FEMA will continue to consider additional costs incurred by eligible entities to expedite vaccinations across the country.

Funding to assist state, local, tribal and territorial governments in vaccinating their residents is in addition to the \$56.6 billion FEMA has previously allocated in the fight against COVID-19.

Contact Us

If you have any questions, please contact FEMA Office of External Affairs:

- Congressional Affairs at (202) 646-4500 or at FEMA-Congressional-Affairs@fema.dhs.gov
- Intergovernmental Affairs at (202) 646-3444 or at FEMA-IGA@fema.dhs.gov
- Tribal Affairs at (202) 646-3444 or at FEMA-Tribal@fema.dhs.gov
- Private Sector Engagement at (202) 646-3444 or at nbeoc@max.gov



FEMA

Follow Us

Follow FEMA on social media at: [FEMA Blog](#) on fema.gov, [@FEMA](#) or [@FEMAEspanol](#) on Twitter, [FEMA](#) or [FEMA Espanol](#) on Facebook, [@FEMA](#) on Instagram, and via [FEMA YouTube channel](#).

FEMA Mission

Helping people before, during, and after disasters.

SBA Shuttered Venue Grant Program – Webinar Notes

- **How will the SVOG affect our other SBA funding programs?**
 - You are not prohibited from getting a SVOG grant if you have or have had an EIDL loan
 - You are not prohibited from getting a SVOG grant if you received a PPP first draw before Dec 27, 2020
 - However, you may not get another “second-draw” Paycheck Protection Program (“PPP”). The SVOG will act as your second PPP.
- **Which is better for me, SVOG, PPP, or EIDL?**
 - If you meet SVOG’s narrow eligibility, then it covers a larger time frame and broader use of funds than PPP
 - PPP provides payroll for employees only, not contractors.
 - PPP requires a high rate dedicated to payroll costs, as opposed to other sustaining costs
 - PPP forgivable loans under \$150,000 have simple one-page forgiveness process
 - SVOG requires you document and verify all appropriate use of funds
 - EIDL is only a loan; it cannot be forgiven. Can cover working capital.
 - Applying for PPP after Dec 27 or SVOG doesn’t impact you eligibility for EIDL.
 - SBA intends to provide a matrix comparing the 3 programs in depth
- **How do I calculate the SVOG funds I am eligible for?**
 - If operating on 1/1/19: 45% of gross earned revenue
 - If after 1/1/19: average of months in 2019, multiply by 6
- **When can I apply for the SVOG?**
 - Currently to be determined
 - SBA will publicize date of applications in advance
 - Once the application launches, you will be able to apply immediately; SBA will process in order of priority based on revenue loss
 - You will have notice ahead of time in order to take advantage of preapplication sessions
 - Check SBA’s website regularly for updates
- **What can I use the SVOG for?**
 - Payroll, rent, utilities, other costs allowed (more details pending from the SBA)
 - Some limitations (more details pending from the SBA; check website for detailed updates)
- **What can I do in the meantime?**
 - Make list of monthly revenues



- Make list of how you would use funds if received
- **Where do I go if I have more questions?**
 - Sba.gov/coronavirusrelief
 - Email Questions to: SVOGrant@SBA.gov
 - Please put the topic of your question in subject line and SBA will answer questions in the order they receive



BEST PRACTICES FOR STATE AND LOCAL EMERGENCY RENTAL ASSISTANCE PROGRAMS

JANUARY 11, 2021



NATIONAL LOW INCOME
HOUSING COALITION

KIM JOHNSON

REBECCA YAE

INTRODUCTION

Rental assistance is crucial to ensuring low-income people remain stably housed as the economic fallout from the coronavirus pandemic continues. The “Coronavirus Aid, Relief, and Economic Security (CARES) Act,” enacted in March 2020, provided resources that many states and communities used for rental assistance programs to help renters impacted by the pandemic. From those efforts, we have learned valuable lessons for the programs that will be administering the \$25 billion in emergency rental assistance recently enacted by Congress.

The recent COVID-19 relief package passed and signed into law at the end of 2020 provides [\\$25 billion in Emergency Rental Assistance](#) through the Coronavirus Relief Fund (CRF) administered by the U.S. Treasury. These vital resources will be used by states, cities, territories, and tribal areas to provide emergency rental assistance and preserve housing stability among renters experiencing COVID-19-related financial hardships. The U.S. Treasury will [allocate](#) funds to each state, the District of Columbia, and the U.S. territories. Cities and counties with more than 200,000 residents can also request a direct allocation from the Treasury. The program as enacted provides significant flexibility for how jurisdictions can operate rental assistance programs provided they meet certain requirements.

Households are eligible for emergency rental assistance provided through the COVID-19 relief package if they meet the following criteria: (1) one or more individuals qualified for unemployment benefits or experienced a reduction in household income, incurred significant costs, or experienced other financial hardship directly or indirectly due to the pandemic; (2) the household can demonstrate a risk of homelessness or housing instability; and (3) household income is below 80% of their area median income (AMI). Jurisdictions must give priority to applicants with household incomes below 50% of AMI or with household members who are unemployed at the time of application. More information about the housing provisions in the bipartisan bill is available [here](#).

This document outlines key considerations and answers frequently asked questions for states and local jurisdictions as they plan to distribute the \$25 billion in emergency rental assistance. While this new infusion of emergency rental assistance is inadequate to keep all impacted renters stably housed for an extended time, it is a significant down payment on meeting tenants’ longer-term needs. Here, we provide recommendations for program administrators and advocates to ensure marginalized populations can access emergency rental assistance, those with the greatest needs are prioritized for receive assistance, and assistance is distributed in an equitable manner. We also make recommendations for the U.S. Treasury to provide greater clarity in its guidance to jurisdictions using these funds.

After the U.S. Treasury provides its program guidance and as we learn from our ongoing research on emergency rental assistance programs, we will update this document.

TABLE OF CONTENTS & QUESTIONS

1	INTRODUCTION
3	DETERMINE ELIGIBILITY FOR EMERGENCY RENTAL ASSISTANCE
3	What is a demonstrated risk of housing instability?
3	Does immigration status affect eligibility for emergency rental assistance?
3	Are residents of federally assisted housing eligible for emergency rental assistance?
4	CREATE A SIMPLE AND ACCESSIBLE APPLICATION PROCESS
4	How can program administrators improve tenants' accessibility to emergency rental assistance?
4	What documentation of COVID-19-related hardship should programs require?
5	What other types of documentation do programs require?
5	Can landlords apply for assistance on behalf of their tenants?
6	SELECT ELIGIBLE TENANTS FOR ASSISTANCE
6	Who should program administrators target for emergency rental assistance?
6	Should programs use a lottery or a first-come first-serve method of distribution?
6	Can a lottery system ensure those with the greatest needs will be served?
7	DETERMINE WHAT EMERGENCY RENTAL ASSISTANCE WILL COVER
7	Can programs provide assistance for less than 100% of owed rent?
8	DETERMINE LANDLORD REQUIREMENTS
8	What other requirements are often asked of landlords?
9	IDENTIFY AND PARTNER WITH KEY ORGANIZATIONS
10	TRACK WHO RECEIVES ASSISTANCE
10	IDENTIFY ADDITIONAL FEDERAL FUNDING SOURCES
11	CONTINUE ADVOCACY FOR RESOURCES AND GUIDANCE
11	CONCLUSION

DETERMINE ELIGIBILITY FOR EMERGENCY RENTAL ASSISTANCE

Households are eligible for emergency rental assistance if they meet the following criteria: (1) one or more household members experienced a reduction in household income, incurred significant costs, or experienced other financial hardships directly or indirectly due to the pandemic; (2) the household can demonstrate risk of homelessness or housing instability; and (3) household income is below 80% of AMI. The relief package requires program administrators to give priority to households with incomes below 50% of AMI or with unemployed members as of the date of application.

WHAT IS A DEMONSTRATED RISK OF HOUSING INSTABILITY?

The COVID-19 relief package provides states and jurisdictions with flexibility in the evidence they require for applicants to prove housing instability. Unless specific guidance is provided by the U.S. Treasury, emergency rental assistance programs should use a broad definition of housing instability to avoid creating a narrow window of eligibility that can preclude renters from eligibility. A broad definition of housing instability may include self-certification (if allowed under Treasury's forthcoming guidance) of current housing-cost burden, doubling or tripling up with other households, accumulation or expectation of back rental or utility payments, or currently experiencing homelessness at the time of application. Program administrators should **not** require an eviction notice for eligibility, which is often too late to prevent negative consequences for the tenant.

DOES IMMIGRATION STATUS AFFECT ELIGIBILITY FOR EMERGENCY RENTAL ASSISTANCE?

Immigration status should not impact eligibility for emergency rental assistance. The relief package does not place restrictions on emergency rental assistance based on immigration status. You can find out how immigration status affects eligibility for other assistance programs [here](#). Programs like Washington State's [Eviction Rent Assistance Program](#) explicitly stated that U.S. citizenship is not an eligibility requirement.

ARE RESIDENTS OF FEDERALLY ASSISTED HOUSING ELIGIBLE FOR EMERGENCY RENTAL ASSISTANCE?

Administrators should encourage HUD- and USDA-assisted residents (e.g., public housing, project-based rental assistance, Housing Choice Vouchers, USDA 521 rental assistance) experiencing a decline in income to immediately request an income recertification from their landlord or housing authority. An income recertification can occur when an assisted household experiences a change in income (for example, a job loss or reduced work hours) to recalculate how much the household needs to contribute toward their rent. Assisted households experiencing a drop in income should request an income recertification as soon as possible to reduce the amount of rent owed going forward.

Renters assisted by these programs, however, may still accrue back rent while their recertification is processed. Emergency rental assistance program administrators should include flexibility for residents of federally assisted housing to access emergency rental assistance as needed. Residents of federally assisted properties whose rents are not determined directly by their household incomes (e.g., Low Income Housing Tax Credit properties) should be explicitly made eligible for emergency rental assistance.

CREATE A SIMPLE AND ACCESSIBLE APPLICATION PROCESS

A short and simple application that requests basic eligibility information like current household income, rental costs, and coronavirus-related hardship will increase accessibility and ease for tenants. Administrators can use short initial applications to determine whether an applicant meets basic eligibility requirements and then determine what additional documentation is necessary. Rather than creating an application from scratch, administrators can adapt other programs' existing applications for their own program. Applications should be kept as simple and short as possible with as few additional documentation requirements as possible. Some programs, like that in [Osceola County, Florida](#), used a short online screening application to initially determine eligibility. Washington State provided local program administrators with a simple [intake form](#) for staff to fill out in screening households.

HOW CAN PROGRAM ADMINISTRATORS IMPROVE TENANTS' ACCESSIBILITY TO EMERGENCY RENTAL ASSISTANCE?

Program administrators can do a number of things to improve tenants' awareness of and accessibility to emergency rental assistance, including:

- Write program information and applications in simple language absent of jargon and complicated language.
- Provide program information and applications in multiple languages.
- Distribute program information through a wide range of channels, including on-line, community organizations, social service agencies, and 2-1-1 referral services.
- Provide multiple ways for tenants to submit applications, including on-line and through regular mail. A paper option allows tenants with limited internet access to apply.

Provide intake assistance. Even with simple and jargon-free applications, tenants may still have difficulty navigating the application process and have questions. Where possible, one-on-one or group counseling through phone calls or virtual sessions can help tenants understand the application requirements and needed documentation. Group counseling sessions can reduce administrative burden.

WHAT DOCUMENTATION OF COVID-19-RELATED HARDSHIP SHOULD PROGRAMS REQUIRE?

Our observations of existing programs suggest that excessive documentation requirements can prevent tenants from completing their applications and over-burden program staff. Simple documentation requirements may increase accessibility for tenants, reduce administrative barriers, and increase the speed at which funding is distributed. The COVID-19 relief package suggests that applicants can attest to economic hardship in writing. Therefore, administrators should consider utilizing a self-declaration form in which applicants attest to an economic hardship due to the pandemic and other qualifying criteria. For example, Utah used a detailed [self-declaration form](#) for applicants to calculate and declare their annual income. Centro Legal de la Raza, a local nonprofit administrator for emergency rental assistance programs in the Bay Area, used a simpler self-certification form (in [English](#); in [Spanish](#)) for applicants to attest to income, tenancy, COVID-19 related hardship, and more.

The U.S Treasury should clarify in future guidance the ability of applicants to self-certify their eligibility for assistance to allay the fears of hesitant administrators who fear the Treasury may expect more stringent documentation.

WHAT OTHER TYPES OF DOCUMENTATION DO PROGRAMS REQUIRE?

Required documents should be easy for households to obtain, and program administrators should be as flexible as possible with their documentation requirements. Many programs, for example, require a current lease from applicants to show proof of residency, which can exclude renters who have non-traditional or month-to-month arrangements without a formal current lease. In these cases, program administrators should allow an old rent check or signed affidavit in place of a lease.

Other examples of documentation required by previous emergency rental assistance programs funded through CARES Act or other funding streams include:

- Paystubs or employer verification of decreased income.
- A notice of termination from an applicant's employer.
- Acknowledgement from a state or federal unemployment insurance program that the tenant is unemployed or furloughed.
- Self-certification of income, COVID hardship, or informal lease arrangements.

Without flexibility for self-certification, documentation requirements may be a barrier for applicants, especially those with non-traditional, gig-economy, or precarious employment prior to the pandemic.

CAN LANDLORDS APPLY FOR ASSISTANCE ON BEHALF OF THEIR TENANTS?

Landlords can assist tenants with applying for assistance. Landlords can also apply for rental assistance on behalf of their tenants, but they must provide documentation of the application to their tenants and obtain their tenants' signatures. Any assistance landlords receive must be used to cover tenants' rental payments. Some existing programs, such as one in [King County, Washington](#), created a system for landlords to apply for assistance to speed up its distribution because they could submit applications for more than one tenant at a time.

If a landlord refuses to accept a rental assistance payment directly from a state, local, or tribal grantee, the grantee can instead provide funding directly to an eligible household for the household to pay their landlord. Some existing programs, such as the third phase of [Philadelphia's CARES Act-funded program](#), delivered direct-to-tenant rental assistance. The period for determining if a landlord is refusing to accept rental assistance or is unresponsive should be kept to a minimum – e.g., seven days – to allow renters to receive direct payments as soon as possible.

SELECT ELIGIBLE TENANTS FOR ASSISTANCE

The need for rental assistance in most places surpasses the amount of funding available, restricting the number of eligible applicants who can receive aid and forcing program administrators to decide how to allocate scarce resources. Programs funded through the COVID-19 relief package are required to give preference to households with incomes below 50% of AMI or with unemployed members at the time of application. Program administrators can set other priorities, as well.

WHO SHOULD PROGRAM ADMINISTRATORS TARGET FOR EMERGENCY RENTAL ASSISTANCE?

A significant share of emergency rental assistance should be targeted to households with the lowest incomes (less than 30% of AMI). These renters typically have the fewest financial supports to fall back on and are most at risk of eviction and homelessness. According to NLIHC's report [The Gap](#), more than 7 of every 10 extremely low-income renters were spending more than half of their income on housing even before the pandemic. Those who have lost employment income during the pandemic will have far less ability to repay their back-rent when their income recovers.

Program administrators can also target emergency rental assistance to areas with high shares of housing instability, job loss, and populations disproportionately impacted economically by the pandemic, including communities of color, which have been hardest hit by the pandemic. The Urban Institute developed [a tool](#) that identifies neighborhoods with high shares of residents at high risk for homelessness, job loss, and coronavirus.

SHOULD PROGRAMS USE A LOTTERY OR A FIRST-COME FIRST-SERVE METHOD OF DISTRIBUTION?

A lottery method, in which eligible applicants are selected at random to receive assistance, rather than first-come first-serve, may be more equitable. First-come first-serve systems may allow program administrators to distribute funds more quickly by distributing funds as applicants are approved, but it may inadvertently reward applicants who face fewer barriers to applying for assistance and exclude historically marginalized populations who may not have immediate access to an application because of slower access to information about the program, limited internet access, or language barriers.

A lottery method typically requires programs to set an application deadline prior to selecting recipients. Some lottery-style programs set a single deadline to select applicants, as in [Montgomery County, Maryland](#), while others set rolling (periodic) deadlines to select applicants, as did [United Lift in Riverside County, California](#). Programs with single deadlines tend to open for brief windows of time (typically, several weeks), which may not provide adequate time for many tenants to learn about the program and apply. Rolling deadlines may give tenants facing significant barriers in applying for assistance more time to overcome them.

CAN A LOTTERY SYSTEM ENSURE THOSE WITH THE GREATEST NEEDS WILL BE SERVED?

A weighted lottery system, as in [Harris County, Texas](#), can ensure that populations with the greatest need, such as extremely low-income renters, those experiencing unemployment, or families with children, are more likely to receive assistance. A lottery system by itself, however, cannot ensure marginalized populations have access to assistance; outreach, intake assistance, and other assets must also be provided to those communities.

DETERMINE WHAT EMERGENCY RENTAL ASSISTANCE WILL COVER

Program administrators can disburse emergency rental assistance for current and future rent, rental arrears, utility and home energy costs, and utility and home energy costs in arrears. Emergency rental assistance can cover up to 12 months of rent, with an additional three months if necessary to ensure housing stability. For eligible applicants with rental arrears, program administrators can provide assistance for prospective (future) rent only if they also provide assistance to reduce rental arrears. Program administrators providing rental assistance for future months must recertify applicants' eligibility every three months. Because the need for assistance is greater than current resources, program administrators will need to decide what share of rent and how many months emergency rental assistance will cover.

CAN PROGRAMS PROVIDE ASSISTANCE FOR LESS THAN 100% OF OWED RENT?

Yes. To stretch the limited funding for emergency rental assistance, some existing program administrators ask landlords to accept a fraction of rent as payment-in-full. This concession allows the program to serve more tenants and still provides landlords with rental income. One challenge, however, is determining what share of rent landlords are willing to forgo for their tenants to receive rental assistance. A [survey](#) in Philadelphia indicated that a large share of landlords were unwilling to accept the city's initial level of assistance - a flat rate of up to \$750 per month - as full payment of rent, which the city later increased.

Alternatively, program administrators can set a maximum amount of monthly emergency rental assistance that a tenant can receive. This cap likely works best if it reflects the local housing market. Some programs, for example, use [HUD's Fair Market Rents](#) to set maximum emergency rental assistance. Others require tenants to contribute a portion of their income toward rent and the assistance covers the remaining rent up to the maximum amount. In this case, some program administrators allow landlords and tenants to negotiate a repayment plan for the tenant contribution.

DETERMINE LANDLORD REQUIREMENTS

Program administrators can make payments directly to a tenant's landlord on behalf of tenants. In many current programs, landlords are typically required to submit a W-9 form to the jurisdiction before receiving payment.

If the landlord refuses to participate, the relief package authorizes program administrators to distribute assistance directly to the tenant for the purpose of paying their rent. This option eliminates the barrier that tenants faced in some existing programs when their landlords refused to participate, leaving eligible tenants unable to receive help. As stated previously, program administrators should provide only a short amount of time (e.g., up to seven calendar days) for landlords to participate and meet necessary requirements before distributing assistance directly to tenants.

WHAT OTHER REQUIREMENTS ARE OFTEN ASKED OF LANDLORDS?

Approximately one in four emergency rental assistance programs in [NLIHC's database](#) ask landlords for additional requirements or concessions beyond accepting payment from the program. These requirements can include:

- Additional unit inspections;
- Accepting a fraction (ex: 80%) of rent as payment-in-full;
- Forgiving back rent not covered by the program;
- Waiving late fees; and/or
- Promising not to move forward with an eviction for a specified length of time.

These concessions can stretch the limited supply of emergency rental assistance to cover more tenants and secure additional tenant protections. Overly stringent concessions, however, can reduce landlords' willingness to participate

IDENTIFY AND PARTNER WITH KEY ORGANIZATIONS

Jurisdictions can partner with a variety of key organizations to implement their emergency rental assistance programs, as well as provide outreach to marginalized populations who may be difficult to reach. Some of these organizations include:

Organizations with experience in providing aid and support to people in need. Organizations connected to and serving low-income communities can spread awareness of emergency rental assistance programs through established networks, as well as use existing infrastructure and capacity to help shoulder program administration.

- Numerous statewide programs relied on their network of Community Action Agencies, including those in [Wisconsin](#) and [Oregon](#). Their experience administering a variety of federal grants and rental assistance and their connections with low-income communities uniquely suit them to support emergency rental assistance programs.
- Many local programs worked with their United Way and 2-1-1 referral services in some capacity, including administration and connecting renters to emergency rental assistance programs in their area. It is essential that 2-1-1 operators are aware of all rental assistance programs so they can quickly and appropriately connect callers to the assistance they need.

Organizations embedded in communities most impacted by housing instability and COVID-19. Working with community organizations within the hardest-hit communities may help address issues of equity as they often have close ties to and are trusted by the communities they serve, making it easier to reach people who may not otherwise be aware of the resources available or who may be hesitant to reach out for help. They can identify potential barriers posed by the application process and are better equipped to help tenants in need of culturally-specific assistance. For example, the State of Oregon partnered with [Oregon Human Development Corporation](#) to ensure rental assistance would reach agricultural farmworkers. The State of Washington required local jurisdictions to partner with [organizations operated by and for the marginalized communities they assist and serve](#). Pierce County, Washington's program administrators worked with organizations led by people of color and members of the LGBTQ community to perform outreach to historically marginalized people.

Landlords and housing owners/operators. Landlords and housing owners/operators are vital to emergency rental assistance programs. Outreach to landlords to educate them about the availability of emergency rental assistance and landlord-tenant mediation resources available in your area may increase landlord participation. Direct communication with landlords can also ensure both landlords and tenants are aware of additional requirements or concessions the landlord and tenant should be following. The [State of Colorado worked closely with its state apartment association](#) to ensure that the Property Owner Preservation, one of their two rental assistance programs, had the association's support.

State and local elected officials. State and local elected officials are also powerful allies when establishing emergency rental assistance programs. The Coalition on Homelessness and Housing in Ohio ([COHHIO](#)) sent sign-on letters and performed persistent outreach to state and local leaders to build support and generate buy-in for establishing a statewide program. In Indiana, state affordable housing advocates at [Prosperity Indiana](#) partnered with the Indiana United Way to establish a Housing Stability Roundtable. The Roundtable brought together resident representatives, for-profit and non-profit housing providers, anti-homelessness advocates, tenants' rights unions, state agencies, and representatives from the court and legal systems to build a broad coalition of people dedicated to ensuring the state provides adequate rental assistance and protections for people at risk of housing instability.

TRACK WHO RECEIVES ASSISTANCE

The COVID-19 relief package requires jurisdictions to document and make available the number of eligible households that receive assistance, the acceptance rate of applicants for assistance, the types of assistance provided, and the average amount of funding provided per eligible household receiving assistance. Program administrators are required to provide information for household income levels below 30% of AMI, between 30% and less than 50% of AMI, and between 50% and less than 80% of AMI. They are also required to break down these data by the gender, race, and ethnicity of the primary applicant for assistance.

IDENTIFY ADDITIONAL FEDERAL FUNDING SOURCES

The CARES Act, enacted in March 2020, provided three funding streams available for states and localities to provide emergency rental assistance: Coronavirus Relief Funds (CRF), Community Development Block Grants for Coronavirus ([CDBG-CV](#)), and Emergency Solutions Grants for Coronavirus (ESG-CV). ESG-CV should be used primarily to [address the needs of people experiencing homelessness](#), but it can also be used for eviction prevention. The CARES Act allocated funds directly to states or qualified local jurisdictions. Each of these three funding streams have different requirements.

- **CRF:** Grantee jurisdictions can use these flexible funds to cover a broad number of expenses, including rental assistance, so long as the expense is a necessary expenditure due to the public health emergency and was not accounted for in the state or local government's most recent budget. Initially, jurisdictions had until December 30, 2020 to expend CRF funds, but the end-of-year COVID-19 relief package extended the deadline to the end of 2021. Of the three funding streams, CRF is the most flexible in regard to whom the funds can serve and how. Learn more about CRF [here](#), and see how your state is allocating CRF funds [here](#).
- **CDBG-CV:** Jurisdictions may spend CDBG-CV funds on rental, utility, and mortgage assistance for up to six months. While CDBG typically may only be used to cover up to three months of rental assistance, HUD's Office of Community Planning and Development (CPD) extended the limit to six months for CDBG-CV. However, extending the assistance past 100 days may subject covered units to a lead-based paint hazard inspection. Learn more about CDBG-CV [here](#), and see how much CDBG-CV was allocated to your community [here](#).
- **ESG-CV:** Jurisdictions can use funding from ESG-CV to address the needs of people experiencing or at risk of homelessness, defined in the CARES Act as people at or below 50% AMI. See how much ESG-CV was allocated to your community [here](#). The [Framework for an Equitable COVID-19 Homelessness Response](#) provides best practices for using CARES Act funding to address the needs of people experiencing homelessness.

CONTINUE ADVOCACY FOR RESOURCES AND GUIDANCE

The \$25 billion for emergency rental assistance in the COVID-19 relief package is an important down payment to help renters through this public health and economic crisis. It is, however, not enough to meet the unprecedented need. In May 2020, NLIHC estimated that ensuring housing stability for up to a year for low-income workers struggling to pay their rent would cost [\\$100 billion](#). Advocates will need to push Congress for additional rental assistance in the coming months.

Guidance from federal agencies plays a significant role in how jurisdictions will design their federally-funded programs. Program administrators and advocates should encourage the U.S. Treasury to quickly provide much-needed guidance that enables state and local governments to effectively and efficiently distribute aid to renters most in need of assistance. The guidance should:

Affirm state and local flexibility in eligibility, documentation, and distribution.

Encourage programs to prioritize households with the greatest needs.

Discourage burdensome documentation requirements by affirming that applicants can self-certify their financial hardship due, directly or indirectly, to COVID-19.

- Affirm broad and less restrictive evidence of housing instability, including self-certification of income below 30% of AMI, severe housing cost-burdens, overcrowding, or accumulation (or expected accumulation) of rental arrears.
- Encourage timely, direct payments to tenants.
- For a complete list of recommendations for Treasury's forthcoming guidance on the \$25 billion in emergency rental assistance, see a letter from NLIHC and the NLIHC-led Disaster Housing Recovery Coalition to U.S. Treasury Secretary Steven Mnuchin [here](#).

CONCLUSION

Emergency rental assistance programs are vital to ensuring people experiencing economic hardship can remain safely and stably housed throughout the duration of the pandemic. It is crucial that state and local governments distribute funding in a manner that is accessible, equitable, and reaches those most at risk of housing instability and homelessness.

For more information, please contact Rebecca Yae (ryae@nlihc.org) and Kim Johnson (kjohnson@nlihc.org).





Agenda Report

21-1273

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 1 with Townsend Public Affairs, Inc. for Legislative Advocacy Services

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

The City of Santa Clara engages in a variety of legislative efforts, including developing an annual legislative platform through its Legislative Advocacy Positions (LAP), advancing the City's goals and policy positions with regional, state, and federal elected officials and agencies, participating in regional and state committees, boards, and commissions, responding to requests for legislative support or comments for bills, ballot measures, and initiatives, identifying budget opportunities and applying for grant funding to support City programs and infrastructure. In the absence of fulltime legislative City staff, consulting services enhances staff's ability to continue to successfully implement the City's legislative program and corresponding LAP Policy. The Council approved \$150,000 annually in the City's FY 2019/20 and 2020/21 Biennial Operating Budget for consultant services to support the City's legislative advocacy efforts that are outlined in the LAP Policy.

In Fall 2019, the City conducted a competitive Request for Qualifications process and selected Townsend Public Affairs, Inc. (Townsend) out of seven firms that submitted proposals to provide the City with state and federal legislative advocacy services. As a Top Ten lobbying firm in California specializing in both legislative advocacy and grant funding in Sacramento and Washington, D.C., Townsend has represented over 200 public agencies, including cities, counties, transportation agencies, water and sanitation districts, school districts, community college districts, park and recreation districts, and other special districts, as well as nonprofit organizations. The firm has secured over \$1.8 billion in public sector funding for its clients and has had over 100 client-sponsored bills signed into law.

In January 2020, the City entered into an agreement with Townsend (Attachment 1) for state and federal legislative advocacy services including the following:

- Conducting detailed orientation
- Developing legislative strategy
- Implementing the legislative strategy
- Building and strengthening relevant relationships
- Leveraging relationships for strategic advocacy plan
- Coordinating advocacy trips and legislative appointments
- Tracking legislation of importance to the City and its many services

- Budget funding opportunities and advocacy for the City's interests
- Grant application development and support
- Post-grant submittal advocacy
- Crafting testimony and position letters
- Drafting bill language
- Providing progress reports
- Preparing and filing lobbying disclosure reports

The current agreement expires on January 29, 2021 and allows for four (4) one-year extensions beyond the initial term.

DISCUSSION

During the initial term of the agreement, Townsend has performed a wide range of advocacy services for the City. Townsend's vast knowledge about the state and federal legislative processes, long standing relationships with elected officials and agencies, and extensive staffing resources, including a team of grant writers, have provided staff with significant support in both legislative and operational areas of work. Their support has resulted in saving countless hours of staff time and ensuring that city departments are aware of and in compliance with new state and federal regulations and corresponding deadlines.

As Townsend's first assignment, its consultants attended the City Council Priority Setting Sessions in January 2020 to learn more about the Council's priorities and goals and provided recommendations for the proposed 2020 LAPs based on their observations. Due to COVID-19, the legislative process has changed significantly, as well as the normal conferences where legislation is typically reviewed. Townsend has additionally advocated for the City's interests through these changing COVID-safe changes; however, as travel has been restricted, we have not been able to implement the in-person meetings and other activities.

Townsend's 2020 Performance/Accomplishments

Since the 2020 LAPs were adopted, Townsend has used them as a legislative platform/strategy to guide the following tasks and accomplishments in 2020:

- Monitored and tracked over 160 state and federal bills pertaining to the City's interests and priorities.
- Assisted with the preparation of agenda reports and public presentations for quarterly Council updates and legislation that required additional Council discussion and action, such as AB 398.
- Provided quarterly legislative briefings to staff regarding issues pertaining to their respective department's LAPs.
- Assisted staff with preparing legislative analyses and recommendations for Council members attending legislative meetings such as the League of California Cities' Annual Conference, monthly Cities Association of Santa Clara County's Legislative Action Committee, and Santa Clara/Santa Cruz Airport Roundtable.
- Advised staff and Council on sensitive legislative issues and requests for support from regional, state, and federal elected officials and agencies such as regional ballot measures (FASTER, Caltrain's Measure RR, Santa Clara Valley Water District's Measure S, and Open

Space Authority's Measure T), Santa Clara County's excess Educational Revenue Augmentation Fund (ERAF), housing, water, and infrastructure initiatives, COVID-19 legislation related to employee protections, public records, social media and the Brown Act, police reform and social justice legislation, and AB 398 - COVID-19 Local Government and School Recovery and Relief Act.

- Kept staff apprised of state and federal activity with regular updates on key legislative issues to ensure compliance with adopted legislation and regulatory activity, including over 100 updates on COVID-19-related activity since the beginning of the pandemic. These pertinent updates helped guide the implementation of City COVID-19 programs, including meal distribution and small business assistance, and are shared with the Council and community.
- Assisted with the preparation of position letters and engaged state and federal officials and agencies on key Santa Clara priorities like COVID-19 relief funding, Santa Clara County's excess ERAF, waivers for school meal programs, airplane noise mitigation, direct aid for public power utilities during the pandemic, and funding for affordable housing, on behalf of the City. Through these engagements, the City has experienced positive outcomes for the following: distribution of COVID-19 relief funding, budget action on Santa Clara County's excess ERAF which eliminated provisions for penalties and reduced retroactive activity, extension of the waivers for the school meal programs, and access to contacts at California's FAA Ombudsman to discuss airplane noise concerns.
- Identified budget and grant funding opportunities for the City and provided grant application assistance. Among these efforts include preparing an appropriations request letter to Senator Feinstein in early 2020 and working with staff in late 2020 to proactively prepare information for four infrastructure projects, totaling over \$165M in requested funding, for submittal if Congress approves the return of federal earmarked projects in early 2021. The City also engaged Townsend for grant writing support services on two sustainability related grant efforts. The first was a \$2.5 million application to the California Energy Commission's Phase II Electric Vehicle (EV) Blueprint Implementation grant. While the City did not receive the EV Blueprint grant, the project developed through this application process did result in the development of a strong, multi-prong EV strategy that can be implemented through other funding opportunities and folded into existing City efforts. The second effort included exploration of a Clean Mobility Options funding program through the California Air Resources Board. Townsend's involvement in the Clean Mobility Options grant resulted in saving weeks of wasted staff time due to State error in the solicitation timeline and availability for this funding cycle. While this year's grant was not a viable option for the City, this allowed staff to reset efforts on preparing a project for this grant's 2021 funds, scheduled for release in summer.

Townsend's 2021 Deliverables and Future Work Efforts

With the change of federal leadership and anticipated high volume of policy changes, now more than ever there is a greater and continued need for Townsend's services as staff anticipates a busy legislative year at the regional, state, and federal levels of government. At the state level, Townsend anticipates approximately 2,500 bills being introduced during the 2021 legislative session, which reflects an increase from the approximately 2,400 bills that were introduced in 2020. On the federal side, priorities will likely shift under President Biden's administration and the new Congress and result

in more opportunities for local governments, including a prioritization of infrastructure and climate change initiatives.

In preparation for the 2021 legislative year, Townsend and the City Manager's Office (CMO) have met with Councilmembers and key departmental staff to identify their legislative priorities. Their feedback has been incorporated into the proposed 2021 LAPs that Townsend has helped prepare and will present to the Council for consideration at an upcoming February 2021 Council meeting.

With the increased focus on sustainability and the hiring of Sustainability Manager, the City is now poised to proactively monitor climate and sustainability related funding opportunities and explore new initiatives that help the City move the needle on Greenhouse Gas emissions reductions, resource conservation, waste reduction and community based sustainability. Staff anticipates utilizing Townsend's assistance for at least seven (7) different potential funding opportunities in 2021. In addition to known and anticipated grant opportunities, the California Office of Planning and Research recently presented a proposed 2021/2022 budget that includes the potential for over \$4 billion for climate change and environmental protection projects. While allocation of those funds is yet to be determined, there is discussion about projects that support climate health such as transportation electrification, equity, natural spaces and other general climate adaptation projects.

Currently, various grant opportunities are emerging in relation to energy initiatives, EV's in the multifamily residential arena, general GHG emissions reduction-based programs and community climate action and engagement. Many of these opportunities will be identified by the City's Sustainability Manager, who will also be working to support internal City sustainability changes to model the City's commitment to sustainability and climate, while also working across departments to help fund and implement the City's Climate Action Plan (CAP) initiatives. Having Townsend monitor the rapidly expanding state, and now federal climate funding sources will allow Santa Clara to seek the funding critical to support CAP implementation measures and beyond. More importantly, Townsend's support in compiling content provided by staff, guiding grant strategy, and managing and navigating the logistical and administrative heavy lifting could be the difference between busy staff being able to go after funding sources or not. This support would also allow staff to take the cross-departmental and multi-solving approach critical to creating strong and impactful projects and programs for the Santa Clara community.

As described under the background section, Townsend has a team of grant writers and the existing agreement's scope of work includes grant services and would not generate an additional cost to the City if the agreement is extended. Staff plans on utilizing Townsend to achieve the following goals for the City to support sustainability-related efforts in the upcoming years:

- Discover funding opportunities that staff may not have access to due to Townsend's connections at the state and federal levels.
- Explore the logistics and processes required by granting agencies for funding opportunities that staff identify through their contacts and connections.
- Provide information that helps staff determine the feasibility and level of priority for each grant opportunity.
- Assist in compiling the various components of a grant submittal and advising on proven success strategies for that topic or granting agency which would free up City staff time to develop the project/program, gather relevant City data, ensure the effort has community relevance/buy in and budgetary sustainability.

- Support with proposal language and narrative editing to achieve competitive submittal.
- Support with grant submittal through administrative process of granting agency.

In addition to Townsend providing their support in the areas described above, staff also anticipates having Townsend work more closely with the Water & Sewer Utilities Department on a variety of water-related legislative activity. As such, staff recommends amending Townsend's current agreement by extending the term through January 29, 2023 and increasing the total not-to-exceed amount. Staff requested a discount of Townsend based on the current COVID-19 induced budget impacts. Based on discussion with Townsend, a discount was provided for a two-year extension. The amendment reflects a discounted service cost of \$72,000 for year two and \$90,000 for year three. This brings the total three-year agreement amount to \$252,000. As noted in the fiscal impact section of this report, the funding for years two and three will come from Silicon Valley Power, the Water and Sewer Utility Funds and a portion from the General Fund.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

The existing agreement with Townsend has a not-to-exceed amount of \$90,000. Staff proposes to increase the value of the contract by \$162,000 (a discounted service cost of \$72,000 for year two and \$90,000 for year three) so the amended agreement would have a revised not-to-exceed amount of \$252,000. In the General Fund, existing funds are available in the Adopted FY 2020/21 Operating Budget under the City Manager's Office's Intergovernmental Relations and Advocacy budget (\$26,000). In the Electric Utility Fund, existing funding is available under Silicon Valley Power's Administrative Services Budget (\$36,000). The Water & Sewer Utilities Department will provide funding for the remaining balance of \$10,000 using existing allocations in the Water Utility Fund (\$5,000) and Sewer Utility Fund (\$5,000).

Funds required for the agreement in FY 2021/22 are subject to budget appropriations and will be incorporated into the budget development process for that year.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Authorize the City Manager to execute Amendment No. 1 to the Agreement with Townsend Public Affairs, Inc. to extend the term of the agreement through January 29, 2023 and increase the total not-to-exceed amount from \$90,000 to \$252,000.

Prepared by: Christine Jung, Assistant to the City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Original Agreement with Townsend Public Affairs, Inc.
2. Amendment No. 1 to Agreement with Townsend Public Affairs, Inc.

**AGREEMENT FOR SERVICES
BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
TOWNSEND PUBLIC AFFAIRS, INC.**

PREAMBLE

This Agreement is entered into between the City of Santa Clara, California, a chartered California municipal corporation (City) and Townsend Public Affairs, Inc., a California corporation, (Contractor). City and Contractor may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

RECITALS

- A. City desires to secure the services more fully described in this Agreement, at Exhibit A, entitled "Scope of Services";
- B. Contractor represents that it, and its subcontractors, if any, have the professional qualifications, expertise, necessary licenses and desire to provide certain goods and/or required services of the quality and type which meet objectives and requirements of City; and,
- C. The Parties have specified herein the terms and conditions under which such services will be provided and paid for.

The Parties agree as follows:

AGREEMENT TERMS AND CONDITIONS

1. AGREEMENT DOCUMENTS

The documents forming the entire Agreement between City and Contractor shall consist of these Terms and Conditions and the following Exhibits, which are hereby incorporated into this Agreement by this reference:

Exhibit A – Scope of Services

Exhibit B – Schedule of Fees

Exhibit C – Insurance Requirements

Exhibit D – Labor Compliance Addendum (if applicable)

This Agreement, including the Exhibits set forth above, contains all the agreements, representations and understandings of the Parties, and supersedes and replaces any previous agreements, representations and understandings,

whether oral or written. In the event of any inconsistency between the provisions of any of the Exhibits and the Terms and Conditions, the Terms and Conditions shall govern and control.

2. TERM OF AGREEMENT

Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to this Agreement, the term of this Agreement shall begin on January 30, 2020 and terminate on January 29, 2021. The City reserves the right to exercise four (4) additional one-year options after the initial term for a total of five years. The selected consultant may request adjustments to the compensation rates after the initial term. Compensation adjustments shall be subject to the City's approval and must be tied to a relevant price index.

3. SCOPE OF SERVICES & PERFORMANCE SCHEDULE

Contractor shall perform those Services specified in Exhibit A within the time stated in Exhibit A. Time is of the essence.

4. WARRANTY

Contractor expressly warrants that all materials and services covered by this Agreement shall be fit for the purpose intended, shall be free from defect and shall conform to the specifications, requirements and instructions upon which this Agreement is based. Contractor agrees to promptly replace or correct any incomplete, inaccurate or defective Services at no further cost to City when defects are due to the negligence, errors or omissions of Contractor. If Contractor fails to promptly correct or replace materials or services, City may make corrections or replace materials or services and charge Contractor for the cost incurred by City.

5. QUALIFICATIONS OF CONTRACTOR - STANDARD OF CARE

Contractor represents and maintains that it has the expertise in the professional calling necessary to perform the Services, and its duties and obligations, expressed and implied, contained herein, and City expressly relies upon Contractor's representations regarding its skills and knowledge. Contractor shall perform such Services and duties in conformance to and consistent with the professional standards of a specialist in the same discipline in the State of California.

6. COMPENSATION AND PAYMENT

In consideration for Contractor's complete performance of Services, City shall pay Contractor for all materials provided and Services rendered by Contractor in accordance with Exhibit B, entitled "SCHEDULE OF FEES." The maximum compensation of this Agreement is ninety thousand dollars (\$90,000), subject to

budget appropriations, which includes all payments that may be authorized for Services and for expenses, supplies, materials and equipment required to perform the Services. All work performed or materials provided in excess of the maximum compensation shall be at Contractor's expense. Contractor shall not be entitled to any payment above the maximum compensation under any circumstance.

7. TERMINATION

- A. Termination for Convenience. City shall have the right to terminate this Agreement, without cause or penalty, by giving not less than Thirty (30) days' prior written notice to Contractor.
- B. Termination for Default. If Contractor fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, City may terminate this Agreement immediately upon written notice to Contractor.
- C. Upon termination, each Party shall assist the other in arranging an orderly transfer and close-out of services. As soon as possible following the notice of termination, but no later than ten (10) days after the notice of termination, Contractor will deliver to City all City information or material that Contractor has in its possession.

8. ASSIGNMENT AND SUBCONTRACTING

City and Contractor bind themselves, their successors and assigns to all covenants of this Agreement. This Agreement shall not be assigned or transferred without the prior written approval of City. Contractor shall not hire subcontractors without express written permission from City.

Contractor shall be as fully responsible to City for the acts and omissions of its subcontractors, and of persons either directly or indirectly employed by them, as Contractor is for the acts and omissions of persons directly employed by it.

9. NO THIRD PARTY BENEFICIARY

This Agreement shall not be construed to be an agreement for the benefit of any third party or parties and no third party or parties shall have any claim or right of action under this Agreement for any cause whatsoever.

10. INDEPENDENT CONTRACTOR

Contractor and all person(s) employed by or contracted with Contractor to furnish labor and/or materials under this Agreement are independent contractors and do not act as agent(s) or employee(s) of City. Contractor has full rights to manage its employees in their performance of Services under this Agreement.

11. CONFIDENTIALITY OF MATERIAL

All ideas, memoranda, specifications, plans, manufacturing procedures, data, drawings, descriptions, documents, discussions or other information developed or received by or for Contractor and all other written information submitted to Contractor in connection with the performance of this Agreement shall be held confidential by Contractor and shall not, without the prior written consent of City, be used for any purposes other than the performance of the Services nor be disclosed to an entity not connected with performance of the Services. Nothing furnished to Contractor which is otherwise known to Contractor or becomes generally known to the related industry shall be deemed confidential.

12. OWNERSHIP OF MATERIAL

All material, which shall include, but not be limited to, data, sketches, tracings, drawings, plans, diagrams, quantities, estimates, specifications, proposals, tests, maps, calculations, photographs, reports, designs, technology, programming, works of authorship and other material developed, collected, prepared or caused to be prepared under this Agreement shall be the property of City but Contractor may retain and use copies thereof. City shall not be limited in any way or at any time in its use of said material. However, Contractor shall not be responsible for damages resulting from the use of said material for work other than Project, including, but not limited to, the release of this material to third parties.

13. RIGHT OF CITY TO INSPECT RECORDS OF CONTRACTOR

City, through its authorized employees, representatives or agents shall have the right during the term of this Agreement and for four (4) years from the date of final payment for goods or services provided under this Agreement, to audit the books and records of Contractor for the purpose of verifying any and all charges made by Contractor in connection with Contractor compensation under this Agreement, including termination of Contractor. Contractor agrees to maintain sufficient books and records in accordance with generally accepted accounting principles to establish the correctness of all charges submitted to City. Any expenses not so recorded shall be disallowed by City. Contractor shall bear the cost of the audit if the audit determines that there has been a substantial billing deviation in excess of five (5) percent adverse to the City.

Contractor shall submit to City any and all reports concerning its performance under this Agreement that may be requested by City in writing. Contractor agrees to assist City in meeting City's reporting requirements to the State and other agencies with respect to Contractor's Services hereunder.

14. HOLD HARMLESS/INDEMNIFICATION

- A. To the extent permitted by law, Contractor agrees to protect, defend, hold harmless and indemnify City, its City Council, commissions, officers, employees, volunteers and agents from and against any claim, injury,

liability, loss, cost, and/or expense or damage, including all costs and attorney's fees in providing a defense to any such claim or other action, and whether sounding in law, contract, tort, or equity, in any manner arising from, or alleged to arise in whole or in part from, or in any way connected with the Services performed by Contractor pursuant to this Agreement – including claims of any kind by Contractor's employees or persons contracting with Contractor to perform any portion of the Scope of Services – and shall expressly include passive or active negligence by City connected with the Services. However, the obligation to indemnify shall not apply if such liability is ultimately adjudicated to have arisen through the sole active negligence or sole willful misconduct of City; the obligation to defend is not similarly limited.

- B. Contractor's obligation to protect, defend, indemnify, and hold harmless in full City and City's employees, shall specifically extend to any and all employment-related claims of any type brought by employees, contractors, subcontractors or other agents of Contractor, against City (either alone, or jointly with Contractor), regardless of venue/jurisdiction in which the claim is brought and the manner of relief sought.
- C. To the extent Contractor is obligated to provide health insurance coverage to its employees pursuant to the Affordable Care Act ("Act") and/or any other similar federal or state law, Contractor warrants that it is meeting its obligations under the Act and will fully indemnify and hold harmless City for any penalties, fines, adverse rulings, or tax payments associated with Contractor's responsibilities under the Act.

15. INSURANCE REQUIREMENTS

During the term of this Agreement, and for any time period set forth in Exhibit C, Contractor shall provide and maintain in full force and effect, at no cost to City, insurance policies as set forth in Exhibit C.

16. WAIVER

Contractor agrees that waiver by City of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement. Neither City's review, acceptance nor payments for any of the Services required under this Agreement shall be constructed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

17. NOTICES

All notices to the Parties shall, unless otherwise requested in writing, be sent to City addressed as follows:

City of Santa Clara
Attention: Christine Jung, City Manager's Office
1500 Warburton Avenue
Santa Clara, CA 95050
and by e-mail at CJung@santaclaraca.gov, and
manager@santaclaraca.gov

And to Contractor addressed as follows:

Townsend Public Affairs, Inc.
Attention: Christopher Townsend, President
925 L Street, Suite 1404
Sacramento, CA 95814
and by e-mail at ChristopherTownsend@townsendpa.com, and
CElliott@townsendpa.com

The workday the e-mail was sent shall control the date notice was deemed given. An e-mail transmitted after 1:00 p.m. on a Friday shall be deemed to have been transmitted on the following business day.

18. COMPLIANCE WITH LAWS

Contractor shall comply with all applicable laws and regulations of the federal, state and local government, including but not limited to "The Code of the City of Santa Clara, California" ("SCCC"). In particular, Contractor's attention is called to the regulations regarding Campaign Contributions (SCCC Chapter 2.130), Lobbying (SCCC Chapter 2.155), Minimum Wage (SCCC Chapter 3.20), Business Tax Certificate (SCCC section 3.40.060), and Food and Beverage Service Worker Retention (SCCC Chapter 9.60), as such Chapters or Sections may be amended from time to time or renumbered. Additionally Contractor has read and agrees to comply with City's Ethical Standards (<http://santaclaraca.gov/home/showdocument?id=58299>).

19. CONFLICTS OF INTEREST

Contractor certifies that to the best of its knowledge, no City officer, employee or authorized representative has any financial interest in the business of Contractor and that no person associated with Contractor has any interest, direct or indirect, which could conflict with the faithful performance of this Agreement. Contractor is familiar with the provisions of California Government Code section 87100 and

following, and certifies that it does not know of any facts which would violate these code provisions. Contractor will advise City if a conflict arises.

20. FAIR EMPLOYMENT

Contractor shall not discriminate against any employee or applicant for employment because of race, sex, color, religion, religious creed, national origin, ancestry, age, gender, marital status, physical disability, mental disability, medical condition, genetic information, sexual orientation, gender expression, gender identity, military and veteran status, or ethnic background, in violation of federal, state or local law.

21. NO USE OF CITY NAME OR EMBLEM

Contractor shall not use City's name, insignia, or emblem, or distribute any information related to services under this Agreement in any magazine, trade paper, newspaper or other medium without express written consent of City.

22. GOVERNING LAW AND VENUE

This Agreement shall be governed and construed in accordance with the statutes and laws of the State of California. The venue of any suit filed by either Party shall be vested in the state courts of the County of Santa Clara, or if appropriate, in the United States District Court, Northern District of California, San Jose, California.

23. SEVERABILITY CLAUSE

In case any one or more of the provisions in this Agreement shall, for any reason, be held invalid, illegal or unenforceable in any respect, it shall not affect the validity of the other provisions, which shall remain in full force and effect.

24. AMENDMENTS

This Agreement may only be modified by a written amendment duly authorized and executed by the Parties to this Agreement.

25. COUNTERPARTS

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

The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

Approved as to Form:

Dated: 2.5.2020



BRIAN DOYLE
City Attorney



DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

"CITY"

TOWNSEND PUBLIC AFFAIRS, INC.
A CALIFORNIA CORPORATION

Dated: Feb 04 3, 2020

By (Signature):

Name: Christopher Townsend

Title: President

Principal Place of Business Address: 925 L Street, Suite 1404, Sacramento, CA 95814

Email Address: ChristopherTownsend@townsendpa.com

Telephone: (916) 447-4086

Fax: (916) 244-0209

"CONTRACTOR"

EXHIBIT A SCOPE OF SERVICES

The Services to be performed for the City by the Contractor under this Agreement are set forth below.

Contractor shall provide state and federal legislative advocacy services, including:

- Conduct detailed orientation
- Develop legislative strategy
- Implement the legislative strategy
- Build and strengthen relevant relationships
- Leverage relationships for strategic advocacy plan
- Coordinate advocacy trips
- Track legislation
- Budget funding opportunities
- Grant application development and support
- Post-grant submittal advocacy
- Craft testimony and position letters
- Draft bill language
- Provide progress reports
- Prepare and file lobbying disclosure reports

EXHIBIT B
SCHEDULE OF FEES

The maximum compensation the City will pay the Consultant for all professional fees, costs, and expenses provided under this Agreement shall not exceed ninety thousand dollars (\$90,000) during the term of the Agreement.

Contractor will bill City on a monthly basis for Services provided by Contractor during the preceding month on an invoice and in a format approved by City and subject to verification and approval by City. City will pay Contractor within thirty (30) days of City's receipt of an approved invoice.

The monthly fee for the full scope of services detailed under Exhibit A shall be seven thousand and five hundred dollars (\$7,500). The monthly fee shall include all reasonable business and travel expenses.

EXHIBIT C

INSURANCE REQUIREMENTS

Without limiting the Contractor's indemnification of the City, and prior to commencing any of the Services required under this Agreement, the Contractor shall provide and maintain in full force and effect during the period of performance of the Agreement and for twenty-four (24) months following acceptance by the City, at its sole cost and expense, the following insurance policies from insurance companies authorized to do business in the State of California. These policies shall be primary insurance as to the City of Santa Clara so that any other coverage held by the City shall not contribute to any loss under Contractor's insurance. The minimum coverages, provisions and endorsements are as follows:

A. COMMERCIAL GENERAL LIABILITY INSURANCE

1. Commercial General Liability Insurance policy which provides coverage at least as broad as Insurance Services Office form CG 00 01. Policy limits are subject to review, but shall in no event be less than, the following:
 - \$1,000,000 Each Occurrence
 - \$2,000,000 General Aggregate
 - \$2,000,000 Products/Completed Operations Aggregate
 - \$1,000,000 Personal Injury
2. Exact structure and layering of the coverage shall be left to the discretion of Contractor; however, any excess or umbrella policies used to meet the required limits shall be at least as broad as the underlying coverage and shall otherwise follow form.
3. The following provisions shall apply to the Commercial Liability policy as well as any umbrella policy maintained by the Contractor to comply with the insurance requirements of this Agreement:
 - a. Coverage shall be on a "pay on behalf" basis with defense costs payable in addition to policy limits;
 - b. There shall be no cross liability exclusion which precludes coverage for claims or suits by one insured against another; and
 - c. Coverage shall apply separately to each insured against whom a claim is made or a suit is brought, except with respect to the limits of liability.

B. BUSINESS AUTOMOBILE LIABILITY INSURANCE

Business automobile liability insurance policy which provides coverage at least as broad as ISO form CA 00 01 with policy limits a minimum limit of not less than one million dollars (\$1,000,000) each accident using, or providing coverage at

least as broad as, Insurance Services Office form CA 00 01. Liability coverage shall apply to all owned (if any), non-owned and hired autos.

In the event that the Work being performed under this Agreement involves transporting of hazardous or regulated substances, hazardous or regulated wastes and/or hazardous or regulated materials, Contractor and/or its subcontractors involved in such activities shall provide coverage with a limit of one million dollars (\$1,000,000) per accident covering transportation of such materials by the addition to the Business Auto Coverage Policy of Environmental Impairment Endorsement MCS90 or Insurance Services Office endorsement form CA 99 48, which amends the pollution exclusion in the standard Business Automobile Policy to cover pollutants that are in or upon, being transported or towed by, being loaded onto, or being unloaded from a covered auto.

C. WORKERS' COMPENSATION

1. Workers' Compensation Insurance Policy as required by statute and employer's liability with limits of at least one million dollars (\$1,000,000) policy limit Bodily Injury by disease, one million dollars (\$1,000,000) each accident/Bodily Injury and one million dollars (\$1,000,000) each employee Bodily Injury by disease.
2. The indemnification and hold harmless obligations of Contractor included in this Agreement shall not be limited in any way by any limitation on the amount or type of damage, compensation or benefit payable by or for Contractor or any subcontractor under any Workers' Compensation Act(s), Disability Benefits Act(s) or other employee benefits act(s).
3. This policy must include a Waiver of Subrogation in favor of the City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents.

D. PROFESSIONAL LIABILITY

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against negligent acts, errors or omissions of the Contractor. Covered services as designated in the policy must specifically include work performed under this agreement. Coverage shall be in an amount of not less than one million dollars (\$1,000,000) per claim or two million dollars (\$2,000,000) aggregate. Any coverage containing a deductible or self-retention must first be approved in writing by the City Attorney's Office.

E. COMPLIANCE WITH REQUIREMENTS

All of the following clauses and/or endorsements, or similar provisions, must be part of each commercial general liability policy, and each umbrella or excess policy.

1. Additional Insureds. City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents are hereby added as additional insureds in respect to liability arising out of Contractor's work for City, using Insurance Services Office (ISO) Endorsement CG 20 10 11 85, or the combination of CG 20 10 03 97 and CG 20 37 10 01, or its equivalent.
2. Primary and non-contributing. Each insurance policy provided by Contractor shall contain language or be endorsed to contain wording making it primary insurance as respects to, and not requiring contribution from, any other insurance which the indemnities may possess, including any self-insurance or self-insured retention they may have. Any other insurance indemnities may possess shall be considered excess insurance only and shall not be called upon to contribute with Contractor's insurance.
3. Cancellation.
 - a. Each insurance policy shall contain language or be endorsed to reflect that no cancellation or modification of the coverage provided due to non-payment of premiums shall be effective until written notice has been given to City at least ten (10) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice shall be given at least ten (10) days prior to the effective date of non-renewal.
 - b. Each insurance policy shall contain language or be endorsed to reflect that no cancellation or modification of the coverage provided for any cause save and except non-payment of premiums shall be effective until written notice has been given to City at least thirty (30) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice shall be given at least thirty (30) days prior to the effective date of non-renewal.
4. Other Endorsements. Other endorsements may be required for policies other than the commercial general liability policy if specified in the description of required insurance set forth in Sections A through E of this Exhibit C, above.

F. **ADDITIONAL INSURANCE RELATED PROVISIONS**

Contractor and City agree as follows:

1. Contractor agrees to ensure that subcontractors, and any other party involved with the Services, who is brought onto or involved in the performance of the Services by Contractor, provide the same minimum insurance coverage required of Contractor, except as with respect to

limits. Contractor agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this Agreement. Contractor agrees that upon request by City, all agreements with, and insurance compliance documents provided by, such subcontractors and others engaged in the project will be submitted to City for review.

2. Contractor agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City or Contractor for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.
3. The City reserves the right to withhold payments from the Contractor in the event of material noncompliance with the insurance requirements set forth in this Agreement.

G. EVIDENCE OF COVERAGE

Prior to commencement of any Services under this Agreement, Contractor, and each and every subcontractor (of every tier) shall, at its sole cost and expense, provide and maintain not less than the minimum insurance coverage with the endorsements and deductibles indicated in this Agreement. Such insurance coverage shall be maintained with insurers, and under forms of policies, satisfactory to City and as described in this Agreement. Contractor shall file with the City all certificates and endorsements for the required insurance policies for City's approval as to adequacy of the insurance protection.

H. EVIDENCE OF COMPLIANCE

Contractor or its insurance broker shall provide the required proof of insurance compliance, consisting of Insurance Services Office (ISO) endorsement forms or their equivalent and the ACORD form 25-S certificate of insurance (or its equivalent), evidencing all required coverage shall be delivered to City, or its representative as set forth below, at or prior to execution of this Agreement. Upon City's request, Contractor shall submit to City copies of the actual insurance policies or renewals or replacements. Unless otherwise required by the terms of this Agreement, all certificates, endorsements, coverage verifications and other items required to be delivered to City pursuant to this Agreement shall be mailed to:

EBIX Inc.

City of Santa Clara City Manager's Office

P.O. Box 100085 – S2

or

1 Ebix Way

Duluth, GA 30096

John's Creek, GA 30097

Telephone number: 951-766-2280
Fax number: 770-325-0409
Email address: ctsantaclara@ebix.com

I. QUALIFYING INSURERS

All of the insurance companies providing insurance for Contractor shall have, and provide written proof of, an A. M. Best rating of at least A minus 6 (A- VI) or shall be an insurance company of equal financial stability that is approved by the City or its insurance compliance representatives.

**AMENDMENT NO. 1
TO THE AGREEMENT FOR SERVICES
BETWEEN THE
CITY OF SANTA CLARA, CALIFORNIA,
AND
TOWNSEND PUBLIC AFFAIRS, INC.**

PREAMBLE

This agreement ("Amendment No. 1") is entered into between the City of Santa Clara, California, a chartered California municipal corporation (City) and Townsend Public Affairs, Inc., a California corporation, (Contractor). City and Contractor may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

RECITALS

- A. The Parties previously entered into an agreement entitled "Agreement for Services between the City of Santa Clara, California, and Townsend Public Affairs, Inc.", dated February 5, 2020 (Agreement); and
- B. The Parties entered into the Agreement for the purpose of having Contractor provide legislative advocacy services, and the Parties now wish to amend the Agreement to (a) extend the term of the Agreement through January 29, 2023; and (b) to increase the maximum compensation of this Agreement by \$162,000 for a total of \$252,000.

NOW, THEREFORE, the Parties agree as follows:

AMENDMENT TERMS AND CONDITIONS

- 1. Section 2 of the Agreement, entitled "TERM OF AGREEMENT" is amended to read as follows:

Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to this Agreement, the term of this Agreement shall begin on January 30, 2020 and terminate on January 29, 2023. The City reserves the right to exercise two (2) additional one-year options after the initial term for a total of five years. The selected consultant may request adjustments to the compensation rates after the initial term. Compensation adjustment shall be subject to the City's approval and must be tied to a relevant price index.

- 2. Section 6 of the Agreement, entitled "COMPENSATION AND PAYMENT" is amended to read as follows:

In consideration for Contractor's complete performance of Services, City shall pay Contractor for all materials provided and Services rendered by Contractor in accordance with Exhibit B, entitled "SCHEDULE OF FEES." The maximum compensation of this agreement is two hundred and fifty-two thousand dollars (\$252,000), subject to budget appropriations, which includes all payments that may be authorized for Services and for expenses, supplies, materials, and equipment required to perform the Services. All work performed of materials provided in excess of the maximum compensation shall be at Contractor's expense. Contractor shall not be entitled to any payment above the maximum compensation under any circumstance.

3. Exhibit B of the Agreement, entitled "SCHEDULE OF FEES" is amended to read as follows:

The maximum compensation the City will pay the Contractor for all professional fees, costs, and expenses provided under this Agreement shall not exceed two hundred and fifty-two thousand dollars (\$252,000) during the term of the Agreement. In no event shall the amount billed to City by Contractor for services under this Agreement exceed ninety thousand dollars (\$90,000) for Year One of the initial term; seventy-two thousand dollars (\$72,000) for Year Two of the initial term; and ninety thousand dollars (\$90,000) for Year Three of the initial term, subject to annual budget appropriations.

Contractor will bill City on a monthly basis for Services provided by Contractor during the preceding month on an invoice and in a format approved by City and subject to verification and approval by City. City will pay Contractor within (30) days of City's receipt of an approved invoice.

The monthly fee for the full scope of services detailed under Exhibit A for Year One of the initial term (January 30, 2020 – January 29, 2021) shall be seven thousand and five hundred dollars (\$7,500); for Year Two of the initial term (January 30, 2021 – January 29, 2022) shall be six thousand dollars (\$6,000); and for Year Three of the initial term (January 30, 2022 – January 29, 2023) shall be seven thousand and five hundred dollars (\$7,500). The monthly fee shall include all reasonable and travel expenses.

4. Except as set forth herein, all other terms and conditions of the Agreement shall remain in full force and effect. In case of a conflict in the terms of the Agreement and this Amendment No. 1, the provisions of this Amendment No. 1 shall control.

The Parties acknowledge and accept the terms and conditions of this Amendment No. 1 as evidenced by the following signatures of their duly authorized representatives.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

Approved as to Form:

Dated: _____

BRIAN DOYLE
City Attorney

DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

"CITY"

TOWNSEND PUBLIC AFFAIRS, INC.
a California corporation

Dated: January 6, 2021

By (Signature):

Name: Christopher Townsend

Title: President

Principal Place of Business Address: 925 L Street, Suite 1404,
Sacramento, CA 95814

Email Address: ChristopherTownsend@townsendpa.com

Telephone: (916) 447-4086

Fax: (916) 244-0209

"CONTRACTOR"



Agenda Report

21-108

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Response to Written Petition from Mr. Sam Liu Regarding a Proposed CMU Wall at 3200 Scott Boulevard

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

On July 20, 2016, the Architectural Committee approved the architectural review of the 3200 Scott Boulevard Office Redevelopment Project, a six-story, 230,500 square foot office development. The architectural review approval included the approval of a concrete masonry unit (CMU) wall up to 8 feet in height relative to the adjacent ground level along the southern edge of the property at 3200 Scott Boulevard, adjacent to the property developed with an office building occupied by Newnex Technology Corporation. In 2020, the developer sought a building permit to construct the CMU wall.

Mr. Sam Liu submitted a petition (Attachment #1) to the City Council at the December 15, 2020 City Council meeting objecting to the construction of the CMU wall and requesting that the City Council address his concerns with the proposed construction.

In his petition Mr. Liu referred to the wall as being 10 feet in height. This was based upon a construction detail that depicts the height of the wall above an underground footing. **However, the developer has now provided clarification that the proposed CMU wall would be no more than 8 feet in height above the adjacent ground level**, (not 10 feet), consistent with the 2016 architectural approval.

Council Policy 030 establishes a process for adding an Item to a City Council Agenda through a written petition. Any member of the public may submit a written request raising any issue or item within the subject matter jurisdiction of the Council. Per the policy, the written request will be submitted on the agenda, in the form substantially provided by the requestor, without any staff analysis, including fiscal review, legal review and policy review. If a simple majority of the City Council supports further study of the request, then a full staff analysis shall be prepared within thirty (30) days, unless otherwise directed by the City Council. The City Council heard the petitioner's request and directed staff to place the item on the January 26, 2021 City Council agenda.

DISCUSSION

In his petition and in a presentation (Attachment #2) Mr. Liu made to the City Council at the December 15 meeting, Mr. Liu raises the following allegations:

1. Public safety - the wall would "easily fall" if hit by truck or if there was an earthquake.
2. Property damage - if the wall falls onto the Newnex property, it could damage high voltage

electrical equipment installed adjacent to the wall.

3. Loss of use of property - Mr. Liu claims that construction of a 10-foot wall would require that he establish a “keep-out zone” adjacent to the wall with no parking spaces, effectively preventing Newnex from using the portion of the Newnex property located within 14 feet of the wall. If this were true, Newnex would lose use of 29 of the 66 parking spaces located on the property.
4. Land use incompatibility - Mr. Liu observes that other developments in the immediate area do not have 10 foot walls along their property lines, and argues that the proposed wall would “destroy the bordering continuity and coherence” of the area.
5. Code inconsistency - Mr. Liu also claims that the Santa Clara City Code does not allow walls taller than 6 feet, except for swimming pool enclosures which may be 8 feet.

Community Development staff have met with Mr. Liu on several occasions to discuss his concerns and review the City’s Building Permit materials for the construction of the proposed CMU wall. Specific to Mr. Liu’s concerns, staff has the following responses:

1. The wall would be no more than 8 feet in height above the adjacent ground level and will conform to the Building Code, which establishes the City’s standards for safety of new construction. The design of the wall has been prepared and reviewed by licensed engineers who are qualified per State and City codes to make such determinations.
2. As the proposed wall conforms to the Building Code, it is not reasonable to anticipate that it will fall down.
3. Mr. Liu is mistaken in his belief that there is any legally required 14-foot “keep-out zone.” The City’s Zoning and Building codes do not require a setback on the Newnex property and the wall would be entirely located on the adjacent property, so that there will be no loss of use of his property due to construction of the wall. The contractor building the wall approached Mr. Liu to ask for temporary use of a portion of the Newnex property during construction and it appears that Mr. Liu is referencing this request. After determining that Mr. Liu was unwilling to provide temporary use of his property, the wall was designed so that it could be constructed without a temporary intrusion onto the Newnex property.
4. An 8-foot wall was included in the architectural review approval issued by the City for the 3200 Scott Boulevard project on July 20, 2016, and through issuance of that approval, determined to be aesthetically compatible with surrounding development. Concrete walls can be found on other industrial properties throughout the City.
5. City Code Section 18.64.030(a) allows for the construction of walls at any height within industrial areas through issuance of a building permit. Walls exceeding six feet in height are considered structures, and as such, subject to architectural review. The currently-proposed eight-foot wall was included in the approval granted by the architectural committee on July 20, 2016. Mr. Liu is referencing design standards typical to single-family residential development, not industrial properties.

In addition, staff notes that the administration of Building Permits is a ministerial process and not subject to discretionary review by either staff or the City Council. The project at 3200 Scott Boulevard is being constructed in accordance with a Planning Permit, including an architectural approval granted by the Architectural Committee on July 20, 2016 that included diagrams of the proposed wall (with an 8-foot height). The architectural review ordinance (as it existed in 2016) provided a seven-day period to appeal decisions of the Architectural Committee to the Planning Commission. SCCC § 18.76.020(h) (2016). The appeal period expired on July 27, 2016, and Mr. Liu did not file an appeal. The subject Building Permit application conforms to the Planning Permit

requirements. Review of the Building Permit application is narrowly limited to conformance with the applicable requirements of the City's Building Code. Staff has determined that the proposed construction conforms to the Building Code.

ENVIRONMENTAL REVIEW

The action being considered - Mr. Liu's objection to the proposed wall construction - does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The Architectural Committee adopted an Initial Study / Mitigated Negative Declaration for the 3200 Scott Boulevard Office Redevelopment Project on July 20, 2016.

FISCAL IMPACT

There is no cost to the City other than administrative staff time and expense.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>. The notice of public meeting for this item was posted at three locations within 300 feet of the project site and was mailed to property owners within 300 feet of the project site. Several public comment letters were received in support of the nomination and are included as Attachment 5.

RECOMMENDATION

1. Note and file this report.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Written Petition dated November 18 2020 from Sam Liu
2. Presentation made by Mr. Sam Liu to the City Council on December 15, 2020
3. 3200 Scott Blvd CMU Wall Aerial Photo

NOV 18 P 2 45

CITY COUNCIL WRITTEN PETITION

Please provide the information requested below. When complete, please submit to the City Clerk's Office, 1500 Warburton Avenue, Santa Clara, CA 95050.

Date: November 18, 2020

I, Sam Liu from Newnex Technology Corp., am hereby requesting to be placed on the Santa Clara City Council Agenda for the following purpose:

The developer of 3200 Scott construction project is to build a 10' CMU wall along Newnex property line at 3041 Olcott Street. We oppose building such a wall for the following reasons:

1. The planned wall is a serious threat to public safety since the wall would be easily fall on to either side of the property line due to accidents such hitting trucks or caused by earthquake.
2. If the wall falls onto our side it would damage the high voltage transmitter of the city which is located on the easement zone near the property line on Newnex side.
3. If the wall were built, Newnex has to set back a keep-out zone at least 14' (wall height plus 4') from the property line for safety reason. Consequently, 29 out of 66 our current parking spaces along the property line can no longer be used.
4. Building a 10' CMU will destroy the bordering continuity and coherence of the business community since there are no any 10' concrete walls built in the immediate neighborhood.
5. Santa Clara city code: no fence can be over 6' except swimming pool fence which has maximum height of 8'. It should apply to concrete walls.

I understand that it is important that I attend the meeting in the event there are any questions the Council wishes to ask me.

Signed: 

NAME: _____

ADDRESS: _____

Santa Clara, CA 95054

City _____ Zip Code _____

TELEPHONE:* _____
Optional _____

DATE: Nov. 18, 2020

*NOTE: This is a public document. If your telephone number is unlisted or if you do not want it to be public, please provide an alternate number where you can be reached.

SANTA CLARA CITY COUNCIL WRITTEN PETITION

**OPPOSING BUILDING A 10' CMU WALL
FOR 3200 SCOT PROJECT**

NEWNEX

www.newnex.com

 **Newnex**
Connecting with Confidence™

WHY WE OPPOSE BUILDING THE WALL?

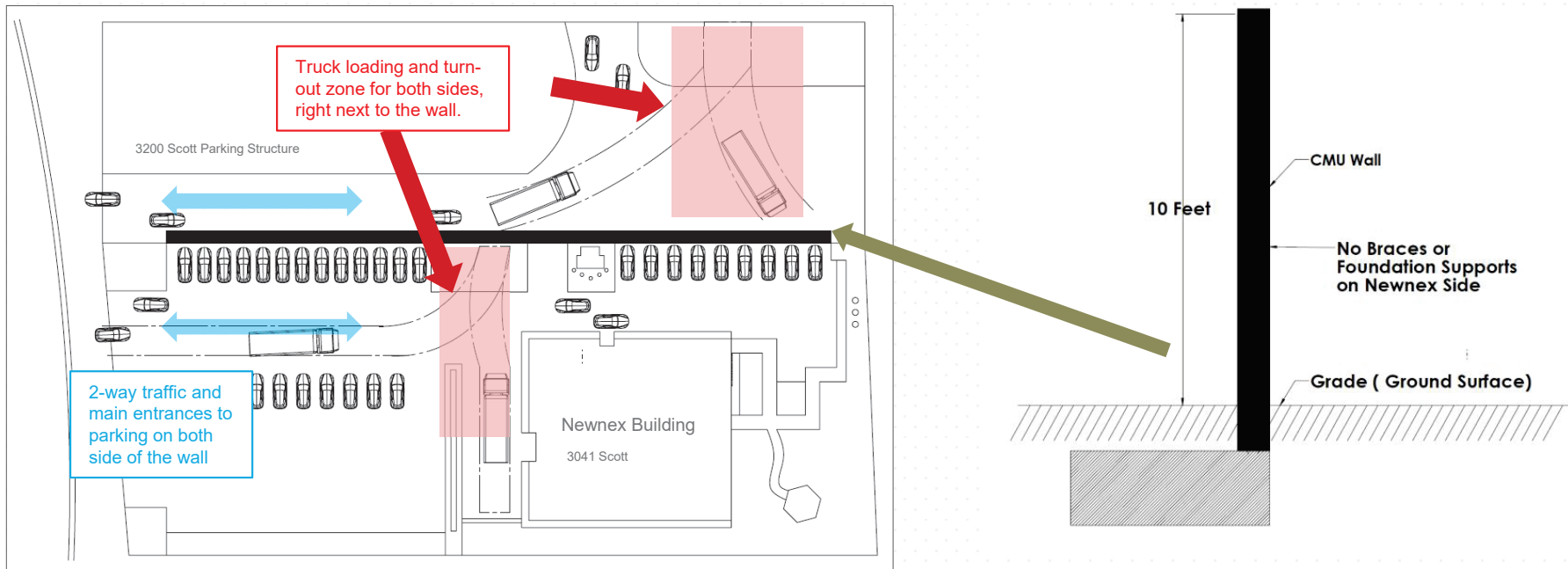
The developer of 3200 Scott construction project is to build a **10' CMU concrete wall** along Newnex property line at 3041 Olcott Street.

We oppose building such a wall for the following reasons:

1. **Serious threat to public safety**
2. **High voltage transmitter within keep-out zone**
3. **Infringe Newnex property space and Violate Santa Clara city parking regulation code**
4. **Inconsistent with community fencing coherence**
5. **Not In Compliance with Santa Clara city fencing code**

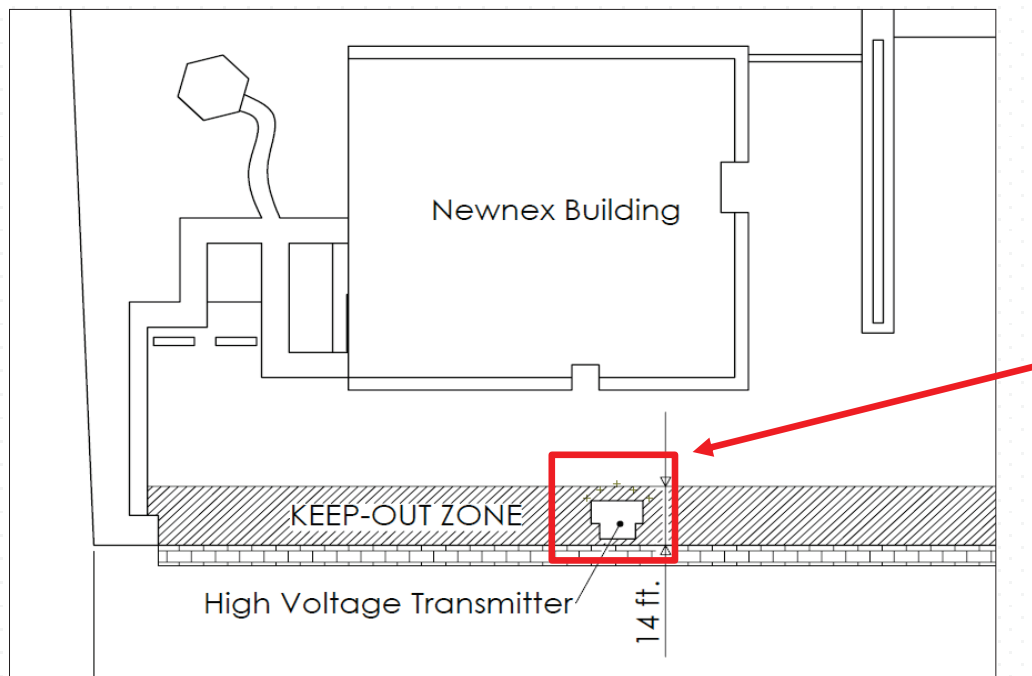
1. SERIOUS THREAT TO PUBLIC SAFETY

The 10 ft. wall would be easily fall on to either side of the property line due to accidents such as truck crashes or caused by earthquake. It is particularly vulnerable to Newnex's drive way since no foundation or brace supports on Newnex side for the 10' wall.



2. HIGH VOLTAGE TRANSMITTER WITHIN KEEP-OUT ZONE

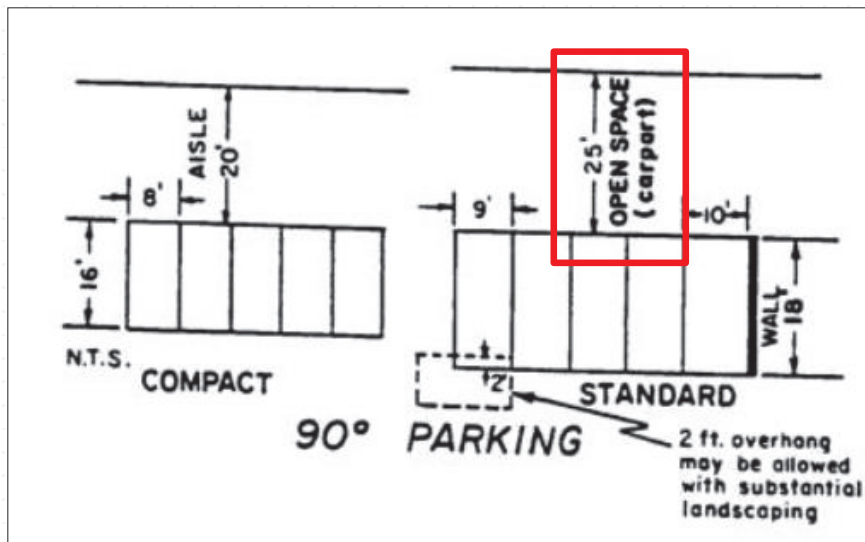
If the wall falls onto our side it would damage the **high voltage transmitter** of the city which is located on the easement zone right next to the property line on Newnex side. That is also a serious public safety threat.



3. INFRINGE NEWNEX PROPERTY SPACE

Ref: Santa Clara City Code, Ch. 18.74 Parking Regulations

<https://www.codepublishing.com/CA/SantaClara/#!/SantaClara18/SantaClara1874.html#18.74>

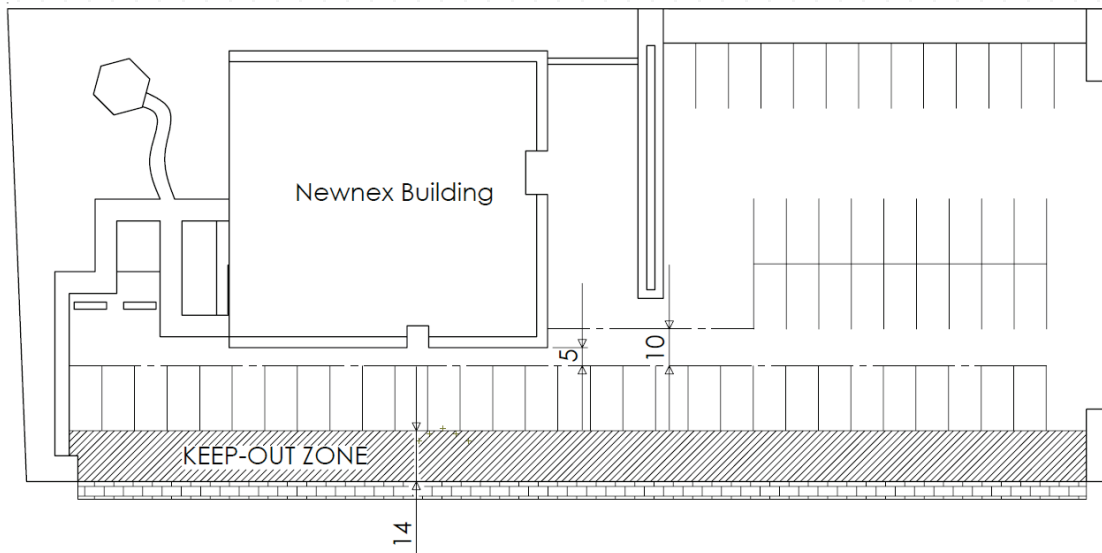


The City Code parking regulation requires a 25' open space from the 90° parking to a building or additional parking in order to make room for a 2-way traffic.

The current Newnex parking spaces are following this regulation.

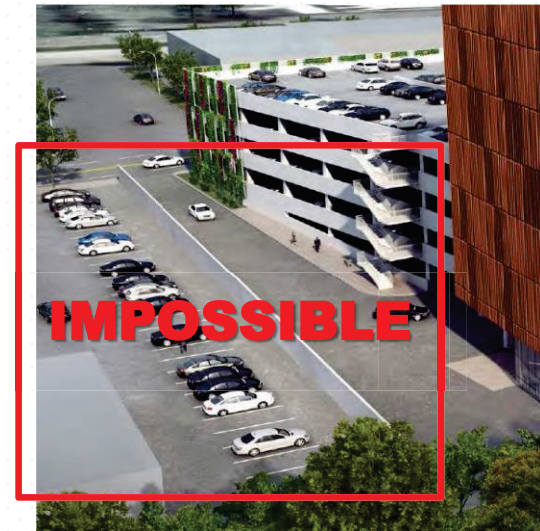
3. INFRINGE NEWNEX PROPERTY SPACE

If the wall were built, the **keep-out zone (min. 14': wall height + 4')** will have to be set back the parking space along the property line, which results in a 5' only open spacing between the building and the parking, not only violating the **city parking regulation*** which requires 25' open space but resulting **29 out of 66 (44%)** of our current parking spaces can no longer be used at all.



*Santa Clara City Code, Ch. 18.74 Parking Regulations

<https://www.codepublishing.com/CA/SantaClara/#/SantaClara18/SantaClara1874.html#18.74>



Project Rendering shared by 3200 Scott construction developer with Newnex on 11/18/2017. It appears Developer was aware of this keep-out zone issue.

4. INCONSISTENT WITH COMMUNITY FENCING COHERENCE

Building a 10' CMU wall will destroy the bordering continuity and coherence of the business community since there are no any 10' concrete walls built in the immediate neighborhood.



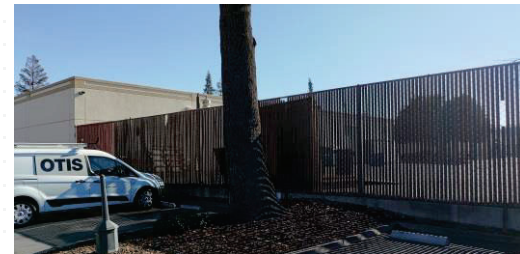
www.newnex.com



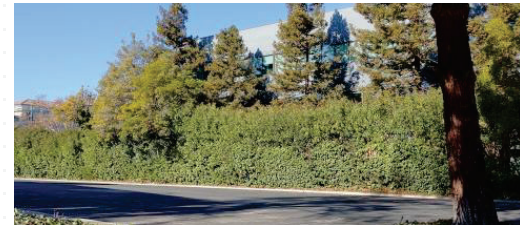
**1 Newnex south neighbor:
Bushes and Trees**



**3 West side of Newnex
Chain Style**



**2 West side neighbor of Project:
Chain Style**



**4 Northwest side neighbors of
Project: Bushes**

5. NOT IN COMPLIANCE WITH SANTA CLARA CITY CODE

Santa Clara city code: no fence can be over 6' except swimming pool fence which has maximum height of 8'. Building a 10' concrete wall along our property line is unnecessary and a poor idea for neighborhood harmony.

Ref: Santa Clara City Code, Ch. 18.64 Special Height Regulations

<https://www.codepublishing.com/CA/SantaClara/#!/SantaClara18/SantaClara1864.html#18.64.040>





Agenda Report

21-149

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Adoption of an Ordinance No. 2027 Approving the Update of the Fairway Glen Park Master Plan to include a Restroom in Accordance with City Charter Section 714.1

COUNCIL PILLAR

Enhance Community Sports, Recreational and Arts Assets

BACKGROUND

At the January 12, 2021 Council meeting, proposed Ordinance No. 2027 was passed for the purpose of publication. Pursuant to City Charter Sections 808 and 812, a summary of proposed Ordinance No. 2027 was published to the Santa Clara Weekly on January 20, 2021, and copies were posted in three public places.

Proposed Ordinance No. 2027 would approve the update of the Fairway Glen Park Master Plan to include a Restroom in Accordance with City Charter Section 714.1.

Council approved the FY2019/20 Capital Improvement Program (CIP) Budget, including Project #3186 to construct a restroom building to serve users of Fairway Glen Park, located at 2051 Calle de Primavera. The neighborhood park currently has accessible play spaces for ages 2-5 and 6-12, two tennis courts, a BBQ area, a large grass meadow, and landscaping.

In 2020, the City hired SSA Landscape Architects, Inc. to design a restroom building within the CIP budget, and to solicit community input. The restroom building will provide two accessible stalls, a drinking fountain with water bottle filler & dog bowl, and a maintenance/utility chase. The project includes new utility connections, ADA entry, security lighting, camera, touchless faucets, hand dryers, modest landscaping and will comply with current building codes and regulations. A site evaluation identified two feasible locations convenient to utilities and compatible with the park's overall site plan.

Community Outreach.

From October 3 through October 21, 2020, the City design team conducted an online community survey through the City's Open City Hall digital platform, invited participation through various social media, and provided images to illustrate the options. The City had 109 attendees and 70 responses with approximately 3.5 hours of public comment. Based on the community response, 62% preferred the restroom location midway between the playground/picnic area and tennis court amenities. The public also preferred that the restroom design have a standing seam roof, board and batten siding, and stone veneer. The community had a less clear preference on the color palate.

Parks & Recreation Commission.

At their Regular Meeting on November 17, 2020, the Parks & Recreation Commission discussed the Project and recommended that Council approve the Schematic Design Option 1 for the Fairway Glen

Park Restroom Project.

MEASURE R

In November 2016, voters passed Measure R, which added Section 714.1 Protection of Parkland and Public Open Space to the City Charter. Measure R prohibits selling, leasing, or otherwise disposing of parkland for a period of one hundred eighty (180) days or more, and also prohibits its use from changing, being abandoned, or discontinued without such sale, lease, disposal or changed use having first been authorized or ratified by a two-thirds majority vote of the electorate during a general municipal election for that purpose. Measure R also prohibits changes in park use for over 180 days without a majority vote of the electorate and substantial building, construction, reconstruction or development upon dedicated parkland except pursuant to ordinance subject to referendum. The referendum process is set forth in the Elections Code.

An action to approve the Fairway Glen Park Restroom Schematic Design would change the existing Fairway Glen Park and therefore may be subject to Measure R as the update of the Fairway Glen Park Master Plan to include the restroom building may be considered as “substantial building, construction, reconstruction, or development” of the existing park. The approval of the restroom schematic design will also require an ordinance to assure compliance with Measure R and will be introduced as part of the Council’s consideration of the Commission recommendation. The ordinance does not include a sale, lease, disposal, or change in park use requiring a majority vote of the electorate.

ENVIRONMENTAL REVIEW

The action being considered is exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines sections 15301 “Existing Facilities”, 15302 “replacement or reconstruction”, and 15303 “new construction or conversion of small structures” as the activity consists of the operation, repair, maintenance, permitting or minor alteration of existing public facilities or topographical features involving negligible expansion of use beyond that existing at the time of the lead agencies determination.

FISCAL IMPACT

The Fairway Glen Park Restroom Project (#3186) in the Parks and Recreation Capital Fund has an approved budget allocation of \$900,000 for design, construction, administration, permits and contingency. Current maintenance activities for the park are included in the Parks & Recreation Department annual operating budget.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, e-mail clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>. In addition, a community survey and Parks & Recreation Commission Meeting were held to provide opportunities for public comment.

COORDINATION

This report has been coordinated with the City Attorney’s office.

RECOMMENDATION

Adopt Ordinance No. 2027 Approving the Update of the Fairway Glen Park Master Plan to include a Restroom in Accordance with City Charter Section 714.1

Reviewed by: Brian Doyle, City Attorney

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

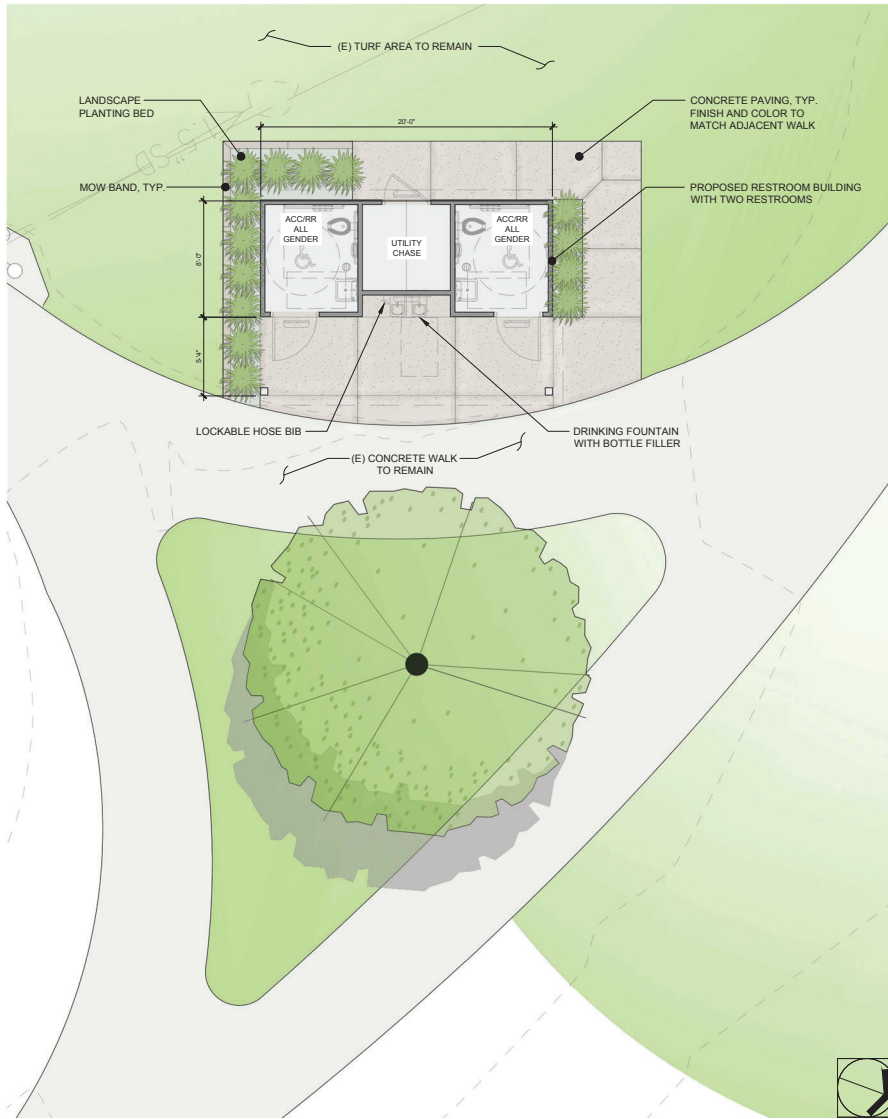
1. Fairway Glen Park Restroom Project Schematic Design
2. Ordinance



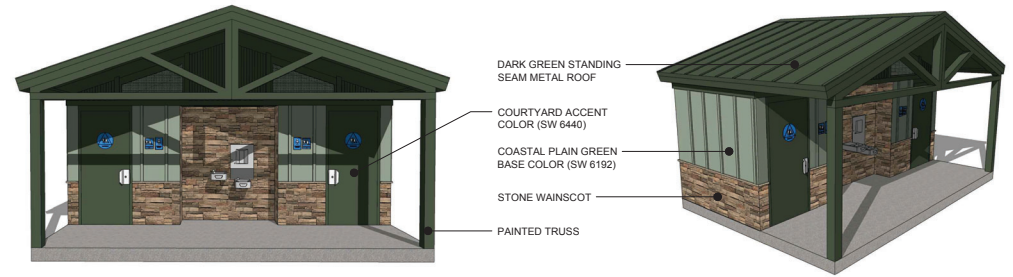
PROPOSED RESTROOM LOCATION

FAIRWAY GLEN PARK RESTROOM CONSTRUCTION PROJECT

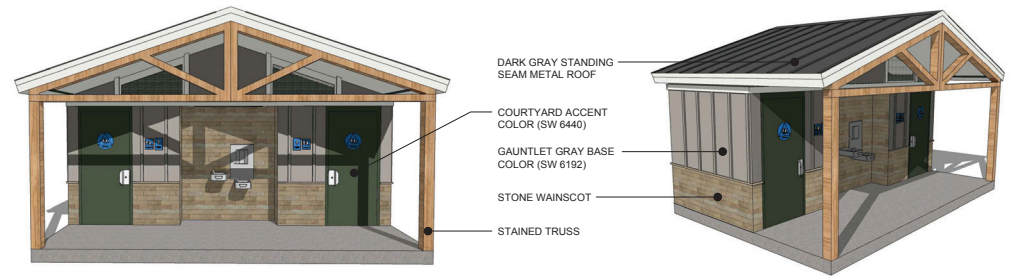
2070 CALLE DE PRIMAVERA
SANTA CLARA, CA



RESTROOM LOCATION OPTION B
SCALE: 1/4" = 1'-0"



RESTROOM COLOR OPTION 01



RESTROOM COLOR OPTION 02

RESTROOM LOCATION ENLARGEMENT

FAIRWAY GLEN PARK RESTROOM CONSTRUCTION PROJECT

2070 CALLE DE PRIMAVERA
SANTA CLARA, CA

ORDINANCE NO. 2027

AN ORDINANCE OF THE CITY OF SANTA CLARA, CALIFORNIA, APPROVING THE FAIRWAY GLEN PARK RESTROOM SCHEMATIC DESIGN IN ACCORDANCE WITH CITY CHARTER SECTION 714.1

BE IT ORDAINED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the Fairway Glen Park ("Park") site located at Calle De Primavera and Avenida de Angelina (APN 097-43-002) as recorded in County of Santa Clara on October 7, 1975 and dedicated as parkland in the City of Santa Clara's General Plan; and,

WHEREAS, the funding for the Fairway Glen Park Restroom Project ("Project") was approved by City Council in the Capital Improvement Project Budget (CIP #3186) in FY2019/20; and,

WHEREAS, the Project proposes improvements as recommended by the Parks & Recreation Commission in November 2020, as depicted in the Fairway Glen Park Restroom Schematic Design including construction of a new restroom, related utilities, and landscaping, among other items ("Park Project Improvements"); and,

WHEREAS, the voters of the City of Santa Clara passed Measure R in 2016, which added section 714.1 to the City Charter, which prohibits substantial building, construction, reconstruction, or development of parks and recreation facilities except pursuant to ordinance subject to referendum; and,

WHEREAS, the Park Project Improvements constitutes a substantial building, construction, reconstruction and/or development, and is subject to Measure R; and,

WHEREAS, the City Council desires to approve the Park Project Improvements by ordinance in accordance with City Charter section 714.1.

NOW THEREFORE, BE IT FURTHER ORDAINED BY THE CITY OF SANTA CLARA, AS

FOLLOWS:

SECTION 1: That the City Council hereby approves the building, construction, reconstruction and/or development of Fairway Glen Park in accordance with the Fairway Glen Restroom Schematic Design, attached hereto and incorporated by this reference, and in accordance with City Charter section 714.1.

SECTION 2: Savings clause. The changes provided for in this ordinance shall not affect any offense or act committed or done or any penalty or forfeiture incurred or any right established or accruing before the effective date of this ordinance; nor shall it affect any prosecution, suit or proceeding pending or any judgment rendered prior to the effective date of this ordinance. All fee schedules shall remain in force until superseded by the fee schedules adopted by the City Council.

SECTION 3: This Ordinance shall not be codified in the Santa Clara City Code.

///

///

SECTION 4: Effective date. This ordinance shall take effect thirty (30) days after its final adoption; however, prior to its final adoption it shall be published in accordance with the requirements of Section 808 and 812 of "The Charter of the City of Santa Clara, California."

PASSED FOR THE PURPOSE OF PUBLICATION this 12th day of January, 2021, by the following vote:

AYES: COUNCILORS: Becker, Chahal, Hardy, Jain, Park, and
Watanabe and Mayor Gillmor

NOES: COUNCILORS: None

ABSENT: COUNCILORS: None

ABSTAINED: COUNCILORS: None

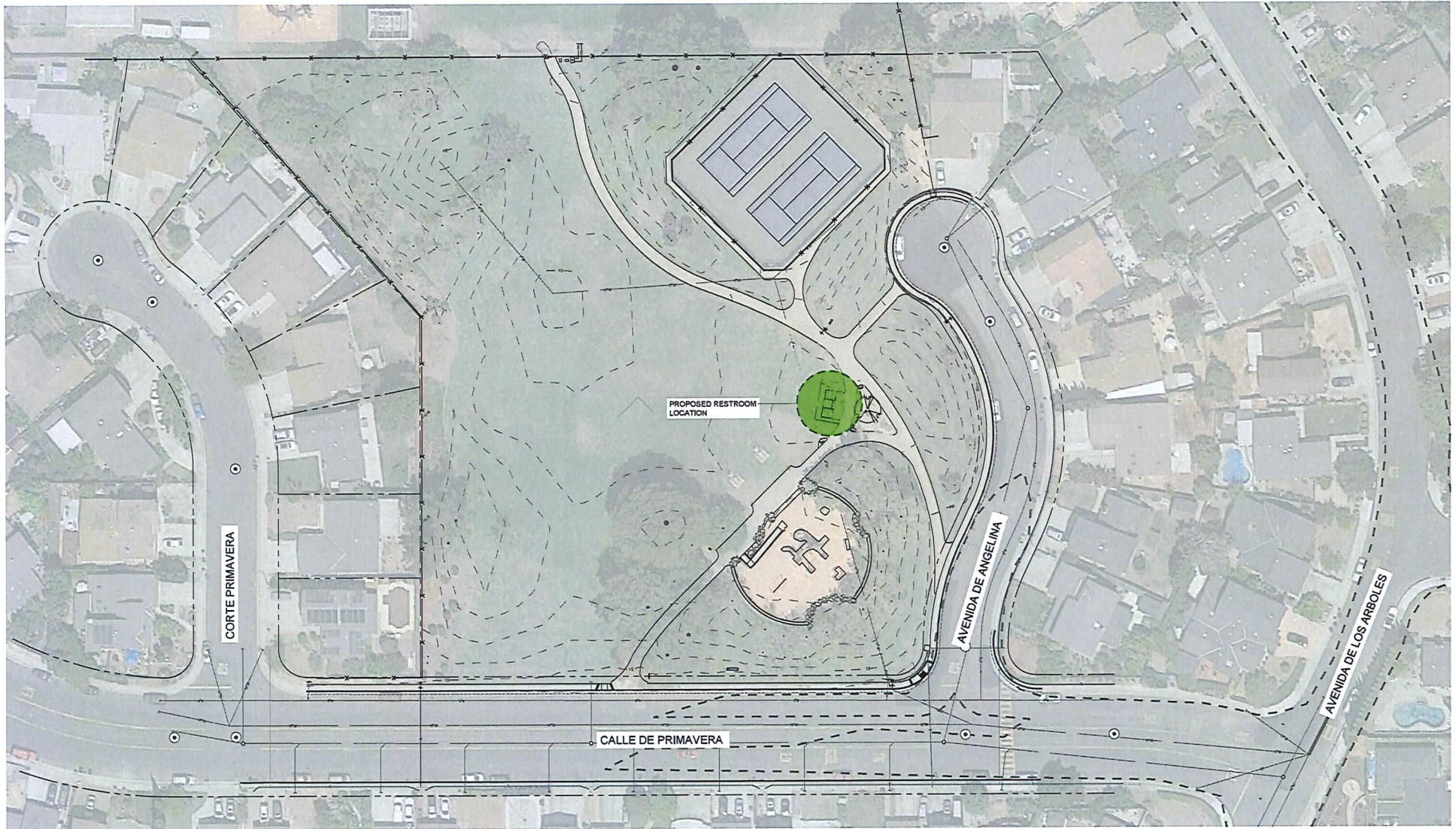
ATTEST:



NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Fairway Glen Park Restroom Schematic Design



PROPOSED RESTROOM LOCATION

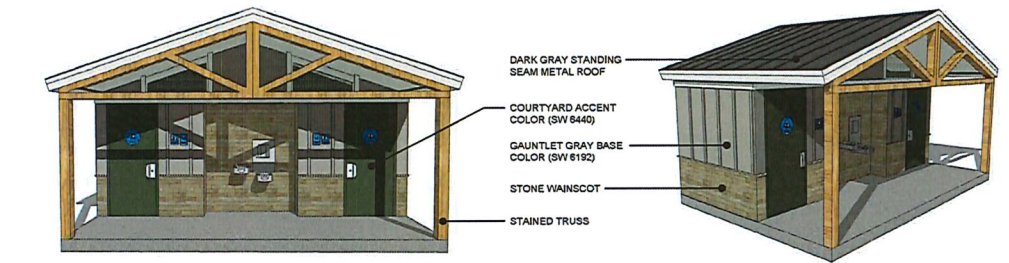
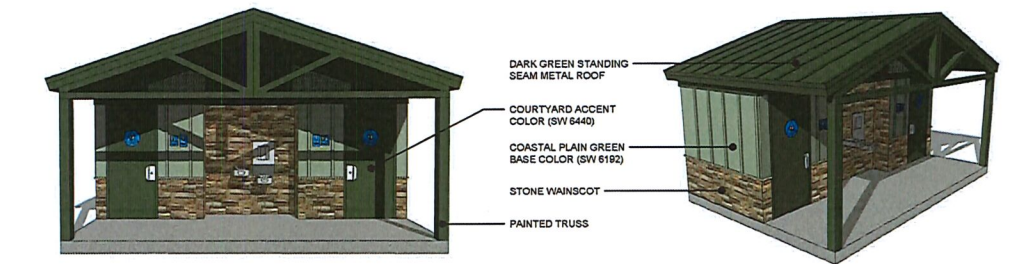
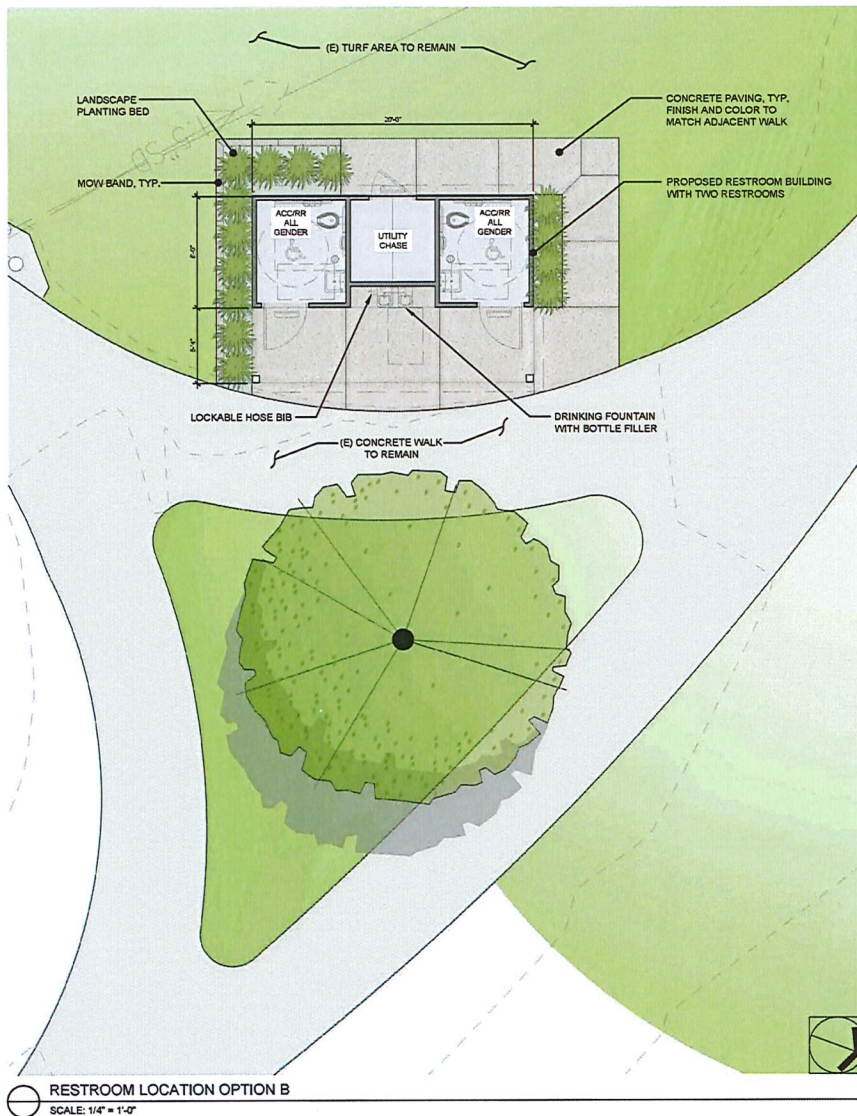


FAIRWAY GLEN PARK RESTROOM CONSTRUCTION PROJECT

2070 CALLE DE PRIMAVERA
SANTA CLARA, CA



- 1" = 30'-0"
- 11.04.2020
- 01 OF 02



RESTROOM LOCATION ENLARGEMENT

FAIRWAY GLEN PARK RESTROOM CONSTRUCTION PROJECT

2070 CALLE DE PRIMAVERA
SANTA CLARA, CA



Agenda Report

21-151

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on Adoption of an Ordinance No. 2028 Approving the Central Park All-Inclusive Playground Schematic Design in Accordance with City Charter Section 714.1

COUNCIL PILLAR

Enhance Community Sports, Recreational and Arts Assets

BACKGROUND

At the January 12, 2021 Council meeting, proposed Ordinance No. 2028 was passed for the purpose of publication. Pursuant to City Charter Sections 808 and 812, a summary of proposed Ordinance No. 2028 was published to the Santa Clara Weekly on January 20, 2021, and copies were posted in three public places.

Adoption of the proposed Ordinance No. 2028 would approve the Central Park All-Inclusive Playground Schematic Design in accordance with City Charter Section 714.1

Since 2013, the City Council has an adopted Council Pillar to “enhance community sports, recreational and arts assets.” To achieve this goal, the City’s Park & Recreation design standards promote community health, wellness, and inclusion for all ages and abilities, while supporting environmental sustainability and integration of park playgrounds with the natural habitat. In addition, the City of Santa Clara has subscribed to the World Health Organization’s “Age Friendly City” initiative.

The Central Park Arbor Center Playground is a small, 1960’s era, metal, wood and stone play space that was identified in the Parks & Recreation Facility Condition Assessment (Kitchell, 2018) as in critical condition and in need of replacement.

In 2017, the County of Santa Clara (County) initiated an All-Inclusive Playground Grant (AIPG) Program with successive rounds of competitive funding. On April 3, 2018, the City Council adopted Resolution No. 18-8511 which approved an AIPG application in Round Two and delegated authority to the City Manager to execute County grant documents, to develop a Letter of Intent with Magical Bridge Foundation, and to approve related City budget amendments.

While the County did not fund the City’s application in Round Two, additional County funding was made available, and on October 9, 2018, the Council adopted Resolution No. 18-8610 to authorize the City Manager to submit a new grant application that was successful. On March 29, 2019, the City entered into a grant agreement with the County for a Magical Bridge All Inclusive Playground in Central Park (Project) in the amount of approximately \$4.6 million. The Project is to be funded

through budgeted City Capital Improvement Program funds in the amount of \$1.8 million, the County AIPG in the amount of \$1.765 million, and additional funding of at least \$1 million to be raised by the Magical Bridge Foundation through individual, community and corporate support.

On June 25, 2019, the City approved a License agreement in the amount of \$500,000 with the Magical Bridge Foundation to assist in the Project's community engagement, design, license to use the Magical Bridge Foundation brand, and to raise one million dollars towards the Project costs. Magical Bridge will receive an additional 8% of funds raised, which are to be appropriated prior to the construction award. In addition, the City entered into an agreement with Groundswell Landscape Architects (Groundswell) in the amount of \$479,500 to complete community outreach, schematic design, construction plans and specifications (PS&E), and provide bid and construction support. The Project design team includes the Magical Bridge Foundation, the City Parks & Recreation Department, the Public Works Department, and incorporates input from the various City commissions and the community through the outreach and approval processes.

On October 15, 2019, Groundswell and the Magical Bridge Foundation introduced the Magical Bridge Playground concept and design team to the Parks & Recreation Commission, discussed how the public input and design process would work, and highlighted opportunities for the public to support the Foundation's fundraising efforts for the Santa Clara All Inclusive Playground.

DISCUSSION

The community outreach involved presentations to City commissions, in-person community meeting and an on-line survey. On December 2, 2019, the Design Team presented the concept to the Cultural Commission (RTC19-1390) for review and public input. On December 10, 2019, the Design Team presented the concept to the Youth Commission. On January 18, 2020, the Design Team held a community meeting at the Community Recreation Center (CRC) and the adjacent seasonal ice rink as well as held a Project site walk in Central Park where the public comment included votes on the various playground apparatus. In addition, a community survey was posted on the City's website from February 3 to February 20, 2020 with 166 participants. The feedback was incorporated into the initial Schematic Design.

Schematic Design Scope & Elements

The Schematic Design includes scope of work "A", "B", "C" and "D".

- Scope A-"Playground" and Scope B-"Restroom" will provide: a Child zone for ages 2-5, Spin zone, Swing zone, Slide mound, Imagination zone (two story playhouse), improvements to the existing amphitheater terrace seating, a donor entry plaza, improved picnic area, and rehabilitation of the adjacent existing Arbor Center Restroom. Scope A and B are within the currently funded estimated construction budget of \$2.5 million.
- Scope C-"Additional/Alternate Playground Elements" may provide: hill top area improvements, laser harp, sway boat, additional renovation to the amphitheater, a "Look Out" balcony, and adult fitness stations. While these are included in the schematic design, they may be constructed contingent upon Magical Bridge Foundation fund raising the estimated construction cost of approximately \$860,000.
- Scope D-"Additional/Alternate Walkway improvements" may provide the aesthetically desirable, but not essential for Project completion, park pathway and lighting upgrades. While these are included in the schematic design, they are contingent upon funding the estimated construction in the amount of \$130,000, which maybe available at time of award of bid based

on actual bid amounts and use of any available project contingency.

In addition, the City has approved and funded a separate CIP Project that will provide a signalized entry at Kiely Blvd./Kaiser Dr., with improved parking, ADA accessible drop-off/pick-up area, and walkway improvements to the second entrance into the Magical Bridge Playground.

Magical Bridge Fundraising

Magical Bridge reports having raised an estimated \$200,000 and will continue its efforts through the award of construction which is anticipated in Winter 2021. This extended time will provide additional opportunities to identify corporate and community funds to support specific additional elements and be recognized on the donor wall.

Project Timeline

It is anticipated that Construction Plans, Specifications & Cost Estimate (PS&E) will be completed by Fall 2021. The Bid & Award is anticipated to come before Council in Winter 2021. The Project Construction will be approximately 18 months, beginning early 2022. It is anticipated that the playground will open in Spring 2023.

Commission Action

On October 20, 2020, the Park & Recreation Commission reviewed a presentation by the Parks & Recreation Director and Magical Bridge Foundation (Attachment 2). The Schematic Design meets the City Council approved Central Park Master Plan Update Guiding Principles, the County AIPG guidelines, and the City's research-based best practices for play and inclusionary/universal design. The Project provides the seven elements of play, addresses all required fall heights and safety zones, fits within site topography & constraints, and integrates with the existing park trees and natural elements. After discussion, the Parks & Recreation Commission unanimously recommended that Council approve the proposed Magical Bridge All-Inclusive Playground Schematic Design.

Council Consideration

The Council action is consideration of the Parks & Recreation Commission's recommendation to approve the Magical Bridge All-Inclusive Playground Schematic Design as presented including Scopes A, B, C, and D. This will move the design into development of construction plans and specifications (PS&E) and engineers estimate. The current level of approved Project funding is anticipated to complete the scope of work included in A and B. The decision to include/exclude the Additional/Alternate Scopes of Work C and D will be determined at time of award of Construction Bid which is anticipated to occur in Fall/Winter 2021. This will provide time for the Magical Bridge Foundation to continue its fundraising efforts, and complete the identification of donor funded play elements and an assessment of actual construction bid costs.

MEASURE R

The recommended changes to the existing Central Park may be subject to Measure R. In November 2016, voters passed Measure R, which added Section 714.1 Protection of Parkland and Public Open Space to the City Charter. Measure R prohibits selling, leasing, or otherwise disposing of parkland for a period of one hundred eighty (180) days or more, and also prohibits its use from changing, being abandoned, or discontinued without such sale, lease, disposal or changed use having first been authorized or ratified by a two-thirds majority vote of the electorate during a general municipal election for that purpose. Measure R also prohibits changes in park use for over 180 days without a majority vote of the electorate and substantial building, construction, reconstruction or development

upon dedicated parkland except pursuant to ordinance subject to referendum. The referendum process is set forth in the Elections Code.

The Magical Bridge All-Inclusive Playground Project in Central Park may be considered as “substantial building, construction, reconstruction, or development” of the existing park and playground. The approval of the Schematic Design and Central Park Master Plan Update will require an ordinance (Attachment 2) in order to comply with Measure R. It does not include a sale, lease, disposal, or change in use requiring a majority vote of the electorate.

ENVIRONMENTAL REVIEW

The action being considered is exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines sections 15301 “Existing Facilities”, 15302 “replacement or reconstruction”, and 15303 “new construction or conversion of small structures” as the activity consists of the operation, repair, maintenance, permitting or minor alteration of existing public facilities or topographical features involving negligible expansion of use beyond that existing at the time of the lead agencies determination.

FISCAL IMPACT

There is no fiscal impact from the current decision. The Central Park Magical Bridge Playground capital project (#3183) in the Parks and Recreation Capital Fund has an approved budget allocation of approximately \$4.7 million, consisting of City Capital Improvement Program funds in the amount of \$1.8 million, County AIPG funds in the amount of \$1.765 million, and Magical Bridge funding of at least \$1 million. The estimated construction costs for the proposed Schematic Design Scope A - Playground and the Design Scope B - Restroom Rehabilitation is \$2.5 million. The Scope C - Additional/Alternate playground elements - cost is approximately \$860,000 and dependent upon Magical Bridge Foundation’s fundraising effort as well as community and corporate donations. The Scope D - Additional/Alternate walkway and entrance improvements in the amount of \$130,000 is also unfunded. The remaining Project funds of approximately \$1.0 million are available and budgeted for design, administration, and permitting including mobilization, general conditions, bonding, escalation, permits, insurance, and City Project administration. Current park maintenance activities are included in the Parks & Recreation Department’s annual operating budget.

COORDINATION

This report has been coordinated with the City Attorney’s office.

PUBLIC CONTACT

A summary of proposed Ordinance No. 2028 was published to the Santa Clara Weekly on January 20, 2021, and copies were posted in three public places and made available for public inspection at the City Clerk’s Office.

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Adopt Ordinance No. 2028 Approving the Central Park All-Inclusive Playground Schematic Design in

Accordance with City Charter Section 714.1

Reviewed by: Brian Doyle, City Attorney

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Santa Clara Magical Bridge Playground in Central Park - Schematic Design Ordinance



City Council

**Magical Bridge Playground
Schematic Design –
Recommendation for
Approval**

November 2020

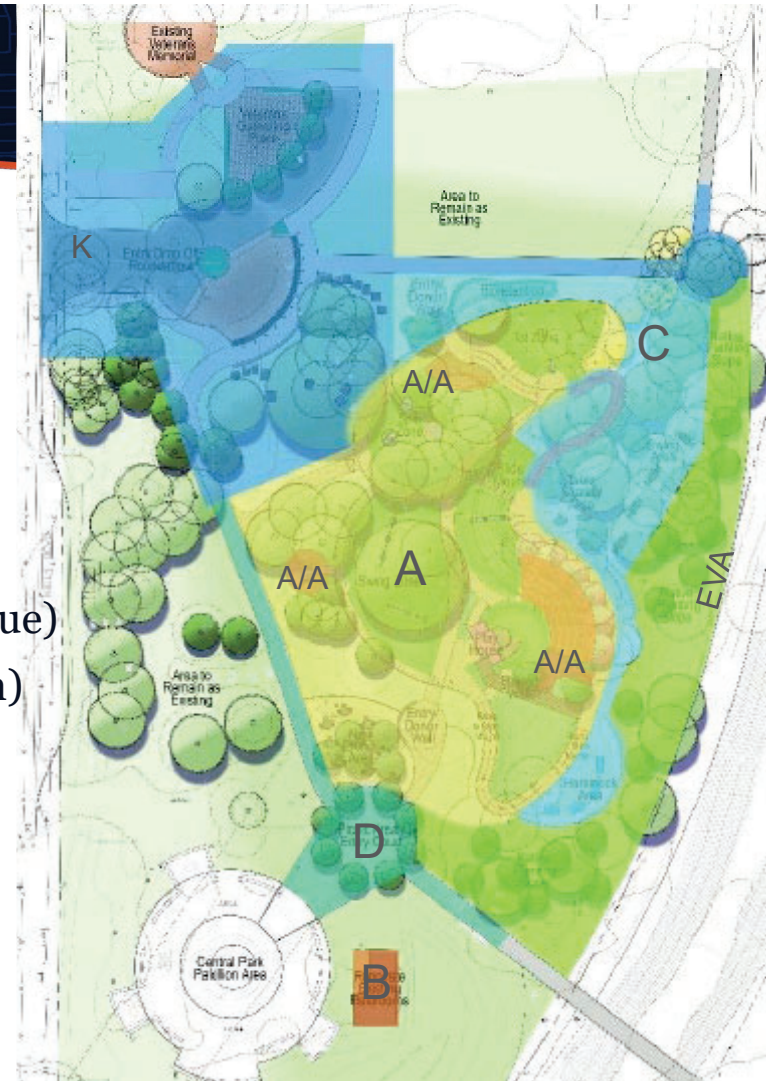


Project Funding

- Total CIP Project Budget: \$4.6 Million
 - \$1.8 Million: City of Santa Clara (Quimby & Developer Contributions)
 - \$1.765 Million: County of Santa Clara (All Inclusive Playground Grant)
 - \$1 Million: Magical Bridge Foundation (Community & Corporate Fund raising; amount to date: \$200,000)
 - Includes design, construction, permits/inspections, contingency

Site Plan–Overview

- **Magical Bridge Playground**
 - Scope A: Playground (yellow*)
 - Scope B: Restroom Rehabilitation (orange)
 - Add/Alt.: *Additional play apparatus
 - Scope C: Mound top, slope, second entry (light blue)
 - Scope D: playground entry & walkway (dark green)
- **Other Improvement Projects - Central Park**
 - Kiely Blvd./Kaiser Park Entry (dark blue)
 - EVA/Trail (light green)
 - Pavilion Parking Lot (off diagram, below right)



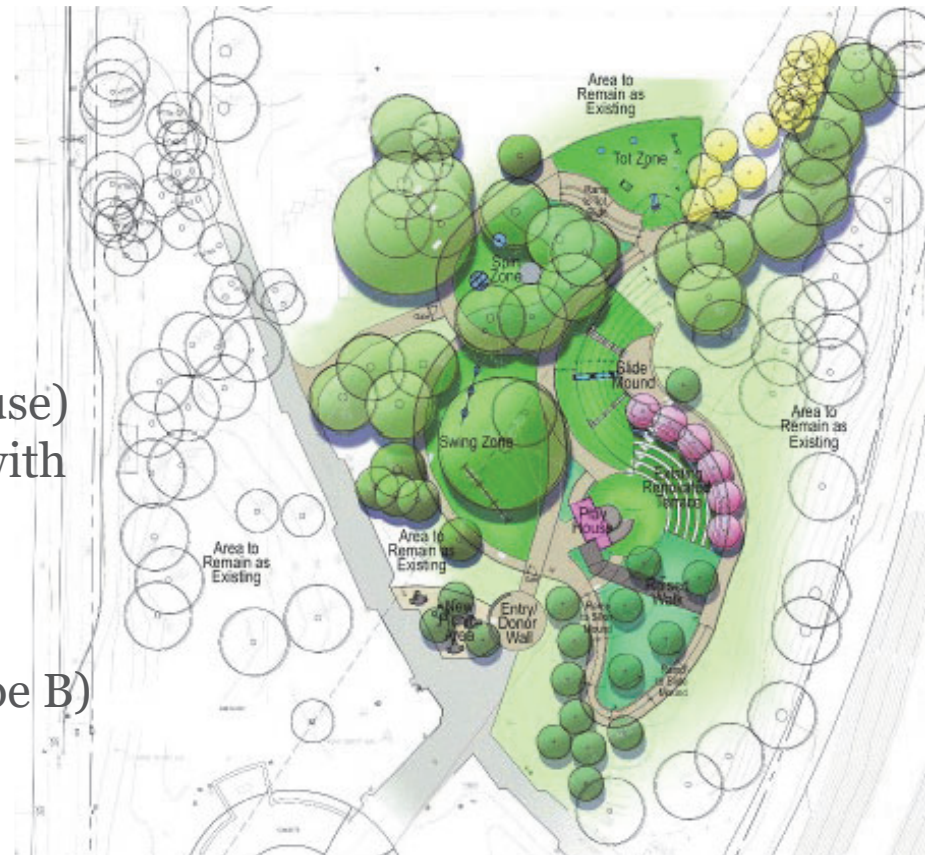




Playground Design

Design Scope - (Est. Constr. \$2.5M)

- **Play Zones (Scope A)**
 - Child Zone (ages 2-5)
 - Spin Zone
 - Swing Zone
 - Slide Mound
 - Imagination Zone (2 Story Playhouse)
 - Existing Terrace Seating (remain with Synthetic Turf Added)
 - Donor Entry Plaza
 - Picnic Area
 - **Restroom Rehabilitation (Scope B)**
- **Construction Contingency (\$.25M)**





Playground Design

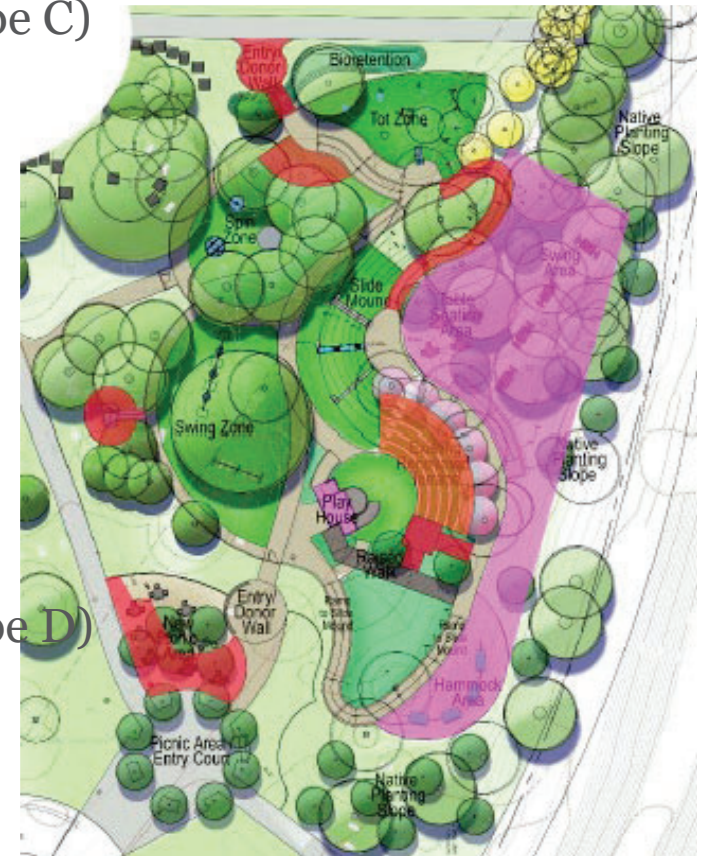
- **Add/Alternate 1-Playground Elements (Scope C)**
(est. const. \$860k)

- Hill Top Play Area (purple)
- Swings
- Hammocks
- Look Out
- Access Ramp
- Seating
- Innovation Zone (Laser Harp)
- Sway Boat
- Full Renovation of Existing Terrace
- Adult Fitness Area
- Lookout/Balcony Deck to Playhouse

- **Add/Alternate 2-Walk way & entrance (Scope D)**
(est. const. \$130k unfunded)

- **Other CIP Projects (CP Master Plan)**

- Secondary Entry (funded)
- Expanded Picnic Area (unfunded)





Playground Design

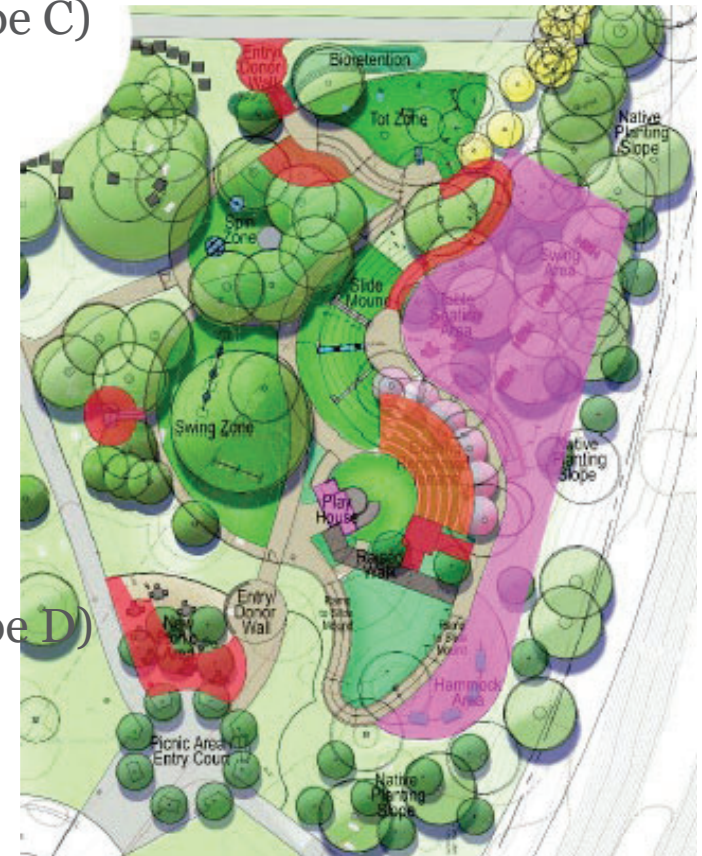
- **Add/Alternate 1-Playground Elements (Scope C)**
(est. const. \$860k)

- Hill Top Play Area (purple)
- Swings
- Hammocks
- Look Out
- Access Ramp
- Seating
- Innovation Zone (Laser Harp)
- Sway Boat
- Full Renovation of Existing Terrace
- Adult Fitness Area
- Lookout/Balcony Deck to Playhouse

- **Add/Alternate 2-Walk way & entrance (Scope D)**
(est. const. \$130k unfunded)

- **Other CIP Projects (CP Master Plan)**

- Secondary Entry (funded)
- Expanded Picnic Area (unfunded)





Project Schedule (estimated)

- Community Input: January - October 2020
- Parks & Recreation Commission Review and Rec.: Oct 20, 2020
- Council Review & Approval of Schematic Design: Nov-Dec 2020
- Construction Plans, Specifications & Cost Estimate: Fall 2021
- Bid & Award: Winter 2021
- Project Construction: Early 2022
- Playground Open: Spring 2023

ORDINANCE NO. 2028

AN ORDINANCE OF THE CITY OF SANTA CLARA, CALIFORNIA, APPROVING THE MAGICAL BRIDGE ALL INCLUSIVE PLAYGROUND IN CENTRAL PARK SCHEMATIC DESIGN IN ACCORDANCE WITH CITY CHARTER SECTION 714.1

BE IT ORDAINED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the Central Park ("Park") site located at Kiely Blvd. (APNs 290-29-026, 290-39-032, 290-29-009, 290-14-249) as recorded in County of Santa Clara January 1, 1973 and dedicated as parkland in the City of Santa Clara's General Plan; and,

WHEREAS, the funding for the Central Park Arbor Center Playground/Magical Bridge All-Inclusive Playground Project ("Project") was approved by City Council in the Capital Improvement Project Budget (CIP #3183) in 2020, and the City has been awarded an All Inclusive Playground Grant by the County of Santa Clara (AIPG) in 2019; and,

WHEREAS, the Project proposes improvements as recommended by the Parks & Recreation Commission October 2020 and as depicted in the Magical Bridge All Inclusive Playground Schematic Design, include replacement of the Arbor Center Playground with construction of a new playground for all ages and abilities based on research based best practices and all elements of play, new site furnishings, Arbor Center bathroom rehabilitation, landscaping and trees, among other items ("Park Project Improvements"); and,

WHEREAS, the voters of the City of Santa Clara passed Measure R in 2016, which added section 714.1 to the City Charter, which prohibits substantial building, construction, reconstruction, or development of parks and recreation facilities except pursuant to ordinance subject to referendum; and,

WHEREAS, the Park Project Improvements constitutes a substantial building, construction, reconstruction and/or development, and is subject to Measure R; and,

WHEREAS, the City Council desires to approve the Park Project Improvements by ordinance in accordance with City Charter section 714.1.

NOW THEREFORE, BE IT FURTHER ORDAINED BY THE CITY OF SANTA CLARA, AS FOLLOWS:

SECTION 1: That the City Council hereby approves the building, construction, reconstruction and/or development of Central Park in accordance with the Magical Bridge All-Inclusive Playground Schematic Design, attached hereto and incorporated by this reference, and in accordance with City Charter section 714.1.

SECTION 2: Savings clause. The changes provided for in this ordinance shall not affect any offense or act committed or done or any penalty or forfeiture incurred or any right established or accruing before the effective date of this ordinance; nor shall it affect any prosecution, suit or proceeding pending or any judgment rendered prior to the effective date of this ordinance. All fee schedules shall remain in force until superseded by the fee schedules adopted by the City Council.

SECTION 3: This Ordinance shall not be codified in the Santa Clara City Code.

///

///

SECTION 4: Effective date. This ordinance shall take effect thirty (30) days after its final adoption; however, prior to its final adoption it shall be published in accordance with the requirements of Section 808 and 812 of "The Charter of the City of Santa Clara, California."

PASSED FOR THE PURPOSE OF PUBLICATION this 12th day of January, 2021, by the following vote:

AYES: COUNCILORS: Becker, Chahal, Hardy, Jain, Park, and
Watanabe and Mayor Gillmor

NOES: COUNCILORS: None

ABSENT: COUNCILORS: None

ABSTAINED: COUNCILORS: None

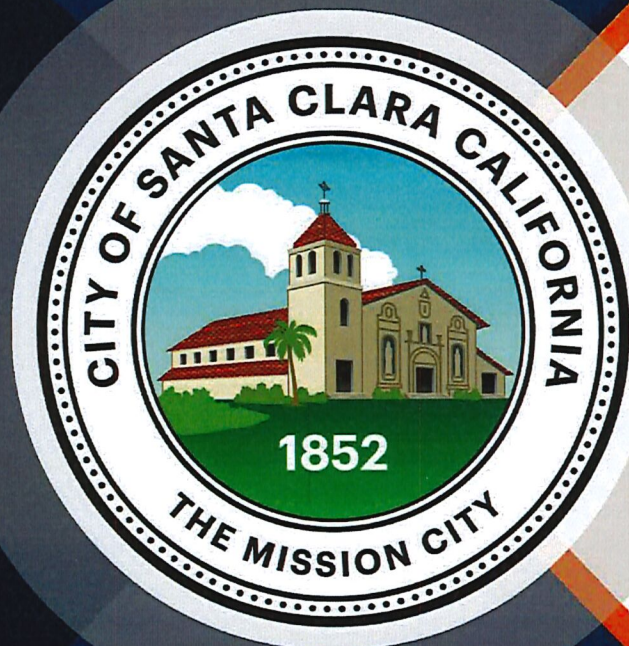
ATTEST:



NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Magical Bridge All Inclusive Playground In Central Park Schematic Design



City Council

**Magical Bridge Playground
Schematic Design –
Recommendation for
Approval**

November 2020

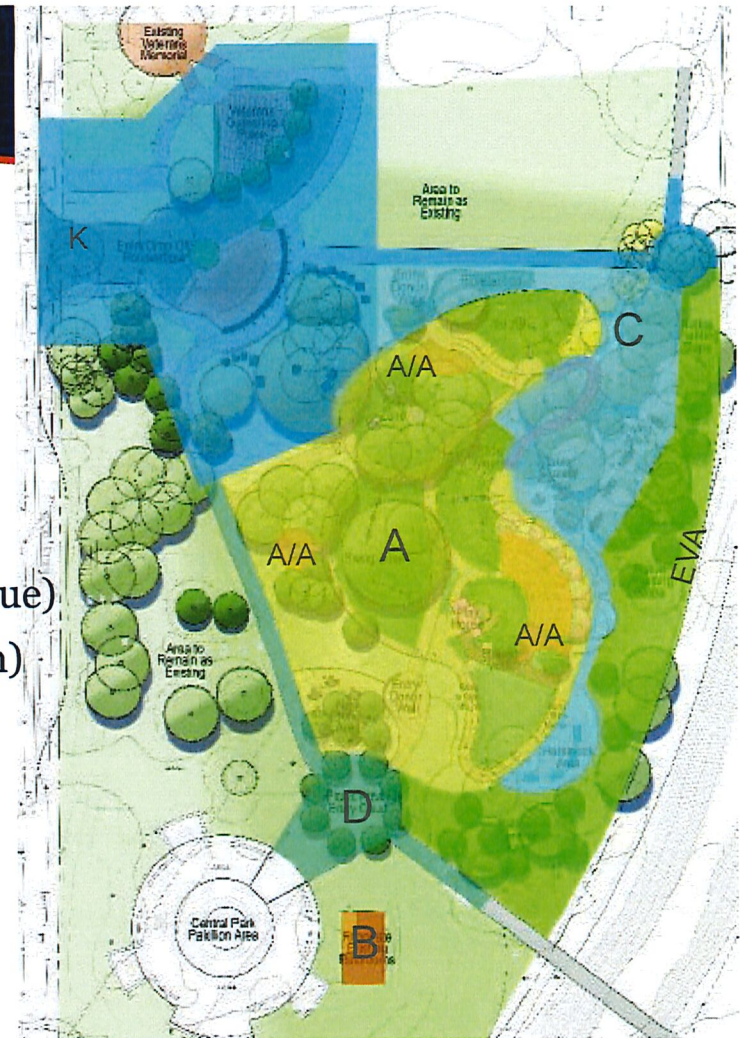


Project Funding

- Total CIP Project Budget: \$4.6 Million
 - \$1.8 Million: City of Santa Clara (Quimby & Developer Contributions)
 - \$1.765 Million: County of Santa Clara (All Inclusive Playground Grant)
 - \$1 Million: Magical Bridge Foundation (Community & Corporate Fund raising; amount to date: \$200,000)
 - Includes design, construction, permits/inspections, contingency

Site Plan–Overview

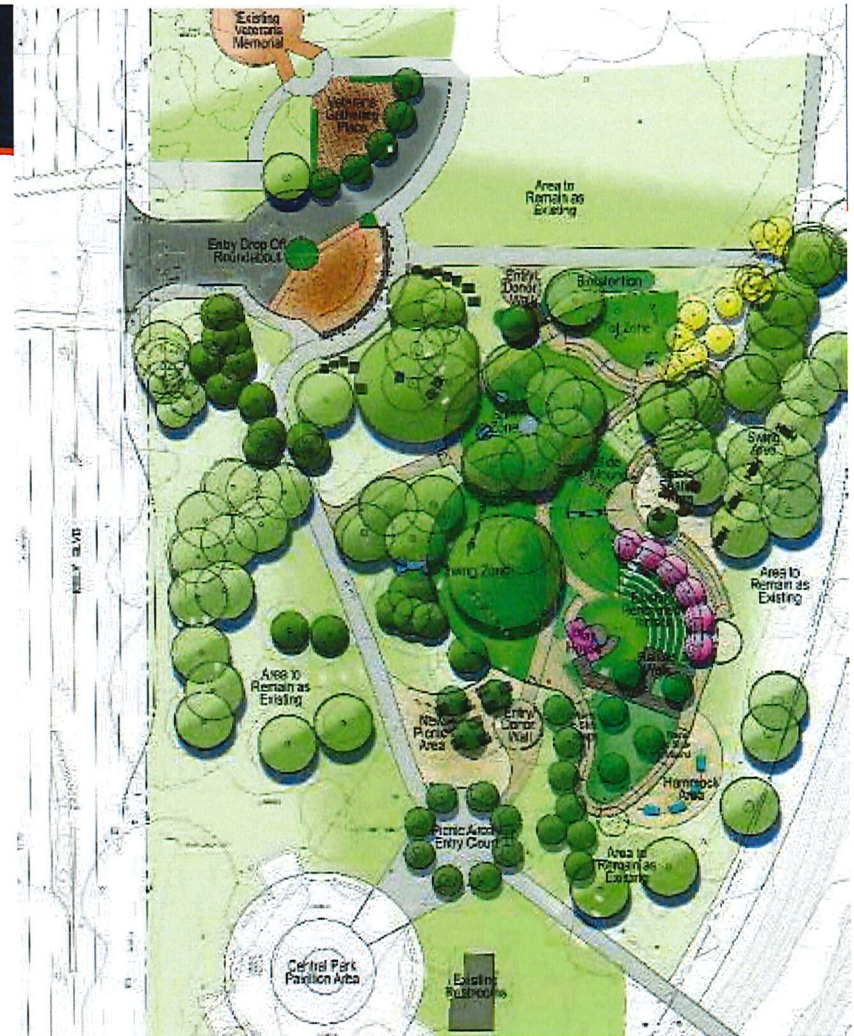
- **Magical Bridge Playground**
 - Scope A: Playground (yellow*)
 - Scope B: Restroom Rehabilitation (orange)
 - Add/Alt.: *Additional play apparatus
 - Scope C: Mound top, slope, second entry (light blue)
 - Scope D: playground entry & walkway (dark green)
- **Other Improvement Projects - Central Park**
 - Kiely Blvd./Kaiser Park Entry (dark blue)
 - EVA/Trail (light green)
 - Pavilion Parking Lot (off diagram, below right)



Site Plan—Overview



10

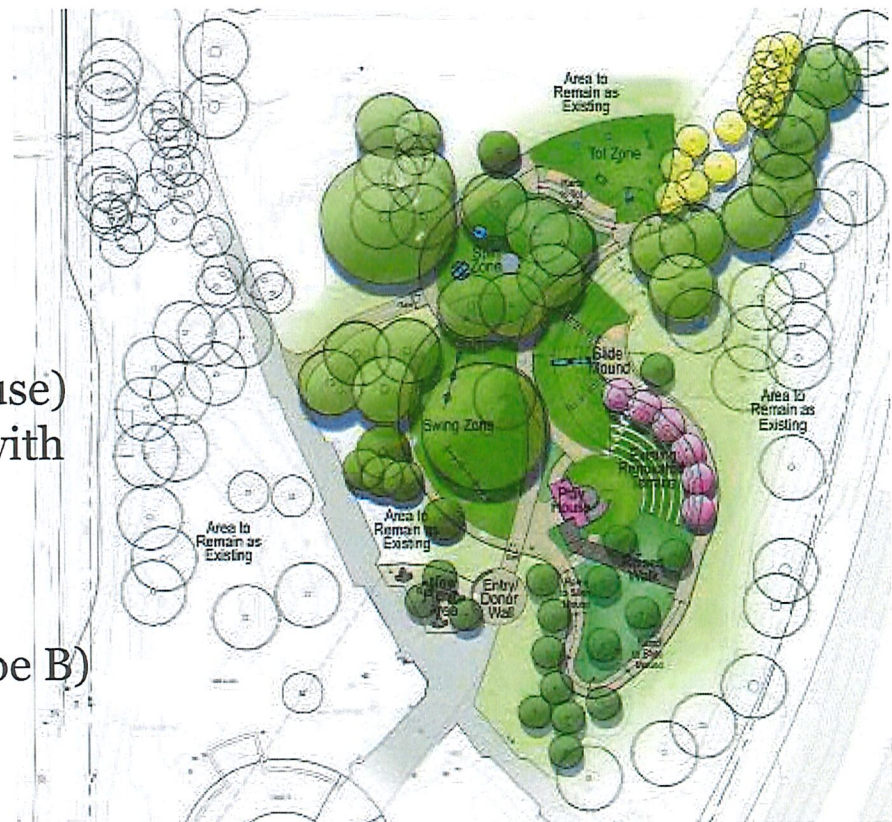




Playground Design

Design Scope - (Est. Constr. \$2.5M)

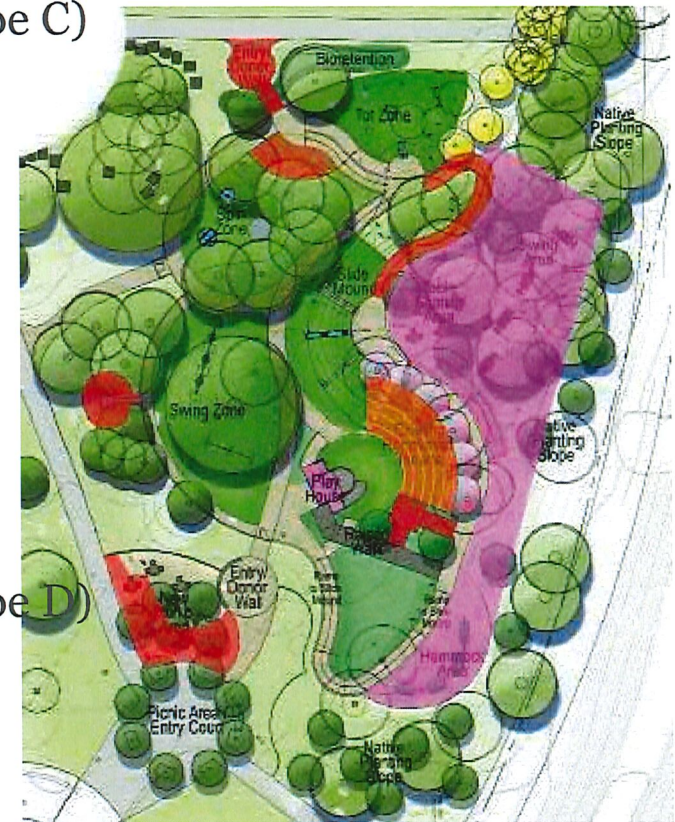
- **Play Zones (Scope A)**
 - Child Zone (ages 2-5)
 - Spin Zone
 - Swing Zone
 - Slide Mound
 - Imagination Zone (2 Story Playhouse)
 - Existing Terrace Seating (remain with Synthetic Turf Added)
 - Donor Entry Plaza
 - Picnic Area
- **Restroom Rehabilitation (Scope B)**
- **Construction Contingency (\$.25M)**





Playground Design

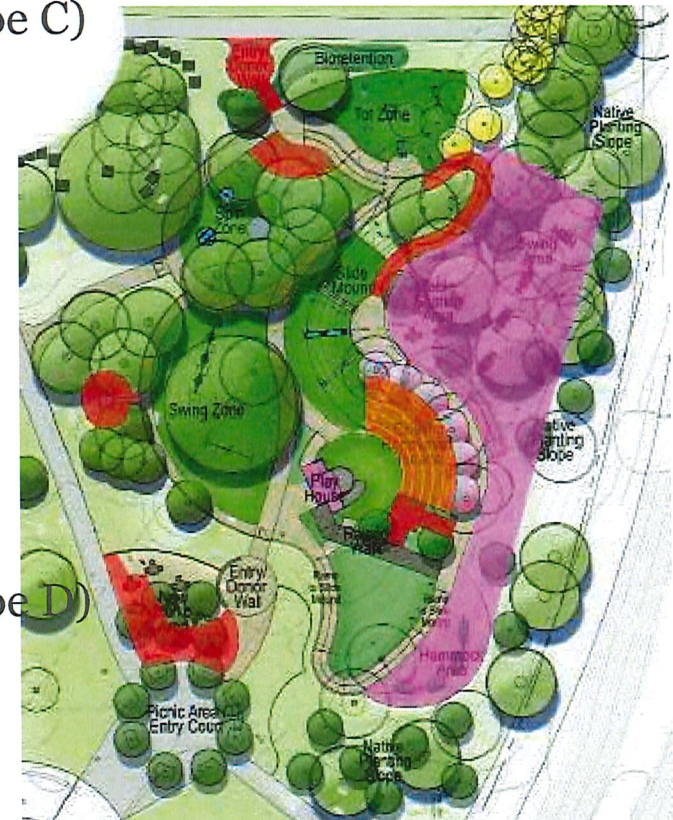
- **Add/Alternate 1-Playground Elements (Scope C)**
(est. const. \$860k)
 - Hill Top Play Area (purple)
 - Swings
 - Hammocks
 - Look Out
 - Access Ramp
 - Seating
 - Innovation Zone (Laser Harp)
 - Sway Boat
 - Full Renovation of Existing Terrace
 - Adult Fitness Area
 - Lookout/Balcony Deck to Playhouse
- **Add/Alternate 2-Walk way & entrance (Scope D)**
(est. const. \$130k unfunded)
- **Other CIP Projects (CP Master Plan)**
 - Secondary Entry (funded)
 - Expanded Picnic Area (unfunded)





Playground Design

- **Add/Alternate 1-Playground Elements (Scope C)**
(est. const. \$860k)
 - Hill Top Play Area (purple)
 - Swings
 - Hammocks
 - Look Out
 - Access Ramp
 - Seating
 - Innovation Zone (Laser Harp)
 - Sway Boat
 - Full Renovation of Existing Terrace
 - Adult Fitness Area
 - Lookout/Balcony Deck to Playhouse
- **Add/Alternate 2-Walk way & entrance (Scope D)**
(est. const. \$130k unfunded)
- **Other CIP Projects (CP Master Plan)**
 - Secondary Entry (funded)
 - Expanded Picnic Area (unfunded)





Project Schedule (estimated)

- Community Input: January - October 2020
- Parks & Recreation Commission Review and Rec.: Oct 20, 2020
- Council Review & Approval of Schematic Design: Nov-Dec 2020
- Construction Plans, Specifications & Cost Estimate: Fall 2021
- Bid & Award: Winter 2021
- Project Construction: Early 2022
- Playground Open: Spring 2023



Agenda Report

21-1291

Agenda Date: 1/26/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on Stadium Authority Bills and Claims for the Month of October 2020

BOARD PILLAR

Enhance Community Engagement and Transparency
Ensure Compliance with Measure J and Manage Levi's Stadium

BACKGROUND

Disbursements made by the Stadium Authority are based on invoices submitted for payment. Prior to payment, staff reviews all disbursement documents to ensure that they are in compliance with the goods or services provided.

The Bills and Claims listing represents the cash disbursements required of normal and usual operations during the period. Budget control is set by the Stadium Authority Board through the budget adoption process.

DISCUSSION

On April 30, 2019, the Stadium Authority Board directed staff to stop payment of any Stadium Authority invoices for services unless there is substantial documentation of services rendered, which must also be in compliance with State law and City Code. Since April 30, 2019, staff received direction to pay Stadium Authority invoices related to SBL sales and services, insurance, and utilities.

Significant expenses in October 2020 include:

- Payments totaling \$93,072.86 to the City of Santa Clara for reimbursement of General and Administrative (G&A) City payroll costs (e.g.: City Manager's Office, City Attorney's Office, and Finance Department)
- Payment totaling \$649,400.00 to Forty Niners Stadium Management Co, LLC include:
 - \$104,000.00 for October 2020 Stadium Manager Expenses - Insurance
 - \$545,400.00 for October 2020 Stadium Manager Expenses - SBL Sales
- Payment totaling \$6,104,006.00 to Stadium Funding Trust for the Term A Loan Interest payment
- Payment totaling \$3,312.50 to Singer Associates, Inc. for Board directed communication services
- Payment totaling \$13,909.74 to J.S. Held LLC for audit services
- Payment totaling \$6,590.63 to The Sourcing Group, LLC for Board directed mailing

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

There is a \$6,871,106.17 fiscal impact to the Stadium Authority.

COORDINATION

This report has been coordinated with the Stadium Authority Counsel’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Approve the list of Stadium Authority Bills and Claims for October 2020.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. October 2020 SCSA Bills and Claims

Santa Clara Stadium Authority

Bills and Claims Expenses Paid by Wire Transfer For the Month of October 2020

Payment Date	Vendor	Invoice No.	Description	Fund	Amount	
10/15/2020	Bank of America	N/A	September 2020 bank fees	Operating	685.33	
10/15/2020	Bank of America	N/A	September 2020 bank fees	Operating	67.57	
10/15/2020	Bank of America	N/A	September 2020 bank fees	Operating	61.54	
			Bank of America Subtotal			814.44
10/16/2020	City of Santa Clara	N/A	B2020 SCSA Admin Payroll Costs	Operating	39,479.28	
10/21/2020	City of Santa Clara	N/A	B2021 SCSA Admin Payroll Costs	Operating	53,593.58	
			City of Santa Clara Subtotal			93,072.86
10/20/2020	Forty Niners Stadium Management Co, LLC	SLS-23098	Oct 20 Std Mgr - Insurance	Operating	104,000.00	
10/20/2020	Forty Niners Stadium Management Co, LLC	SLS-23098	Oct 20 Std Mgr - SBL Sales	Operating	545,400.00	
			Forty Niners Stadium Management Co, LLC Subtotal			649,400.00
10/1/2020	Stadium Funding Trust	N/A	Term A Loan Payment - Interest	Debt Service		6,104,006.00
10/5/2020	Singer Associates, Inc.	134313	August 2020 Board directed communication services	Operating		3,312.50
10/21/2020	J.S. Held LLC	1159931	September 2020 Audit Services	Operating		13,909.74
10/23/2020	The Sourcing Group, LLC	333406	Board directed mailing	Operating		6,590.63
			October 2020 Total			<u>\$ 6,871,106.17</u>



Agenda Report

21-163

Agenda Date: 1/26/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Request from the Stadium Manager for Authority to Execute Agreements with FedEx and USPS to Mail Stadium Builder License (1) Notice of Default and/or Notice of Termination for 2020 and (2) Request for Payment for 2021 Invoices

COUNCIL PILLAR

Ensure Compliance with Measure J and Manage Levi's Stadium

DISCUSSION

On January 11, 2021, the Stadium Manager submitted their request for authority to execute agreements with unidentified vendors to print and mail Stadium Builder License (SBL) invoices and notices of default and termination (Attachment 1) for a not-to-exceed amount of \$20,000. On January 20, 2021, the Stadium Manager submitted a revised request to execute agreements with FedEx and USPS for mailing up to 1,200 SBL notices of default and termination for a total not-to-exceed amount of \$16,400 (Attachment 2). That email request notified staff that the Stadium Manager printed and mailed the 2021 SBL invoices for less than \$10,000 without receiving the Stadium Authority Board's required approval.

In response to the Stadium Authority's request, the Stadium Manager submitted incomplete documentation of the costs incurred for printing and mailing the 2021 SBL invoices (Attachment 3).

ATTACHMENTS

1. Stadium Manager's January 11, 2021 Email Request
2. Stadium Manager's January 20, 2021 Revised Email Request
3. Stadium Manager's January 21, 2021 Email

From: [Mercurio, Jim](#)
To: [Deanna Santana](#); [Christine Jung](#); [Ruth Shikada](#); [Brian Doyle](#); [Compliance Manager](#); [Kenn Lee](#)
Cc: [Mercurio, Jim](#); [Beauchman, Jihad](#)
Subject: SBL Follow up - Confidential
Date: Monday, January 11, 2021 4:55:10 PM
Attachments: [image001.png](#)

Hi Deanna:

We are in the process of assembling a number of written notifications to SBL holders that will be mailed in the next few weeks.

As such, we are requesting authorization from the SCSA Board for the Stadium Manager to enter into agreements (not to exceed \$20,000) in order to print and mail invoices, default notices, and termination letters to SBL account holders in-line with the direction of the SCSA Board.

Many SBL holders require paper copies of documents under their SBL agreements. These notices provide protection against any allegation that notice was not received by any SBL holder as a result of emails that are blocked by filtering software or that otherwise go undelivered.

Thanks in advanced for your consideration.

JIM

JIM MERCURIO

Executive Vice President & General Manager
Forty Niners Stadium Management Company
T 408.562-4944 | M 650 642-4909
Levi's® Stadium
4900 Marie P. DeBartolo Way
Santa Clara, CA 95054



#FTTB
[49ers.com](#)

From: [Mercurio, Jim](#)
To: [Christine Jung](#); [Beauchman, Jihad](#); [Compliance Manager](#)
Cc: [Deanna Santana](#); [Ruth Shikada](#); [Kenn Lee](#); [Brian Doyle](#); [Mercurio, Jim](#)
Subject: RE: SBL Follow up - Confidential
Date: Wednesday, January 20, 2021 5:13:43 PM
Attachments: [image003.png](#)
[image004.png](#)
[image005.png](#)

Hi Christine.

My apologies for the delay on this. We have been focused on developing a potential COVID vaccine plan for Levi's Stadium.

Here are answers to your questions.

- How has ManCo issued notices of default in prior years?
 - Notice of defaults are sent annually and are typically printed by an outside printing company that handles printing and fulfillment of the entire mailing.
 - An outside service has shown to be a better solution for this kind of work; allowing the sales and service team to work on generating sales leads and servicing the needs over 10K+ SBL customers.
- Why can't this work be done in-house?
 - Due to the COVID shut down of the stadium, and the lack of stadium events, we believe we can handle this in-house this year, and will proceed accordingly.
 - We will handle notices of termination in the same manner.
- How exactly will the \$20,000 be spent? Please provide breakdown of the costs.
 - Since much of the work for this year will now be handled by internal staff, here is the breakdown of the costs.
 - Shipping/Postage costs for notice of defaults (not to exceed 600 notices) - \$8,200 Each notice will be sent via Fed Ex with electronic tracking, or USPS Certified Mail with Return Receipt Requested (for PO Box addresses). The estimated per unit cost is in the range of \$7.00 - \$15.00; assumed an average of \$13.67.
 - Shipping/Postage costs for notice of termination - Not to exceed 600 notices - \$8,200 We used the same assumptions as the default notices.
 - Estimated Total – Not to exceed \$16,400, for both notices.
- Is Stadium Authority responsible for these costs? If so, where are these costs charged?
 - Correct. The SCSA is responsible for 100% of the costs for SBL Sales & Service. The costs are charged to SBL Sales & Service Expense.
- What they will each be responsible for?
 - Fed Ex will be used for most of the notices, because their online electronic tracking is better than USPS, there is less labor involved in preparing the return receipts, and customer perceptions of urgency.
 - USPS will be used for customers with PO box addresses.
- Not-to-exceed amounts for each vendor.

- We won't have a breakdown of the actual cost for each vendor until after the work is complete. This is because we are still working on collections and will continue to do so until the day we send the notices.
- As indicated above, the NTE for both vendors combined would be an estimated \$16,400. If you need to indicate an NTE for each vendor, we suggest using \$9,000 for each. Again, we won't know the actual cost until we actually run the mail lists for each set of notices.
- Short description of the procurement process used to select each recommended vendor (i.e., one informal quote for supplies, materials, and equipment less than \$15,000; or three informal quotes for supplies, materials, and equipment exceeding \$15,000; or three informal quotes for services less than \$50,000). This description should include the names of the other vendors that ManCo received quotes from, if applicable.
 - Each vendor is less than \$10,000 based on their published rates.

Please note that the above answers relate to the default and termination notices that will be sent out in the next few weeks. With respect to the customer invoices for the payments due [March 2021] we decided to expedite that mailing to maximize the timely collection of SBL revenues. Therefore, we sent out all those invoices on 1/15/2021. The total cost of that printing and mailing work was less than \$10,000, including postage.

Thanks.

JIM

JIM MERCURIO

Executive Vice President & General Manager
Forty Niners Stadium Management Company
 T 408.562-4944 | M 650 642-4909
 Levi's® Stadium
 4900 Marie P. DeBartolo Way
 Santa Clara, CA 95054



#FTTB
49ers.com

From: Christine Jung <CJung@SantaClaraCA.gov>

Sent: Monday, January 18, 2021 2:18 PM

To: Mercurio, Jim <jim.mercurio@49ers.com>; Beauchman, Jihad <Jihad.Beauchman@49ers.com>; Mercurio, Jim <jim.mercurio@49ers.com>; Compliance Manager <compliance@49ers-smc.com>

Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Ruth Shikada <RShikada@SantaClaraCA.gov>; Kenn Lee <KLee@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>

Subject: RE: SBL Follow up - Confidential

Hi Jim,

I'm following up on my email below for requested information regarding the vendors that will provide printing and mailing services for the SBL invoices, default notices, and termination letters. We will need to incorporate the following information as part of the agenda report:

- Names of recommended vendors
- What they will each be responsible for
- Not-to-exceed amounts for each vendor
- Short description of the procurement process used to select each recommended vendor (i.e., one informal quote for supplies, materials, and equipment less than \$15,000; or three informal quotes for supplies, materials, and equipment exceeding \$15,000; or three informal quotes for services less than \$50,000). This description should include the name of the other vendors that ManCo received quotes from, if applicable.

Please share the information as soon as possible so that we can finalize the report and route it internally before the agenda packet gets posted on Thursday.

Thank you,
Christine

From: Christine Jung

Sent: Thursday, January 14, 2021 4:53 PM

To: Mercurio, Jim <jim.mercurio@49ers.com>; Beauchman, Jihad <Jihad.Beauchman@49ers.com>; Mercurio, Jim <jim.mercurio@49ers.com>; Compliance Manager <compliancemanager@49ers-smc.com>

Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Ruth Shikada <RShikada@SantaClaraCA.gov>; Kenn Lee <KLee@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>

Subject: RE: SBL Follow up - Confidential

Hi Jim,

As discussed during our SBL meeting today, we plan on bringing the request outlined in your email below to the Board on January 26. However, we do need to include the following information in the agenda report:

- Names of recommended vendors
- What they will each be responsible for
- Not-to-exceed amounts for each vendor
- Short description of the procurement process used to select each recommended vendor (i.e., one informal quote for supplies, materials, and equipment less than \$15,000; or three informal quotes for supplies, materials, and equipment exceeding \$15,000; or three informal quotes for services less than \$50,000). This description should include the name of the other vendors that ManCo received quotes from, if applicable.

Please provide this information as soon as possible but no later than tomorrow, January 15. The agenda packet for the January 26 meeting will be posted next Thursday, January 21.

Thank you,
Christine Jung | Assistant to the Executive Director
1500 Warburton Avenue | Santa Clara, CA 95050

From: Mercurio, Jim <jim.mercurio@49ers.com>

Sent: Monday, January 11, 2021 4:55 PM

To: Deanna Santana <DSantana@SantaClaraCA.gov>; Christine Jung <CJung@SantaClaraCA.gov>; Ruth Shikada <RShikada@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>; Compliance Manager <compliancemanager@49ers-smc.com>; Kenn Lee <KLee@SantaClaraCA.gov>

Cc: Mercurio, Jim <jim.mercurio@49ers.com>; Beauchman, Jihad <Jihad.Beauchman@49ers.com>

Subject: SBL Follow up - Confidential

Hi Deanna:

We are in the process of assembling a number of written notifications to SBL holders that will be mailed in the next few weeks.

As such, we are requesting authorization from the SCSA Board for the Stadium Manager to enter into agreements (not to exceed \$20,000) in order to print and mail invoices, default notices, and termination letters to SBL account holders in-line with the direction of the SCSA Board.

Many SBL holders require paper copies of documents under their SBL agreements. These notices provide protection against any allegation that notice was not received by any SBL holder as a result of emails that are blocked by filtering software or that otherwise go undelivered.

Thanks in advanced for your consideration.

JIM

JIM MERCURIO

Executive Vice President & General Manager

Forty Niners Stadium Management Company

T 408.562-4944 | M 650 642-4909

Levi's® Stadium

4900 Marie P. DeBartolo Way

Santa Clara, CA 95054



#FTTB

49ers.com

From: [Mercurio, Jim](#)
To: [Deanna Santana](#); [Christine Jung](#); [Ruth Shikada](#); [Kenn Lee](#); [Brian Doyle](#)
Cc: [Mercurio, Jim](#); [Compliance Manager](#)
Subject: SBL Mailing Costs & Invoice
Date: Thursday, January 21, 2021 3:43:33 PM
Attachments: [image001.png](#)
[SBL Invoice No 148161.pdf](#)

Hi Deanna:

You requested copies of the invoices related to the 1/15/2021 mailing of invoices to the SBL customers.

Here is the status of each cost component of that mailing:

- Almaden Press handled the printing of the invoices. Their invoice for that work is attached indicating a cost of \$4,606.34. This included printing the invoices, the envelopes, and the return envelopes for payment.
- The printer delivered those items to the SBL Sales & Service staff at Levi's Stadium. The staff then handled the assembly of the mailings to the customers.
- The invoices were then mailed from the Stadium using USPS postage. They were sent regular mail. The cost of postage was approximately \$4,500. The postage was applied using the Pitney Bowes postage meter. We will send you a report documenting those charges after we get the month end reports from Pitney Bowes.
- Each return envelope also included prepaid return postage, but we are only charged for the cost of the envelopes that are actually returned. We would estimate a return rate of around 25% so we would expect that is a cost of approximately \$1,000. We will provide you with the actual cost after we receive all the payments.

Thanks,

JIM

JIM MERCURIO
Executive Vice President & General Manager
Forty Niners Stadium Management Company
T 408.562-4944 | M 650 642-4909
Levi's® Stadium
4900 Marie P. DeBartolo Way
Santa Clara, CA 95054



#FTTB

49ers.com

2549 SCOTT BOULEVARD, SANTA CLARA, CA 95050
408.450.7910 • FAX 408.450.7917



Chelsea Marroquin
Forty Niners Football Company LLC
4949 Marie P. DeBartolo Way
Santa Clara CA 95054


Invoice 148161

Date: 01/05/21

SHIP TO:

Forty Niners Football Company LLC
4949 Marie P. DeBartolo Way
Santa Clara CA 95054

Almaden Local Truck 1/5/2021

Acct.No	Ordered By	Phone	Fax	P.O. No	Prepared By	Sales Rep			
1753	Chelsea Marroquin				EDN*	House*			
Quantity	Description					Price			
	<i>List 1 = 1</i> <i>List 2 = 509</i> <i>List 3 = 11</i> <i>List 4 = 602</i> <i>List 5 = 24</i> <i>List 6 = 20</i> <i>List 7 = 8066</i> <i>List 8 = 138</i>								
10,000	#10 window envelope (3-color)					1,025.00			
10,000	#9 Business Reply Envelopes 1-color black					925.00			
10,000	(D) SBL Invoice Mailer Variable Imprint and Perf					1,160.00			
10,000	Invoice shell					966.00			
1	Extra Prep time to fix invoice so that address will appear in window					150.00			
<div><div><p>Only the products that are identified as such on this invoice are FSC Certified.</p><p>The mark of responsible forestry</p></div><div>Received by _____ Date _____</div></div>									
Terms		Subtotal		Shipping	Postage	Tax	Total	Paid	BALANCE
Net 30 Days		4,226.00		0.00	0.00	380.34	4,606.34	0.00	4,606.34



Agenda Report

21-131

Agenda Date: 1/26/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Report from the Stadium Authority Regarding the Stadium Manager's Request for Delegated Authority to Execute Agreements with FedEx and USPS for Mailing Stadium Builder License (1) Notice of Default and/or Notice of Termination and (2) Request for Payment for 2021 Invoices

BOARD PILLAR

Ensure Compliance with Measure J and Manage Levi's Stadium

BACKGROUND

On September 17, 2019, the Stadium Authority Board (Board) approved the introduction of Ordinance No. 2005, which rescinded the Executive Director's delegated purchasing authority and requires Board approval for all contracts or agreements to acquire supplies, materials, equipment and services, by amending Chapter 17.30 ("Stadium Authority Procurement Policy") of the City of Santa Clara City Code. On October 8, 2019, the Board adopted Ordinance No. 2005, which became effective on November 8, 2019.

Through the Stadium Management Agreement (Management Agreement), the Stadium Authority has engaged the Forty Niners Stadium Management Company LLC (Stadium Manager) to provide management services for the Stadium, including overseeing the day-to-day operations and maintenance of the Stadium as well as the marketing and booking of Non-NFL Events. Section 2.1 of Amendment 1 to the Management Agreement provides that the Stadium Manager has full authority to procure on behalf of the Stadium Authority related to the Stadium and its operations *to the extent that the Executive Director has authority to enter into such contracts pursuant to Santa Clara City Code Section 17.30.010 through 17.30.180.*

As result of the City's revocation of the Executive Director's authority to procure good and services on behalf of the Stadium Authority as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that it has properly and legally procured goods and services before contracts may be executed.

Section 2.6.18 in Amendment 4 to the Management Agreement states that the Stadium Manager is responsible for the following SBL Management Services:

- (i) maintain appropriate records of the holder of each SBL,
- (ii) monitor transfers of SBLs, and, where Stadium Authority approval is required, make recommendations to the Stadium Authority with respect thereto,
- (iii) oversee the marketing of any unsold or defaulted SBLs in accordance with the direction of the Stadium Authority,
- (iv) administer and enforce the terms and conditions of the SBLs,

- (v) manage the provision of services specified in the SBLs,
- (vi) *invoice, collect, account for and distribute the amounts payable under SBL agreements*, and
- (vii) provide information to StadCo, the Team and the sponsors of any Non-NFL Events as reasonably required to enable each of them to fulfill their obligations to the holders of SBLs.

The Stadium Manager has shared that it used an outside printing company to print and mail notices of defaults in prior years. According to the Stadium Manager, it has done this in the past to allow the sales and service team to work on generating sale leads and servicing the needs of over 10,000 SBL Holders.

The Stadium Manager is now requesting authorization to execute agreements with FedEx and the United States Postal Service (USPS) in an amount not-to-exceed \$16,400 to mail up to 1,200 notices of default and termination (up to 600 notices for each type of notice) to SBL Holders who are financing their SBLs and owe payments from March 1, 2020.

DISCUSSION

On January 11, 2021, the Stadium Manager sent an email to the Stadium Authority outlining their request for authority to execute agreements with unidentified vendors in an amount not-to-exceed \$20,000 to print and mail SBL invoices, notices of default and termination. At the Stadium Manager's request, a meeting between the Stadium Authority and Stadium Manager was scheduled on January 14, 2021 to discuss confidential SBL issues: however, prior discussions on this topic date back to late -2020. **There are two categories of noticing that are required: (1) 2020 SBL payments that are now a year behind and (2) 2021 SBL payments due March 1, 2021.**

The Stadium Manager's request was brought up during the meeting and Stadium Authority staff requested additional information about the vendors, services that would be provided, breakdown of costs, and the procurement processes implemented. Stadium Authority staff made this informational request because this type of information is normally included in staff's reports to the Board requesting authority to procure supplies, equipment, materials, and services for transparency and to ensure that the goods and services were properly procured. At the January 14 meeting, it was communicated to the Stadium Manager that its request would go to the Board on January 26, 2021 for approval to align to their interest of getting notices out in early February: Stadium Manager agreed to the January 26 date as reasonable to meet the planned schedule of releasing notices in early February.

Staff sent a subsequent email later that day to document the Stadium Authority's request for additional information and communicated the urgency of having that information as soon as possible to complete the agenda report by January 21, 2021, which is when the January 26, 2021 agenda packet will be published. Staff sent the Stadium Manager additional questions from the Board regarding the request for printing and mailing services on the morning of January 20, 2021.

On January 20, 2021, the Stadium Manager responded to the questions outlined in the two emails from staff after business hours and communicated a significantly revised request. In the revised request, the Stadium Manager stated that:

- (1) 2020 SBLs** -- It will now print the notices of default and termination in-house and is requesting for Board authority to execute agreements with FedEx and USPS for postage and mailing services for up to 1,200 notices of default and termination in a total amount not-to-exceed

\$16,400. The Stadium Manager does not have a breakdown of the actual costs for each vendor since its staff is still actively collecting payments until the notices are issued. It plans on using FedEx to ship most of the notices because that company's online tracking system is preferred over USPS and will result in less labor to prepare the return receipts. USPS will be used to ship notices to SBL Holders who have P.O. Box addresses. The Stadium Manager provided some calculations in its email to support its requested not-to-exceed amount of \$16,400 (\$8,200 estimated for each vendor). It also noted that each vendor is less than \$10,000 based on published rates.

- (2) 2021 SBLs** -- Stadium Manager advised, despite no Board approval to expend public funds, that it decided to expedite the mailing for 2021 SBL invoices to maximize the timely collection of SBL revenues. Stadium Manager advised staff via email that the 2021 SBL invoices were sent out on January 15, 2021 and the costs for printing and mailing the invoices totaled less than \$10,000. The Stadium Manager did not share their changed plans to mail the invoices out at the January 14 meeting, nor did it communicate this changed action until January 20.

On January 21, 2021, the Stadium Authority and Stadium Manager had their monthly coordination meeting and the Stadium Manager's revised request was discussed. Stadium Manager acknowledged that they did not communicate to the Stadium Authority about the plan to print and mail out the 2021 SBL invoices during the January 14, 2021 meeting and their plans changed and a decision was made to print and mail out the invoices. However, upon review of the vendor invoice (from Almaden Press), the invoice is dated January 5, 2021 which means that there was a misrepresentation made by the Stadium Manager to the Stadium Authority staff at both the January 14 and 21 meetings. It is reasonable to expect the Stadium Manager to relay the accurate status of SBLs billing efforts when seeking Board approval of a particular action. In other words, by 9-20 days after the invoice was issued (which likely means the work was ordered before), the Stadium Manager should have been sufficiently prepared to accurately disclose the current state of SBL payment/invoicing to the Stadium Authority.

The Stadium Authority's Executive Director (Executive Director) stated that the Stadium Manager would now need retroactive approval for this unauthorized action. The Stadium Manager has submitted a copy of the January 5, 2021 Almaden invoice for printing the 2021 SBL invoices totaling \$4,606 and explained that the mailing was handled in-house by staff. The Stadium Manager estimated the cost of postage to be approximately \$4,500 and also anticipates expending an additional \$1,000 on pre-paid return postage (\$5,500 total). Without complete supporting documentation, the Executive Director is not authorized to recommend approval of expenditures.

SCSA Staff's Concerns

During the January 21 meeting, Stadium Authority staff also communicated many of the following concerns with the Stadium Manager.

Poor Planning and Lack of Communication

The mailing of SBL invoices and notices of default and termination is an annual process that the Stadium Manager is responsible for as required by the Management Agreement. The Stadium Manager began engaging the Stadium Authority on various SBL issues, including defaults, in August 2020. However, the Stadium Manager did not request advanced Board authority to establish open Purchase Orders (POs) to print or mail 2020 SBL invoices in 2020, nor did it bring up the need to print and mail the 2021 invoices and 2020 default notices to the Stadium Authority until January

2021. Stadium Manager had months to prepare for this basic administrative function.

Additionally, the Almaden Press invoice was dated January 5, which is well in advance of the Stadium Manager's January 11 email request and the January 14 meeting between the Stadium Authority and Stadium Manager. Both original and revised requests, including significant last-minute changes to the request, and the January 5 invoice date demonstrate poor planning and a continued lack of communication and sharing of accurate information from the Stadium Manager on key decisions.

Violation of Board Direction and Stadium Authority Procurement Policy

In the January 20, 2021 email, the Stadium Manager disclosed that it had already printed and mailed the 2021 SBL invoices were sent out on January 15, 2021 for a total cost less than \$10,000.

This action goes directly against the Board's direction and the Stadium Authority Procurement Policy, which states that the Executive Director has no authority to execute contracts with third parties for services provided to the Stadium Authority and that all Stadium Authority contracts need to be approved by the Stadium Authority Board prior to execution by the Executive Director.

Based on the Stadium Manager's response about how it has handled printing and mailing notices through an outside vendor in prior years and its mailing of the 2021 SBL invoices, Stadium Authority has reason to believe that the Stadium Manager also procured similar services to print and mail out the 2020 SBL invoices without Board approval. This calls into question *what else the Stadium Manager may be procuring on the Stadium Authority's behalf without Board approval*.

Demonstrated Lack of Procurement Expertise

The Stadium Manager was selected to manage the Stadium in part because it represented itself as an organization whose principals have substantial experience and expertise in the management and operation of public assembly facilities. In order to effectively manage and operate a public facility, one would require expertise in public procurement. Printing and mailing services is a simple/basic administrative task that is expected of any billing function. As an organization that prints and mails SBL invoices and notices on an annual basis, the Stadium Manager would have demonstrated skill in the management of public facilities by putting in place widely-used blanket POs for printing and mailing services as needs come up during the year as part of its normal business operations.

Since Ordinance No. 2005 became effective on November 8, 2019, the Stadium Authority has provided the Stadium Manager with sample Board and Council procurement reports and procurement template forms and met separately with the Stadium Manager's procurement team in May and August 2020 to discuss the Stadium Authority's procurement expectations and answer their questions about how procurements should be conducted. However, the Stadium Manager's original January 11, 2021 request demonstrates its continued lack of procurement expertise by submitting an incomplete request that contained no information about vendors and cost breakdown for a public board's approval.

Lack of Truthfulness or Proper Representation

The Stadium Authority should be concerned that the Stadium Manager requested a meeting to discuss its SBL needs on January 11 and which was quickly scheduled on January 14. Upon the January 14 meeting and written request, Stadium Authority staff began to work on their request as it had been presented (e.g., review and report writing). However, we now know that that the Stadium

Manager was engaged in a completely different set of actions, such as:

- (1) Not requiring a vendor for 2020 SBL notices, as represented weeks before and on January 14, but rather completing the work in-house and
- (2) Representing that there was a need to hire a vendor for 2021 SBL invoices and obtain the Board's approval, when the Stadium Manager had already engaged a vendor to print invoices as early as January 5, or before, and in direct violation of the Board's directive.

The Stadium Manager had ample opportunity to provide truthful or accurate statements and information to the Stadium Authority of exactly how it was going to proceed with upholding their SBL Management Agreement obligations; however, it was not until after hours the day before that they were truthful with the Stadium Authority after several regular monthly meetings and a quickly schedule special meeting. Additionally, the Stadium Manager committed to provide invoices for the vendors used for the 2021 SBL invoice mailing, but the information provided regarding postage remains incomplete.

Given that the Stadium Authority does not have complete supporting documentation for the 2021 SBL invoice mailing, it is not possible to recommend retroactive approval of the public funds expended to the Board. However, for efficiency sake, the Board can consider delegating approval authority to the Executive Director upon receipt of the documentation that the Stadium Manager stated it would timely provide. The concerns outlined above are significant and continue to pose a challenge to staff's ability to work efficiently with the Stadium Manager to ensure that the supplies, equipment, and services required to keep the Stadium well maintained and operating are properly and legally procured. It also damages trust in an environment where the Stadium Manager seeks a more collaborative and positive relationship with the Stadium Authority.

ENVIRONMENTAL REVIEW

The actions being considered do not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment or pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

The Stadium Authority is responsible for these costs. Savings is available in the FY 2020/21 budgeted SBL Sales and Service allocation.

COORDINATION

This report has been coordinated with the Stadium Authority Counsel and Treasurer's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

ALTERNATIVES

Acknowledging that these invoices and notices of defaults and termination are pertinent to collecting SBL revenues and continuing SBL operations, the following policy options are available to the Board:

1. Approve the Stadium Manager's request to execute agreements with FedEx and USPS for mailing up to 1,200 SBL notices of defaults and termination in a total amount not-to-exceed \$16,400 and authorize the Executive Director to approve and process the reimbursement of such costs upon receiving final invoices and supporting documentation from the Stadium Manager;
2. Do not approve the Stadium Manager's request to execute agreements with FedEx and USPS for mailing up to 1,200 SBL notices of defaults and termination in a total amount not-to-exceed \$16,400 and authorize the Executive Director to approve and process the reimbursement of such costs upon receiving final invoices and supporting documentation from the Stadium Manager;
3. Approve retroactively the costs associated with postage, printing and mailing the 2021 SBL invoices, in an amount not-to-exceed \$10,100, and delegate approval to the Executive Director upon receipt of invoices that the Stadium Manager committed to the Stadium Authority and all supporting documentation;
4. Deny retroactive approval of the costs associated with postage, printing and mailing the 2021 SBL invoices, in an amount not-to-exceed \$10,100, and delegate approval to the Executive Director upon receipt of invoices and all supporting documentation from the Stadium Manager; or
5. Any other direction from the Board.

RECOMMENDATION

Alternatives 1 and 4:

1. Approve the Stadium Manager's request to execute agreements with FedEx and USPS for mailing up to 1,200 SBL notices of defaults and termination in a total amount not-to-exceed \$16,400 and authorize the Executive Director to approve and process the reimbursement of such costs upon receiving final invoices and supporting documentation from the Stadium Manager; and
4. Deny retroactive approval of the costs associated with postage, printing and mailing the 2021 SBL invoices, in an amount not-to-exceed \$10,100, and delegate approval to the Executive Director upon receipt of invoices and all supporting documentation from the Stadium Manager.

Prepared by: Christine Jung, Assistant to the City Manager (Executive Director)

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

N/A



Agenda Report

21-1292

Agenda Date: 1/26/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending September 30, 2020

BOARD PILLARS

Ensure Compliance with Measure J and Manage Levi's Stadium
Enhance Community Engagement and Transparency

BACKGROUND

In Fiscal Year 2014/15 the Stadium Authority Board ("Board") requested that staff prepare quarterly Santa Clara Stadium Authority ("Stadium Authority") Financial Status Reports. These reports provide an update on the events held at Levi's Stadium, Stadium Authority finances, and the impact of Stadium Authority activity on the City of Santa Clara's ("City").

This report provides information covering the Stadium Authority's second (July 1, 2020 - September 30, 2020) quarter of the 2020/21 fiscal year.

The Adopted Stadium Authority Budget incorporates the estimated revenues and expenses for all Stadium Authority funds. The attached Financial Status Reports provide the budget to actual revenue and expense summaries for the operating, debt service, and capital funds. Analysis of the financial activity through the fiscal year measures the adherence to the budget and allows the Stadium Authority to monitor and project revenues and expenses. Any significant variances are explained in the reports.

DISCUSSION

The attached financial status reports provide information covering the Stadium Authority's second (July 1, 2020 - September 30, 2020) quarter of the 2020/21 fiscal year. The reports summarize National Football League ("NFL") and non-NFL event activity at Levi's Stadium and describes the financial impact of these events on the Stadium Authority and City since FY 2014/15.

NFL Event Revenue and Expenses

The San Francisco Forty-Niners ("49ers") played one regular season NFL game at Levi's Stadium as of September 30, 2020. The two pre-season games originally scheduled for August 21, 2020, and September 3, 2020, were cancelled by the NFL due to COVID-19. The regular season game was held at Levi's Stadium absent any fans and, therefore, no tickets were sold.

Non-NFL Event Revenue and Expenses

There were no Non-NFL events held in the second quarter of the 2020/21 Fiscal Year. Due to the ongoing pandemic, there is no estimated timeframe for Non-NFL events to resume.

Stadium Builder Licenses (“SBLs”)

SBLs account for 36% of the Stadium Authority’s annual budgeted revenue in FY 2020/21. There is a total of 60,917 currently active SBLs which is 92.5% of the 65,879 total sellable SBL seats. The value of the active SBLs amount to \$534.4 million of which \$461.7 million has already been collected.

Stadium Authority Budgets

The detailed analysis of Stadium Authority budget to actual financials is provided in the attached Financial Status Reports. In summary, total operating revenues were \$23.2 million representing 34% of the overall budget for revenues and total operating expenses were \$38.8 million or 57% of the budget. The debt service fund was able to pay down \$27.3 million in debt, bringing total Stadium Authority debt down to \$297.9 million. Capital expenses were \$134 thousand representing 1% of the overall CIP budget.

COVID - 19 Impacts

Subsequent to the activities reflected in the September 30, 2020 report, the Stadium Authority staff has been monitoring the impacts due to COVID-19. The Stadium Authority received notice from the 49ers that they would be reducing the annual Facility Rent of \$24.8 million by 20% due to the fact that two NFL games were not allowed to be played at the stadium as a result of the County’s recent order. Staff is also in communications regarding potential impacts due to a further 10% Facility Rent reduction by reason of a third NFL game that could not be played in January 2021 at the stadium under the County’s order. The figure of \$18.2 million in Table 1 below reflects the full 30% reduction in revenue from the County’s COVID-19 order. The table also reflects currently anticipated expenditure savings to offset the decline in revenue due to the COVID-19 pandemic. The remaining balance is anticipated to be offset by reserves or the potential use of a ledger credit for the outstanding Subordinate Loan with the 49ers. We will also look for further expenditure reductions as well as relief from the 49ers on the full impact of the reductions in Facility Rent. Based on this analysis, there is no expected risk of default on any of the required debt service payments scheduled this year.

Table 1 - COVID-19 Impacts and Projected Solutions

	<u>2020/21 Impact</u>
Revenue Loss	
NFL Ticket Surcharge	\$ 8,665,000
Net Revenues from Non-NFL Events	1,500,000
Facility Rent (3 games)	7,428,600
Non-NFL Event Ticket Surcharge	572,000
Total Revenue Loss	\$ 18,165,600
Solutions/Savings	
Shared Stadium Manager Expenses	\$ 2,443,000
SBL Sales & Service and SBL Holder Buffet	1,518,000
Discretionary Fund Expense	250,000
Utilities	333,000
Use of StadCo Tenant Improvements	73,000
Operating/Vacancy Savings (SCSA)	1,915,000
Other Expenses	405,000
Subloan Ledger Credit/Operating Reserve ⁽¹⁾	11,228,600
Total Solutions/Savings	\$ 18,165,600

⁽¹⁾ Use of Subloan Ledger Credit is under review. The balance of the Operating Reserve is \$11.6 million.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

There is no cost to the Stadium Authority to prepare this report other than administrative staff time and expense.

COORDINATION

This report was coordinated with the Stadium Manager per section 4.6 of the Management Agreement as well as the Stadium Authority Counsel’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending September 30, 2020.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. SCSA Financial Status Report for the Quarter Ending September 30, 2020

SCSA

Santa Clara Stadium Authority

SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter Ending September 30, 2020



January 26, 2021

Table of Contents

Introduction.....	2
NFL Events.....	3
Non-NFL Events.....	3
Discretionary Fund	4
Stadium Builder Licenses	5
Santa Clara Stadium Authority Budget Status Reports.....	7
<i>Operating Budget</i>	7
<i>Debt Service Budget</i>	10
<i>Capital Improvement Project Budget</i>	13
City of Santa Clara Net General Fund Impact.....	15
<i>Public Safety and Administrative Cost Reimbursement</i>	15
<i>Rents and Senior and Youth Fee</i>	15
<i>Other Revenue Impacts</i>	15
Glossary.....	17

Introduction

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the second quarter of the Stadium Authority’s 2020/21 fiscal year (FY) which ended on September 30, 2020.

In addition to these quarterly reports, the Stadium Authority produces annual financial statements. The FY 2019/20 financial statements were audited by an external audit firm and presented to the Stadium Authority’s Audit Committee on September 24, 2020 and the Stadium Authority Board (“Board”) on October 13, 2020. Once presented to the Stadium Authority Board, the financial statements are published on the Stadium Authority’s website.

The Stadium Authority also prepares a detailed budget prior to the beginning of each fiscal year. The FY 2020/21 budget was considered at a study session on March 5, 2020 and adopted by the Board on March 24, 2020.

Stadium Authority finances are structured so that the City of Santa Clara (City) is not liable for the debts or obligations of the Stadium Authority. All services provided by the City, including administrative and public safety, to the Forty Niners Stadium Management Company, LLC (“ManagementCo”) or the Stadium Authority are fully reimbursed with Stadium Authority funds.

Methodology

Information provided in this report was based in part on documentation submitted by ManagementCo. Specifically, NFL and Non-NFL event statistics and financial information relating to Stadium Manager expenses are provided by ManagementCo. However, it should be noted that Stadium Manager still refuses full access to the Stadium Authority’s books and records. Stadium Authority staff is limited to a review of selected financial information submitted by ManagementCo, including some source documentation for Non-NFL events with attendance greater than 25,000. For all other financial information, a detailed review and/or audit of source documentation has not been conducted by the Stadium Authority for this report.

The Stadium Authority has contracted with JS Held (formerly Hagen, Streiff, Newton, & Oshiro), a forensic accounting firm, to review and evaluate non-NFL event financial information from the first three years of Stadium operations, including source documentation. The report was discussed with the Board on December 1, 2020. At the Board’s direction, the Stadium Authority is working with JS Held to contract for review of additional historical years.

The information provided reflects the best known and available at the time of the writing of this report and is subject to further revision when the full body of records becomes available and review is complete. Consequently, the Board’s notation and filing of this report should not be considered an approval of the accuracy of the information in the report.

NFL Events

This section provides year to date data for NFL games categorized as pre-season and regular season games.

The San Francisco Forty-Niners ("49ers") played one regular season NFL game at Levi's Stadium as of September 30, 2020. The two pre-season games originally scheduled for August 21, 2020, and September 3, 2020, were cancelled by the NFL due to COVID-19. The regular season game was held at Levi's Stadium absent any fans and, therefore, no tickets were sold.

Though no fans were present for the NFL game, public safety was still provided by the City of Santa Clara for the event in a reduced capacity. The costs amounted to \$113,280 and included planning costs for the first scheduled pre-season game that was subsequently cancelled.

Table 1
Levi's® Stadium
2020/21 NFL Event Statistics
As of September 30, 2020

	Game 1 vs Raiders Cancelled 08/21/20	Game 2 vs Chargers Cancelled 09/03/20	Game 3 vs Cardinals 09/13/20	2020/21 YTD Total
No. of Tickets Sold	-	-	-	-
NFL Ticket Surcharge	\$ -	\$ -	\$ -	\$ -
Senior/Youth Program Fees	\$ -	\$ -	\$ -	\$ -
Cars Parked at Offsite Lots	-	-	-	-
City Offsite Parking Fee	\$ -	\$ -	\$ -	\$ -
Cars Parked on Tasman Lots	-	-	-	-
City Tasman Lot Parking Fee	\$ -	\$ -	\$ -	\$ -
Stadium Public Safety Costs	544	-	112,736	\$ 113,280
Less: Offsite Parking Fee Credit	\$ -	\$ -	\$ -	\$ -
Reimbursable Stadium Public Safety Costs	\$ 544	\$ -	\$ 112,736	\$ 113,280
Amount Reimbursed	-	-	-	\$ -

Non-NFL Events

There were no Non-NFL events held in the second quarter of the 2020/21 Fiscal Year. Due to the pandemic, there is no estimated timeframe for Non-NFL events to resume.

Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Ticket Surcharge of \$4 per ticket. Table 2 shows the revenues and expenses in the Discretionary Fund since FY2014/15. The balance at the end of this reporting period was \$2.3 million.

Table 2

Discretionary Fund - Accrual Basis				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014/15	\$ -	\$ 715,770	\$ 714,028	\$ 1,742
2015/16	1,742	1,238,542	699,129	541,155
2016/17	541,155	1,164,698	1,209,342	496,511
2017/18	496,511	768,564	-	1,265,075
2018/19	1,265,075	796,294	101,267	1,960,102
2019/20	1,960,102	367,748	-	2,327,850
2020/21	2,327,850	-	-	2,327,850

Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$534.4 million and, as of September 30, 2020, 86.4% of the total principal value of all SBLs sold (i.e., \$461.7 million) had been collected.

SBL holders that finance their purchase pay an annual interest rate of 8.5% and payments are due by March 1st each year. The majority of SBL holders make their payments on time. For those that do not pay on time, SBL service staff, working for ManagementCo on the Stadium Authority’s behalf, contact the SBL holders and attempt to collect the full amounts owed. Ultimately, an SBL can be defaulted for non-payment. Once an SBL is defaulted, the SBL holder in default loses their right to buy season tickets as well as their priority rights to tickets to Non-NFL Events, and forfeits any money they had invested in the SBL. Defaulted SBLs are then available for resale.

There is a total of 60,917 currently active SBLs, or 92.5% of the 65,879 total sellable SBL seats. This is an increase of 680 from the total active SBLs at the end of the prior fiscal year (March 31, 2020). The main reasons for the increase are due to sale of new SBLs and the net increase related to the customer seat relocation program. The customer seat relocation program allows customers to trade in their SBLs in return for others in a different location as long as the total face value of the new seats is equal to or greater than the original seats.

During the current reporting period, 270 SBLs were sold for a total face value of \$1.4 million. The customer seat relocation program resulted in an increase of \$1.3 million to the SBL face value, while netting 409 more SBLs.

Additional details regarding currently active SBLs are noted in Table 3.

Table 3

Santa Clara Stadium Authority

Currently Active Stadium Builder License (SBL) Summary⁽¹⁾

Through September 30, 2020										
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/20	New SBL Sales	Net SBL Relocations	SBL Defaults	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected	
141,392	100	100	-	-	-	100	\$ 14,082,625	\$ 12,289,552	87.3%	
80,000	938	930	-	(2)	-	928	74,240,000	65,986,595	88.9%	
40,000	2	2	-	-	-	2	80,000	65,811	82.3%	
30,000	4,869	4,527	3	16	-	4,546	136,380,000	120,659,653	88.5%	
20,000	3,395	2,912	5	2	-	2,919	58,380,000	51,056,355	87.5%	
15,000	7	7	-	-	-	7	105,000	84,227	80.2%	
12,000	2,167	2,151	7	-	-	2,158	25,896,000	22,352,595	86.3%	
10,000	9	7	-	-	-	7	70,000	60,465	86.4%	
6,000	20,623	20,504	90	6	1	20,601	123,606,000	102,769,524	83.1%	
5,000	14,301	13,320	80	55	-	13,455	67,275,000	56,974,820	84.7%	
4,000	917	914	-	6	-	920	3,680,000	3,345,891	90.9%	
3,000	94	91	-	-	-	91	273,000	223,119	81.7%	
2,500	45	44	-	-	-	44	110,000	93,532	85.0%	
2,000	18,373	14,693	85	326	-	15,104	30,208,000	25,701,827	85.1%	
1,000	39	35	-	-	-	35	35,000	29,933	85.5%	
Total	65,879	60,237	270	409	1	60,917	\$ 534,420,625	\$ 461,693,897	86.4%	

Plus: Interest on financed SBLs **57,394,510**
Total Principal & Interest \$ 519,088,407

⁽¹⁾ This table does not include \$26.1 million that has been collected life-to-date from defaulted SBL holders.

Santa Clara Stadium Authority Budget Status Reports

Operating Budget

With 50% of the fiscal year complete, total operating revenues for the second quarter of the 2020/21 Fiscal Year were \$23.2 million representing 34% of the overall budget for revenues. The primary reason that revenue is below 50% is because there are not currently any non-NFL events being held at the Stadium due to the pandemic and therefore the Stadium Authority is not receiving any revenue related to event attendance. The revenue affected by the pandemic includes NFL Ticket Surcharge, Non-NFL Event Revenue, Non-NFL Event Ticket Surcharge and Senior & Youth Fees. The Stadium Authority is still collecting SBL proceeds, sponsorship revenue, Naming Rights revenue and rent all of which, except rent, are expected to meet budget this fiscal year. Due to the cancellation of the last three NFL games, rent is expected to fall below budget by \$7.2 million.

Total operating expenses were \$38.8 million, or 57% of the annual budget. Of note, the payment on shared stadium manager expenses, except insurance, is withheld until sufficient support is received for the expenses. The Stadium Authority's FY2020/21 budget was adopted on March 24, 2020 and included the Stadium Manager's recommended Shared Expense budget of \$9.2 million in a Legal Contingency line item. The expenses that were included in the Legal Contingency line are Stadium Operations, Engineering, Guest Services, Groundskeeping, Security and the Stadium Management Fee. The budget for these expenses will remain in the Legal Contingency line item until adequate support is provided to justify legitimate expenditures of the amounts requested. Operating expense payments were withheld based on Board direction for the partial suspension of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to our agreements and State and local laws. As part of that suspension of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo forced loans on the Stadium Authority through the revolving loan instrument and continues to pay itself public funds without demonstrating compliance with State and local laws.

In the first half of FY2020/21, ManagementCo drew a total of \$3.9 million, not including interest, against the revolving loan line of credit for the Shared Stadium Manager Expense payments withheld by the Stadium Authority. The draws on the revolving loan were not authorized by the Stadium Authority and documentation rejecting these draws was provided to the Stadium Manager. The Stadium Authority maintains its position that it should not release public funds to ManagementCo unless it can demonstrate compliance with public procurement laws, prevailing wage laws,

and absence of self-dealing/conflicts of interests. Shared Stadium Manager insurance expenses were at 50% of the budget, or \$1.5 million.

SBL Sales & Service expenses were 22% of the budget, or \$808 thousand. The Stadium Authority pays for all utility costs from February 1st through July 31st and the tenant (StadCo) pays for utility costs from August 1st through January 31st (Tenant Season). Utility costs are 67% of the budget for the year, or \$1.1 million. Transfers out amounted to \$33.6 million and, lastly, Stadium Authority G&A costs were \$1.2 million or 25% of the budget.

Additional details are shown in Table 4.

Table 4
Santa Clara Stadium Authority
Operating Budget Status Report
For the Period Ending September 30, 2020 and 2019

Period Ending September 30, 2020								Period Ending September 30, 2019			
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Received		Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources											
Revenues											
NFL Ticket Surcharge	\$ 8,665,000	\$ -	\$ -	\$ -	\$ 8,665,000	0%	\$	8,412,291	\$ 2,416,387	\$ 5,995,904	29%
SBL Proceeds	24,213,000	-	7,182,413	7,182,413	17,030,587	30%		25,416,000	9,353,451	16,062,549	37%
Interest	896,000	17,609	6,809	24,418	871,582	3%		938,000	481,610	456,390	51%
Non-NFL Event Revenue	-	-	-	-	-	NA		-	-	-	N/A
Net Revenues from Non-NFL Events	1,500,000	-	-	-	1,500,000	0%		5,796,000	-	5,796,000	NA
Naming Rights	6,957,000	-	3,426,930	3,426,930	3,530,070	49%		6,754,000	3,327,117	3,426,883	49%
Sponsorship Revenue (STR)	392,000	81,250	81,250	162,500	229,500	41%		345,000	162,500	182,500	47%
Rent	24,762,000	6,190,500	6,190,500	12,381,000	12,381,000	50%		24,762,000	12,381,000	12,381,000	50%
Senior & Youth Program Fees	230,000	-	-	-	230,000	0%		250,000	64,669	185,331	26%
Non-NFL Event Ticket Surcharge	572,000	-	-	-	572,000	0%		735,496	483,332	252,164	66%
Bay Area Host Committee Reimbursement	-	727	-	727	(727)	NA		4,642	4,642	-	NA
Other Revenue	-	-	-	-	-	NA		115,773	-	115,773	NA
Revenues Subtotal	\$ 68,187,000	\$ 6,290,085	\$ 16,887,902	\$ 23,177,987	\$ 45,009,013	34%	\$	73,529,202	\$ 28,674,708	\$ 44,854,494	39%
Net Transfers	-	-	-	-	-	N/A		-	-	-	NA
Total Resources	\$ 68,187,000	\$ 6,290,085	\$ 16,887,902	\$ 23,177,987	\$ 45,009,013	34%	\$	73,529,202	\$ 28,674,708	\$ 44,854,494	39%
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Used		Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses											
Shared Stadium Manager Expenses											
Stadium Operations	\$ -	\$ -	\$ -	\$ -	\$ -	NA	\$	653,401	\$ 653,401	\$ 0	100%
Engineering	-	-	-	-	-	NA		328,481	328,481	0	100%
Guest Services	-	-	-	-	-	NA		137,782	137,782	0	100%
Groundskeeping	-	-	-	-	-	NA		29,039	29,039	(0)	100%
Security	-	-	-	-	-	NA		270,450	270,450	(0)	100%
Insurance	3,045,000	761,250	761,250	1,522,500	1,522,500	50%		2,956,000	1,609,076	1,346,924	54%
Stadium Management Fee	-	-	-	-	-	NA		-	-	-	NA
Shared Stadium Mngr Exps Subtotal	\$ 3,045,000	\$ 761,250	\$ 761,250	\$ 1,522,500	\$ 1,522,500	50%	\$	4,375,153	\$ 3,028,229	\$ 1,346,924	69%
Other Expenses											
SBL Sales and Service	\$ 3,610,000	\$ 606,000	\$ 202,000	\$ 808,000	\$ 2,802,000	22%	\$	3,614,477	\$ 2,029,477	\$ 1,585,000	56%
Senior & Youth Fees (paid to City)	230,000	-	-	-	230,000	0%		250,000	42,073	207,927	17%
Non-NFL Event Expense	-	-	-	-	-	NA		-	-	-	NA
Ground Rent (paid to City)	390,000	-	390,000	390,000	-	100%		355,000	355,000	-	100%
Performance Rent (paid to City)	555,000	-	-	-	555,000	0%		2,721,000	-	2,721,000	0%
Discretionary Fund Expense	250,000	-	-	-	250,000	0%		250,000	-	250,000	0%
Utilities	1,597,000	798,000	266,000	1,064,000	533,000	67%		1,568,265	1,049,625	518,640	67%
Use of StadCo Tenant Improvements	73,000	-	-	-	73,000	0%		182,000	-	182,000	0%
Stadium Authority G&A	4,581,000	508,710	651,737	1,160,448	3,420,552	25%		2,480,000	780,659	1,699,341	31%
Naming Rights Commission	30,000	-	-	-	30,000	0%		-	-	-	NA
Legal Contingency	9,231,000	-	-	-	9,231,000	0%		6,996,000	-	6,996,000	NA
Other Expenses	1,400,000	193,000	-	193,000	1,207,000	14%		110,000	109,915	85	100%
College Football Playoff Expense	-	727	-	727	(727)	NA		4,642	4,642	-	100%
Transfers Out	42,847,000	22,888,899	10,764,054	33,652,952	9,194,048	79%		50,284,665	10,894,241	39,390,424	22%
Contribution to Operating Reserve	348,000	-	-	-	348,000	0%		338,000	-	338,000	0%
Other Expenses Subtotal	\$ 65,142,000	\$ 24,995,336	\$ 12,273,791	\$ 37,269,126	\$ 27,872,874	57%	\$	69,154,049	\$ 15,265,632	\$ 53,888,417	22%
Total Expenses	\$ 68,187,000	\$ 25,756,586	\$ 13,035,041	\$ 38,791,626	\$ 29,395,374	57%	\$	73,529,202	\$ 18,293,861	\$ 55,235,341	25%
Operating Reserve	\$ 11,593,270			\$ 11,592,741			\$	11,255,088	\$ 11,255,088		
Discretionary Fund	\$ 2,302,075			\$ 2,327,850			\$	1,086,407	\$ 2,201,768		

Debt Service Budget

The Stadium Authority's FY 2020/21 debt service revenue budget of \$4 million represents anticipated contributions from the Community Facilities District (CFD). The CFD levies and collects a special hotel tax on hotel rooms within the CFD. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD advance. The CFD Advance is payable solely from amounts actually received by the Stadium Authority from the CFD. During the first half of the year, \$145 thousand was contributed by the CFD. The CFD collections have declined due to the County health orders related to the COVID-19 pandemic. Transfers in from the operating fund amounted to \$32.5 million or 83% of the budget.

Total Stadium Authority debt service expenses for the current reporting period were \$34.9 million, 81% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$1.2 million, \$19.5 million, and \$14.2 million, respectively.

The Stadium Authority completed the Trust Excess Cash Flow funding instructions and provided it to the FinanceCo and StadCo to complete the year end Trust Excess Cash Flow funding distribution per the Deposit and Disbursement Agreement. The Trust Excess Cash Flow instruction specifically excluded payments to the Revolving Loan of \$6,300,653 because the Stadium Authority did not recognize this as an expense due to the fact that it is currently under litigation. StadCo did not follow the funding instructions and took the Excess Revenues from the distribution to pay off the Management Company Revolving Loan instead of paying down the amount that the Stadium Authority instructed StadCo be paid against the Subordinated Loan. The Stadium Authority was informed of this diversion in a letter dated April 27, 2020. On May 18, 2020, the Stadium Authority notified StadCo and the Trust that the diversion is in direct contravention of the Stadium Authority's instructions to the Trustee with regards to the use of Excess Revenue. Subsequently, the Stadium Authority has recorded a receivable from StadCo for \$6,300,653 for the portion diverted from the funding instruction.

As of September 30, 2020, the total outstanding amount of Stadium Authority debt had declined to \$297.9 million. This is a reduction in principal of \$27.3 million from the March 31, 2020 outstanding debt amount of \$325.3 million.

Additional details are shown in Tables 5 and 6 and Chart 1.

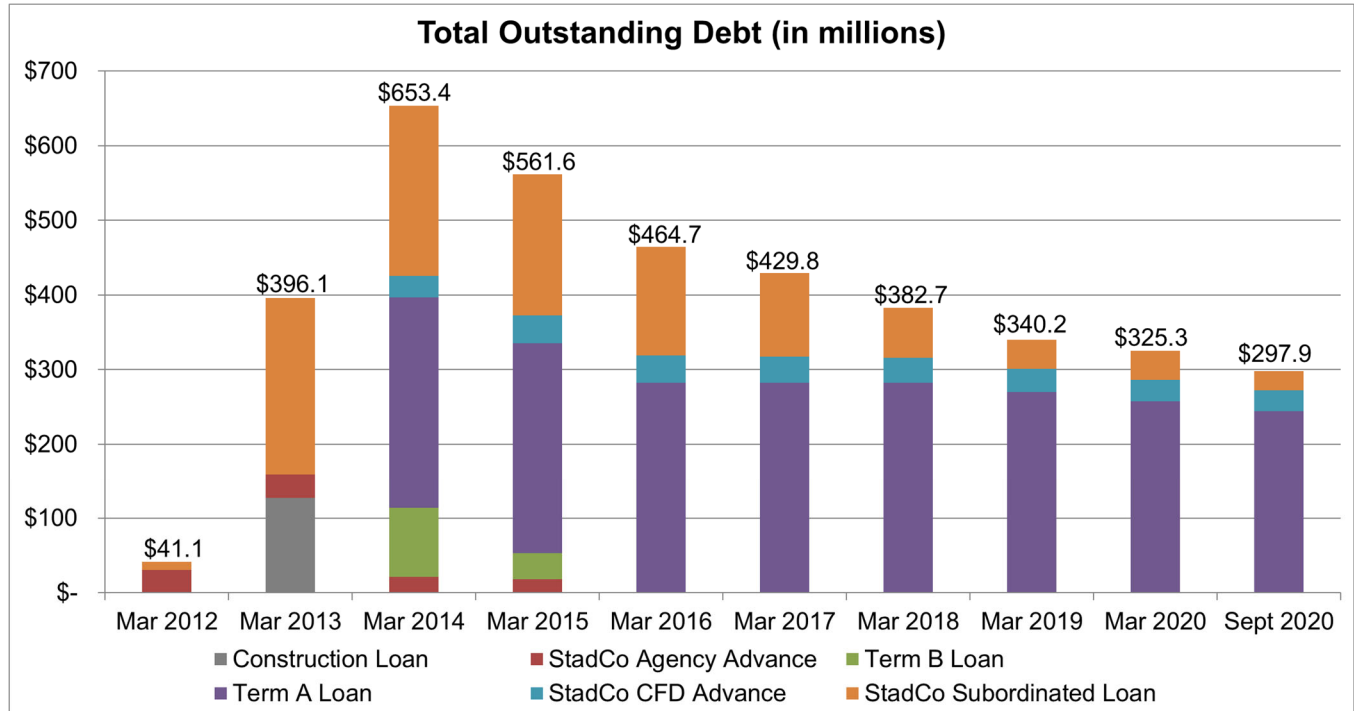
Table 5
Santa Clara Stadium Authority
Debt Service Budget Status Report
For the Period Ending September 30, 2020 and 2019

	Period Ending September 30, 2020						Period Ending September 30, 2019			
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources										
Revenues										
Contribution from CFD	\$ 4,028,000	\$ 52,013	\$ 92,637	\$ 144,650	\$ 3,883,350	4%	\$ 3,872,000	\$ 1,843,667	\$ 2,028,333	48%
Revenues Subtotal	\$ 4,028,000	\$ 52,013	\$ 92,637	\$ 144,650	\$ 3,883,350	4%	\$ 3,872,000	\$ 1,843,667	\$ 2,028,333	48%
Transfers In from Operating	39,265,000	21,729,625	10,764,054	32,493,678	6,771,322	83%	46,806,665	10,894,241	35,912,424	23%
Contribution from Fund Balance	-	9,309,828	(7,044,822)	2,265,006	(2,265,006)	NA	-	9,071,957	(9,071,957)	NA
Total Resources	\$ 43,293,000	\$ 31,091,466	\$ 3,811,868	\$ 34,903,334	\$ 10,654,672	81%	\$ 50,678,665	\$ 21,809,865	\$ 28,868,800	43%
Expenses										
CFD Advance	\$ 3,989,000	\$ 792,083	\$ 410,927	\$ 1,203,009	\$ 2,785,991	30%	\$ 3,844,000	\$ 1,441,246	\$ 2,402,755	37%
Term A Loan	25,562,000	16,406,003	3,052,003	19,458,006	6,103,994	76%	26,383,000	19,190,204	7,192,796	73%
StadCo Subordinated Loan	13,742,000	13,893,380	348,938	14,242,318	(500,318)	104%	15,645,000	1,178,415	14,466,585	8%
Total Expenses	\$ 43,293,000	\$ 31,091,466	\$ 3,811,868	\$ 34,903,334	\$ 8,389,666	81%	\$ 45,872,000	\$ 21,809,865	\$ 24,062,135	48%
Debt Service Reserve	\$ 11,536,235			\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		

Table 6
Santa Clara Stadium Authority
Debt Summary Report
For the Period Ending September 30, 2020

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2020	Net Change	Outstanding as of September 30, 2020
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 257,514,240	\$ (13,354,000)	\$ 244,160,240
StadCo CFD Advance	5.73%	28,832,979	(380,839)	28,452,140
StadCo Subordinated Loan	5.50%	38,917,384	(13,540,057)	25,377,327
Total		\$ 325,264,603	\$ (27,274,896)	\$ 297,989,707

Chart 1



Capital Improvement Project Budget

As part of the Capital Expense (“CapEx”) Plan, the following projects have been completed as of the current reporting period:

- Bicycles
- Motorola APX 600 Radio
- Heavy Lift Kit
- Storage Conex Garage

The following CapEx projects are currently in progress and expected to be completed by the end of the fiscal year:

- Radio Earpieces
- Mass Decontamination Hydrant Nozzles
- Stadium Vehicle Upfits
- Stadium Personal Protective Equipment
- Safety Gear for Special Event Officers & Traffic Control Personnel
- Motor Vehicle Barricades
- Body Worn Cameras
- Explosive Ordinance Detection Blankets/Water Barrier
- Small Cooler and Ice Pack
- Radiation Detector
- Rope Rescue Gear
- Battery Pack for JHAT Crew

The main reasons that this is below budget are (1) there has been little activity on warranty work which makes up 12% of the CIP Budget, and (2) a number of projects are behind schedule due to ManagementCo’s inability to demonstrate compliance with State procurement and prevailing wage laws. As a result, capital projects have stalled. We continue to raise this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner; however, there is valid concern that ManagementCo is unable to complete these duties given the record to date. During this reporting period, the ManagementCo has not demonstrated its ability to award contracts in compliance with state laws.

Additional details are shown below in Table 7.

Table 7

Santa Clara Stadium Authority

CIP Budget Status Report

For the Period Ending September 30, 2020 and 2019

	Period Ending September 30, 2020						Period Ending September 30, 2019			
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Beginning Balances	\$ 17,837,300	\$ 17,010,611	\$ 18,169,885	\$ 17,010,611	\$ 826,689		\$ 14,532,870	\$ 14,516,225		
Resources										
Transfers In from Operating Budget	3,582,000	1,159,274	-	1,159,274	2,422,726	32.36%	3,478,000	-	3,478,000	0%
Transfers In from Stadium Manager	-	-	-	-	-	N/A	-	308,568	(308,568)	
Total Resources	\$ 21,419,300	\$ 18,169,885	\$ 18,169,885	\$ 18,169,885	\$ 3,249,415	85%	\$ 18,010,870	\$ 14,824,793	\$ 3,169,432	82%
	Final Budget	Q1 Actuals	Q2 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses										
Construction	4,725,327	-	17,497	17,497	4,707,830	0%	4,956,922	(4,845)	4,961,767	0%
Equipment	6,460,557	-	116,791	116,791	6,343,766	2%	7,070,988	65,038	7,005,950	1%
Contingency	559,296	-	-	-	559,296	0%	657,397	812	656,585	0%
Stadium Warranty Related Construction	1,528,202	-	-	-	1,528,202	0%	1,528,202	-	1,528,202	0%
Total Expenses	\$ 13,273,382	\$ -	\$ 134,288	\$ 134,288	\$ 13,139,094	1%	\$ 14,213,509	\$ 61,005	\$ 14,152,504	0%
Ending Balances	\$ 8,145,918	\$ 18,169,885	\$ 18,035,597	\$ 18,035,597			\$ 3,797,361	\$ 14,763,789		

City of Santa Clara Net General Fund Impact

During the current reporting period there was a total of \$410 thousand that was contributed to the General Fund as shown in Table 8. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

Table 8

City of Santa Clara Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending September 30, 2020

Ground Rent	\$	390,000
Performance Rent		-
Senior and Youth Fee		-
Tasman Lots Parking Fee		-
Sales Tax		20,123
<hr/>		
Total Net General Fund Impact	\$	410,123

Public Safety and Administrative Cost Reimbursement

Costs incurred by the City on NFL and non-NFL Events are tracked and billed to the Stadium Manager. Public safety costs incurred in support of NFL and non-NFL events occurring in FY2020/21 will be reimbursed in full to the City of Santa Clara.

In addition to public safety costs, administrative costs are also tracked and billed to the Stadium Authority. These include the cost of providing overall stadium management, financial, human resource, legal, and other services to the Stadium Authority. In the first half of FY 2020/21, a total of \$473,000 of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

Rents and Senior and Youth Fee

As noted above the City's General Fund did not collect any rents or Senior and Youth fees in the current reporting period.

Other Revenue Impacts

General Fund sales tax, property tax, and transient occupancy tax (TOT) collections have benefited from the direct and indirect economic activity related to stadium events.

Food and beverage concession sales and merchandise sales at Levi's® Stadium are taxable, resulting in sales tax revenue for the City. The last two quarters of sales tax collections from Levi's® Stadium transactions generated \$20,000 for the City's General Fund. In addition to the direct sellers at the Stadium, other businesses in Santa Clara are

benefiting from the influx of people coming to attend one or more events at Levi's® Stadium, resulting in potentially more sales tax collections for the General Fund.

In accordance with State Law, StadCo must pay possessory interest property tax based on their lease of Levi's® Stadium from the Stadium Authority. This revenue is collected by the county and placed into the Redevelopment Property Tax Trust Fund (RPTTF). Amounts remaining in the RPTTF after paying any enforceable obligations of the Successor Agency are distributed to taxing entities in the same proportion as secured property taxes. The City's proportion is approximately 10%.

Many stadium events bring travelers to the region, resulting in hotel stays which generate TOT collections for the City's General Fund. Although it is impossible to say exactly what portion of the City's TOT collections is due to the stadium, it is clear that hotels both inside and outside the City have benefited, resulting in increases in TOT collections in Santa Clara and our neighboring cities.

Glossary

This section of the report provides details behind key terms that are used in the body of this report.

Discretionary Fund – The Amended and Restated Stadium Lease Agreement describes the Non-NFL Event ticket surcharge which is imposed by the Stadium Authority. All promoters or sponsors of ticketed Non-NFL Events are required to collect a Non-NFL ticket surcharge of \$4 per ticket on behalf of the Stadium Authority. One-half of these proceeds are used to cover Stadium Authority operating and maintenance costs. The other one-half of the proceeds are deposited in the Stadium Authority's discretionary fund. If at any time the discretionary fund balance exceeds \$1 million, then in consultation with the Stadium Manager, the Stadium Authority will determine if provision has been made for replacement and improvement of capital improvements contemplated under the public safety plan. If not, then funds will be reserved in the discretionary fund for such purposes. If adequate provision has been made for these items and the balance of the discretionary fund still exceeds \$1 million, then up to half of the amount over \$1 million can be transferred to the General Fund, in which event an equal amount will also be transferred from the discretionary fund to the Stadium Authority operating fund and will be included as revenue available to pay Stadium Authority expenses.

Ground Lease – The Ground Lease Agreement has an initial term of 40 years commencing on the date of substantial completion which was July 31, 2014. The amount of annual base ground rent that is payable by the Stadium Authority to the City is noted in the chart below.

Lease Year	Fiscal Year	Annual Fixed Ground Rent
1	2014/15	\$ 180,000
2	2015/16	\$ 215,000
3	2016/17	\$ 250,000
4	2017/18	\$ 285,000
5	2018/19	\$ 320,000
6	2019/20	\$ 355,000
7	2020/21	\$ 390,000
8	2021/22	\$ 425,000
9	2022/23	\$ 460,000
10	2023/24	\$ 495,000
11-15	2024/25 - 2028/29	\$ 1,000,000
16-20	2029/30 - 2033/34	\$ 1,100,000
21-25	2034/35 - 2038/39	\$ 1,200,000
26-30	2039/40 - 2043/44	\$ 1,300,000
31-35	2044/45 - 2048/49	\$ 1,400,000
36-40	2049/50 - 2053/54	\$ 1,500,000

Net Non-NFL Event Revenue – Net Non-NFL Event revenue is remitted by ManagmentCo to the Stadium Authority on a yearly basis. This is done annually because the final reconciliation of the Non-NFL Event revenues and expenses does not occur until after the conclusion of each fiscal year.

Beginning with FY 2018/19, the Stadium Authority budgeted the Non-NFL Event activity at gross, budgeting for revenue and expenses separately. In the prior fiscal years that activity was budgeted as a net amount.

NFL Ticket Surcharge – The Amended and Restated Non-Relocation Agreement states that the Team will collect a 10% NFL ticket surcharge on the price of admission to all NFL games on behalf of Stadium Authority.

Non-NFL Event Ticket Surcharge – The Stadium Lease Agreement requires that the promoter or sponsor of any Non-NFL Event collect a Non-NFL Event ticket surcharge of \$4 per ticket. The Lease Agreement sets aside one-half of the Non-NFL ticket surcharge for stadium operating and maintenance costs and one-half for discretionary expenses of the Stadium Authority.

Offsite Parking Fees – Parking lot operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City's permitting process. If approved, per the City's Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee is designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or Non-NFL public safety costs for a particular event held at Levi's® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City's FY 2019/20 (July 1, 2019 through June 30, 2020) the offsite parking fee is \$5.63.

Performance-Based Rent - The Amended and Restated Stadium Lease Agreement and the Ground Lease Agreement both describe the performance-based rent that is due to the City. (It is calculated as 50% of the net income from Non-NFL events less performance-based rent credits. The performance-based rent credits include 50% of the fixed ground rent for the current lease year.)

Public Safety Costs – For each NFL and Non-NFL Event held at Levi's® Stadium, a public safety plan is developed and implemented. Multiple City departments provide staffing, materials, and supplies to support the public safety plan. Services are provided through a combination of City staff, contracts with other agencies (California Highway Patrol, County Sheriff's Office, and City of Sunnyvale) and some vendor provided services.

The Amended and Restated Stadium Lease Agreement section 7.5 states that the tenant is responsible for reimbursing the City for the public safety costs attributed to NFL events at Levi's® Stadium. Additionally, Article 5 of the Stadium Management Agreement notes that the Stadium Manager is responsible for paying Non-NFL Event expenses on behalf of the Stadium Authority. Therefore, the cost of providing public safety services are tracked through the City's financial system and invoices are sent to the Stadium Manager. All of these costs are reimbursed to the City of Santa Clara.

Senior and Youth Program Fees – The Amended and Restated Stadium Lease Agreement requires that StadCo collect a Senior and Youth Program Fee of \$0.35 per NFL ticket sold on behalf of the Stadium Authority. Per section 8.2 of the Ground Lease Agreement between the City and the Stadium Authority, the Stadium Authority remits this fee to the City as additional rent to support senior and youth programs in the City.

Stadium Management Fee – The Stadium Manager receives an annual base management fee to manage Levi's® Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually as detailed in the table below. This annual base management fee is split 50/50 between StadCo and the Stadium Authority since the Stadium Manager manages the stadium year-round for both entities. In addition to the base management fee, the Stadium Manager also receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from Non-NFL Events exceeds the marketing and booking fee benchmark. The marketing and booking fee benchmark was \$5 million in the first lease year and also increases by 3% annually as detailed in the table below. The annual stadium management fee for each of the first ten lease years are noted in the chart below.

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Net Income from Non-NFL Events	Additional Stadium Marketing and Booking Fee	Total Stadium Management Fee
2014/15	1	\$ 200,000	\$ 5,000,000	\$ 5,207,553	\$ 10,378	\$ 210,378
2015/16	2	206,000	5,150,000	6,079,016	46,451	252,451
2016/17	3	212,180	5,304,500	5,316,894	620	212,800
2017/18	4	218,545	5,463,635	5,163,329	-	218,545
2018/19	5	225,102	5,627,544	18,591	-	225,102
2019/20	6	231,855	5,796,370	(2,741,014)	-	231,855
2020/21	7	238,810	5,970,261			
2021/22	8	245,975	6,149,369			
2022/23	9	253,354	6,333,850			
2023/24	10	260,955	6,523,866			

Tasman Lots Parking Fees – The City collects a fee of \$5 per space for all cars that are parked on the Tasman surface lots during NFL events.



Agenda Report

21-3589

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Discussion and Direction on the Conversion of the Santa Clara Tourism Improvement District (TID) Established Under the Parking and Business Improvement Area Law of 1989 to a TID Established under the Property and Business Improvement District Law of 1994.

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

EXECUTIVE SUMMARY

Lodging businesses located within the Santa Clara Tourism Improvement District (TID) are interested in establishing a district under the Property and Business Improvement District Law of 1994 (1994 Law). Concurrently, the lodging businesses are interested in changing the assessment from \$1.00 per occupied room night to a maximum of 2% of gross revenue of short-term room rentals.

The TID conversion process was initiated in FY 2019/20. With the onset of the COVID-19 pandemic and the uncertainty of the economic effects of the pandemic, the conversion process was subsequently put on hold with Council direction to revisit the conversion process at a later time. As the TID has continued interest in pursuing this effort, this staff report provides a summary of the proposed changes sought by the lodging businesses.

BACKGROUND

The existing Santa Clara Tourism Improvement District (TID) was formed in 2005 pursuant to the Parking and Business Improvement Area Law of 1989 (1989 Law). On January 11, 2005, City Council approved Ordinance No. 1797 (the "Ordinance") amending the Santa Clara Municipal Code and establishing TID. The Ordinance established the boundaries of the TID, which currently includes 11 hotels near the Santa Clara Convention Center: AC Hotel Santa Clara, Avatar Hotel, Biltmore Hotel & Suites, Element Santa Clara, Embassy Suites, Hilton Santa Clara, Hyatt House, Hyatt Regency, Marriott Santa Clara, The Plaza Suites, and TownePlace Suites by Marriott.

The Ordinance also established a TID Advisory Board (the "Advisory Board") to administer the affairs of the TID. The Advisory Board is constituted of the general managers from the lodging businesses within the TID and all hotels collect a \$1.00 fee from hotel guests on each occupied hotel/motel room night within the district boundaries.

In 1994, the State Legislature passed the Property and Business Improvement Law, adding Sections 36600, et seq., to the California Streets and Highways Code. The 1994 Law is based upon the belief that there is a particular local benefit to be derived from allowing business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements. The 1994 Law includes

several procedural differences for the TID, as compared with the 1989 Law. Attachment 1 provides a comparison of the major differences between the two laws.

A general timeline of the conversion effort is as follows:

- With the loss of \$1.5 million in annual City funding for convention and tourism promotion, on November 12, 2019, the TID Advisory Board decided to pursue formation of a new district under the 1994 Law.
- On February 11, 2020 - Council provided direction to allow for a change to the TID assessment to 1.5% of gross short-term rental revenue with the potential of an increase to 2% subject to Council's review of the proposed budget.
- On March 24, 2020 - Amid the unknown impacts due to COVID-19, Council directed staff to return with flat rate assessment options for consideration rather than proceed with a percentage-based assessment.
- On April 8, 2020 - Council directed staff to continue the TID as formed under the 1989 Law and to revisit the conversion at a later time.

The TID is still interested in pursuing this effort as a means to fund convention and tourism promotion.

DISCUSSION

Many tourism improvement districts have undergone a public process to disestablish under the 1989 Law and reconstitute under the 1994 Law. Tourism improvement districts throughout California are primarily formed pursuant to the 1994 Law.

Lodging businesses in the Santa Clara TID are interested in establishing the district under the 1994 Law. If established under the 1994 Law, the new district, the Santa Clara Tourism Improvement District (SCTID), would operate in accordance with a Council-approved Management District Plan. A draft SCTID Management District Plan (MDP) has been prepared with the assistance of Civitas Advisors and provides the overall format and budget for SCTID activities. The draft MDP is provided for Council's preliminary review.

Governance

Under the 1989 Law, Council appointed the TID Advisory Board to administer the affairs of the TID based upon Council's budget approval. Under the 1994 State Law, the appointment of an advisory board is not required, rather it provides that a district is operated through an owners' association that is a private non-profit corporation under contract with the City. The owners' association would be tasked to administer or implement improvements, maintenance, and activities specified in the MDP and to manage the affairs of the SCTID. The City would provide general oversight while the non-profit would be responsible for the day-to-day operations.

The Silicon Valley/Santa Clara DMO, Inc. (SVSC DMO) incorporated in August 2019 and its Board is comprised of nine to 13 voting members. Table 1 below lists the DMO's Officers and Directors.

Table 1 - DMO Board of Directors

Organization	Name	Title
California's Great America	Manny Gonzalez	Vice-Chair
City of Santa Clara	City Manager or designee	Ex-Officio
City of Santa Clara	Nadine Nader	Member
Development Strategy Group LLC	Carlene Matchniff	Member
Forty Niners Stadium Management Company	Catherine Lentz	Member
Hilton Santa Clara	Joe Eustice	Member
Hyatt Santa Clara	Eron Hodges	Chair
International Alliance of Theatrical State Employees - Local 134 Silicon Valley/ Santa Clara County	Leo Wandling	Treasurer
International Brotherhood of Teamsters - Local 853	Pablo Barrera	Member
Santa Clara Convention Center	Kelly Carr	Member
Silicon Valley/Santa Clara DMO, Inc.	Matt Stewart	Secretary/ Ex-Officio
Technology Industry	Vacant	Member

The SVSC DMO is the designated Destination Marketing Organization of the City and on October 27, 2020, Council authorized an agreement with SVSC DMO for destination marketing services. As noted in the draft MDP, the SVSC DMO is proposed as the owners' association of the SCTID to manage funds and implement programs in accordance to the MDP. The SVSC DMO would be responsible for providing annual reports to Council at the end of each year of operation of the District.

The 1994 State Law considers the owners' association a legislative body and is therefore, subject to the Ralph M. Brown Act and the California Public Records Act. As such, all activities and meetings of the SVSC DMO Board of Directors, as it would relate to SCTID assessment funds and activities, would be required to comply with the Brown Act and would be subject to public record requests. The 1994 Law does not stipulate compliance with the Political Reform Act and the Fair Political Practices Commission. Requirements by the owner's association in this regard is currently being researched by the City Attorney's Office.

District Boundary

The proposed SCTID boundary includes lodging businesses near the Santa Clara Convention Center. The proposed boundary would not change from the current boundary and includes all lodging businesses within the area - existing and in the future. There are currently 11 hotels within the proposed boundary: AC Hotel Santa Clara, Avatar Hotel, Biltmore Hotel & Suites, Element Santa Clara, Embassy Suites, Hilton Santa Clara, Hyatt House, Hyatt Regency, Marriott Santa Clara, The Plaza Suites, and TownePlace Suites by Marriott. Any lodging business that opens after the formation of the new district would be automatically included in the district.

District Assessment Formula

Under the 1989 Law, the existing TID must be renewed on an annual basis. The process to change the TID assessment method can be completed independently from the conversion process; however, the timing for Council to consider a change aligns to the current effort being proposed and therefore is being brought forth concurrently (i.e., if Council authorizes the conversion under the 1994 Law, the district under the 1989 Law would expire on its own as of July 1, 2021). The final assessment formula is to be further determined by Council and if approved with the conversion process, would be incorporated into the MDP.

The lodging businesses within the TID collect a \$1.00 fee from hotel guests on each occupied hotel/motel room night. This is the same assessment formula that has been used by the TID since its formation in January 2005. Until FY 2019/20, the City provided the previous Convention and Visitor's Bureau with \$1.5 million dollars annually from the General Fund. The loss of direct ongoing City funding had significant impact on the implementation of an overall tourism marketing strategy. Understanding that direct City funding was no longer viable to fully fund a destination marketing organization, the TID lodging businesses and City staff worked together to create a new model to deliver convention/tourism marketing and promotion services with a corresponding funding source.

It is the desire of the TID lodging businesses to change the assessment from \$1.00 per occupied room night to 2% of gross revenue on short-term room rentals (30 days or less). Under the existing \$1.00 assessment, TID revenues pre-COVID-19 were approximately \$800,000 on an annual basis. Revenue of this amount does not provide for adequate funding of a DMO and the execution of its mission without further subsidies from the City. As such, the lodging business propose to implement a 1.5% assessment for the initial year and to increase to 2% in year two, subject to Council's approval.

Feedback from the TID lodging businesses indicate that a percentage-based assessment would allow for a fairer assessment formula as the larger hotels would pay proportionately more into the assessment than the smaller hotels as the larger hotels generally have a higher average daily rate and derive more direct benefit from the programs funded by TID dollars. Additionally, the TID lodging businesses see this as an opportunity to increase funds to directly support sales, marketing and promotional efforts with the goal of increasing hotel occupancy in the district and overall visitor spending in the tourism market. As stated in the MDP, it is estimated the SCTID could generate approximately \$610,936 annually with a 1.5% assessment rate. The projected revenue takes into consideration reduced collections due to COVID-19 and conservative revenue projections for subsequent years as the industry recovers.

The collection method of the TID funds by the City would not change. The assessment from the lodging businesses would be collected at the same time the City collects the Transient Occupancy Tax from those businesses. The lodging business would be responsible for submitting the assessment to the City who would then transfer the funds to the DMO, the owners' association of the SCTID.

Budget and Services

Monies raised with the assessment must directly benefit the lodging businesses paying the assessment. SCTID funds would be used to support destination marketing initiatives as outlined in the MDP designed to increase overnight visitation and room night sales of the lodging businesses in the SCTID.

Based on a 1.5% assessment formula, the first-year annual budget as proposed in the MDP is

summarized in Table 2 below.

Table 2 - Proposed SCTID Budget

Program	Description	Budget
Convention Sales, Incentives, and Services (40%)	Promote sales activity for the booking of Convention Center events and increased room night sales of attendees; Provide financial incentives to current and new clients.	\$244,374
Marketing & Communications (20%)	Promote SCTID lodging businesses through internet marketing efforts, attendance at trade shows, lead generation activities, production and distribution of tourist-related marketing collateral, etc.	\$122,187
Administration (35%)	For administrative staffing costs, office costs, policy development and other general administrative costs such as insurance, legal, and accounting fees.	\$213,828
Contingency/Reserve (3%)	Held in a reserve fund or could be utilized for other program, initiative, administration or renewal costs; at the discretion of the DMO.	\$18,328
City Collection Fee (2%)	Paid to the City to cover costs of collection and administration.	\$12,219
	TOTAL	\$610,936

The existing fund balance of TID assessment funds would transfer to the newly established district and available for DMO activities. Additional budget may be allocated to each program as deemed necessary by the DMO Board subject to Council approval.

District Term

Currently, the TID can only be renewed for a one-year term. Under the 1994 Law, the SCTID can be initially formed for up to five years and renewed for up to ten years.

The current TID term expires June 30, 2021 and efforts to establish the new district could be initiated so that it is formed effective July 1, 2021. In this case, the current TID term could naturally expired and no further action would be required.

SCTID Formation Process Under the 1994 Law

The driving force to form a district is normally through a request from the businesses that will be subject to the assessment, in this case, the lodging businesses. However, as only cities and counties can form such districts, request for the formation of a district are made to the local legislative body and the legislative body then follows the process dictated by the 1994 Law.

The 1994 Law requires a thorough approval process, which begins with submission of petitions from

the lodging businesses that will be assessed in the district.

Resolution of Intention Hearing: Upon the submission of a written petition, signed by the lodging businesses in the proposed district who will collectively pay more than fifty percent (50%) of the assessments proposed to be levied, the City Council may initiate proceedings to establish a district by the adoption of a resolution expressing its intention to establish a district.

Notice: The 1994 Law requires the City to mail written notice to the lodging businesses proposed to be within the new district. Mailing the notice begins a mandatory forty-five (45) day period in which lodging businesses may protest the formation of the SCTID.

Public Meeting: A public meeting is required to allow public testimony on the formation of the SCTID and levy of assessments. No Council action would be required at this time.

Final Public Hearing: If written protests are received from the lodging businesses in the proposed SCTID which will collectively pay more than fifty percent (50%) of the assessments, and are not withdrawn prior to the hearing, then the City Council can take no further action to levy the proposed assessment for a period of one (1) year.

At the conclusion of the public hearing to establish the SCTID, the Council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessment.

If the Council, following the public hearing, decides to establish the proposed SCTID, the Council shall adopt a Resolution of Formation.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

Under the current TID, the City administrative fee is \$3,000. If the SCTID is established under the 1994 Law, the City administrative fee increases to approximately \$12,219 annually (2% of the total assessment collected) to cover administrative and collection costs.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

ALTERNATIVES

1. Provide direction to proceed with the conversion of the Santa Clara Tourism Improvement District (TID) established under the Parking and Business Improvement Area Law of 1989 to a TID established under the Property and Business Improvement District Law of 1994.
2. Provide direction to continue the TID under the 1989 Law.
3. Provide direction to proceed with an initial District assessment formula of 1.5% of gross room revenue and increasing to 2% in Year Two.
4. Any other action as directed by Council.

RECOMMENDATION

Alternatives 1 and 3:

1. Provide direction to proceed with the conversion of the Santa Clara Tourism Improvement District (TID) established under the Parking and Business Improvement Area Law of 1989 to a TID established under the Property and Business Improvement District Law of 1994; and
3. Provide direction to proceed with an initial District assessment formula of 1.5% of gross room revenue and increasing to 2% in Year Two.

Reviewed by: Ruth Mizobe Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Comparison of the 1989 and 1994 Laws
2. Santa Clara Tourism Improvement Management District Plan (Draft)



California

Tourism Improvement Districts

There are two laws TIDs can be created under: the “Parking and Business Improvement Area Law of 1989” or the “Property and Business Improvement District Law of 1994.” To help your destination determine which is appropriate for you, following is a comparison of the major differences between the two laws.

SUBJECT

1989 Law

1994 Law

District Term

Districts are formed and renewed for a one year term.

Districts are initially formed for up to five years, and can be renewed for up to ten years.

Initiation Process

Adoption of a Resolution of Intention by the City Council. The Council can adopt this resolution without petitions requesting it.

Submission of petitions to the City Council signed by businesses who will pay at least 50% of the proposed assessment.

Renewal Process

Publication in newspaper, two City hearings. If raising assessments, three hearings and mailed notice.

Preparation of management district plan, petition drive, adoption of resolution by City, public meeting and public hearing.

Governing Body

An advisory board appointed by the City Council.

A non-profit corporation chosen and organized by the stakeholders.

Governance Process

Recommendations made by advisory board with City decision-making authority.

Decisions made by the non-profit corporation, guided by a management district plan approved by stakeholders.

Corporation Public Entity Status

City may consider the advisory board to be a public entity for certain laws.

Express exemption for non-profit corporation—it is not considered a public entity.

Lawsuits

One thirty day challenge period per year.

One thirty day challenge period per five-ten year district term.

2021-2026



SANTA CLARA TOURISM IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

*Prepared pursuant to the Property and Business Improvement District Law of
1994, Streets and Highways Code section 36600 et seq.*

January 6, 2021

CONTENTS

CONTENTS.....	1
I. OVERVIEW	2
II. BACKGROUND	4
III. BOUNDARY	5
IV. BUDGET AND SERVICES.....	6
A. Annual Service Plan.....	6
B. Annual Budget	8
C. California Constitutional Compliance	10
D. Assessment.....	11
E. Penalties and Interest	12
F. Time and Manner for Collecting Assessments	13
V. GOVERNANCE.....	14
A. Owners' Association	14
B. Brown Act and California Public Records Act Compliance	14
C. Annual Report.....	14
APPENDIX 1 – LAW	15
*** THIS DOCUMENT IS CURRENT THROUGH THE 2018 SUPPLEMENT ***	15
(ALL 2017 LEGISLATION).....	15
STREETS AND HIGHWAYS CODE	15
APPENDIX 2 – ASSESSED BUSINESSES	26

I. OVERVIEW

The Santa Clara Tourism Improvement District (SCTID) is an assessment district proposed to provide specific benefits to payors, by funding convention sales, incentives, and services and marketing and communication programs for assessed businesses. This approach has been used successfully in other destination areas throughout the country to provide the benefit of additional room night sales directly to payors.

Location: The proposed SCTID includes all lodging businesses with ten (10) rooms or more located within the boundaries of a portion of the City of Santa Clara, as shown on the map in Section III.

Services: The SCTID is designed to provide specific benefits directly to payors by increasing room night sales. Convention sales, incentives, and services and marketing and communication programs will increase overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing room night sales.

Budget: The total SCTID annual budget for the initial year of its five (5) year operation is anticipated to be approximately \$610,936.

Cost: The annual assessment rate is one and one-half of one percent (1.5%) of gross short-term room rental revenue. After the initial year of the SCTID's five (5) year term the assessment rate may be increased in any year by the Owners' Association's Board to a maximum of two percent (2%) of gross short-term room rental revenue as described in Section V. Based on the benefit received, assessments will not be collected on stays by any officer or employee of a foreign government who is exempt by reason of express provision of Federal law or international treaty. Additionally, assessments will not be collected on stays by any Federal or State of California officer or employee on official business who shall provide one of the following; a warrant or check drawn on the Treasury of the United States; a copy of the official travel orders indicating the issuing governmental agency and the employee's full name; or, a copy of a letter on the official letterhead of an exempt governmental agency requesting exemption and listing the employee's name and stating that the stay is for official government business. The dates of occupancy must also be included. These requirements must be demonstrated by the guest at the time of registration. Failure to satisfy these requirements will result in no assessment exemption. Copies of the documentation for each exemption claimed must be submitted to the Director of Finance with each remittance of assessments.

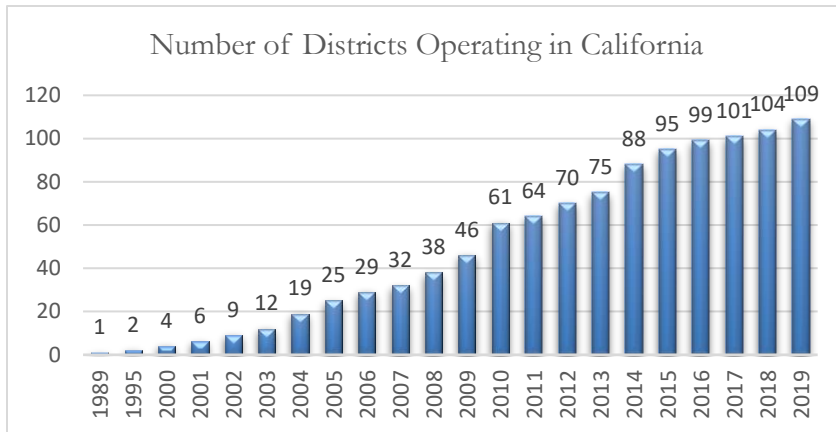
Collection: Each lodging business located in the boundaries of the SCTID shall be responsible for remitting the assessments to the City in accordance with this Management District Plan. The City will be responsible for collecting the assessment on a quarterly basis or at the close of any shorter reporting period as established by the Director of Finance (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the SCTID. The City shall take all reasonable efforts to collect the assessments from each lodging business.

Duration: The proposed SCTID will have a five (5) year life, beginning July 1, 2021 through June 30, 2026. Once per year, beginning on the anniversary of SCTID formation, there is a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on SCTID termination.

Management: Silicon Valley/Santa Clara DMO, Inc. (DMO) will serve as the SCTID's Owners' Association. The Owners' Association is charged with managing funds and implementing programs in accordance with this Plan and must provide annual reports to the City Council.

II. BACKGROUND

TIDs are an evolution of the traditional Business Improvement District. The first TID was formed in West Hollywood, California in 1989. Since then, over 100 California destinations have followed suit. In recent years, other states have begun adopting the California model – Montana, South Dakota, Washington, Colorado, Texas and Louisiana have adopted TID laws. Several other states are in the process of adopting their own legislation. The cities of Wichita, Kansas and Newark, New Jersey used an existing business improvement district law to form a TID. And, some cities, like Portland, Oregon and Memphis, Tennessee have utilized their home rule powers to create TIDs without a state law.



California's TIDs collectively raise over \$275 million annually for local destination marketing. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that Santa Clara lodging businesses invest in stable, lodging-specific marketing programs.

TIDs utilize the efficiencies of private sector operation in the

market-based promotion of tourism districts. TIDs allow lodging business owners to organize their efforts to increase room night sales. Lodging business owners within the TID pay an assessment and those funds are used to provide services that increase room night sales.

In California, TIDs are formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between TIDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to TIDs:

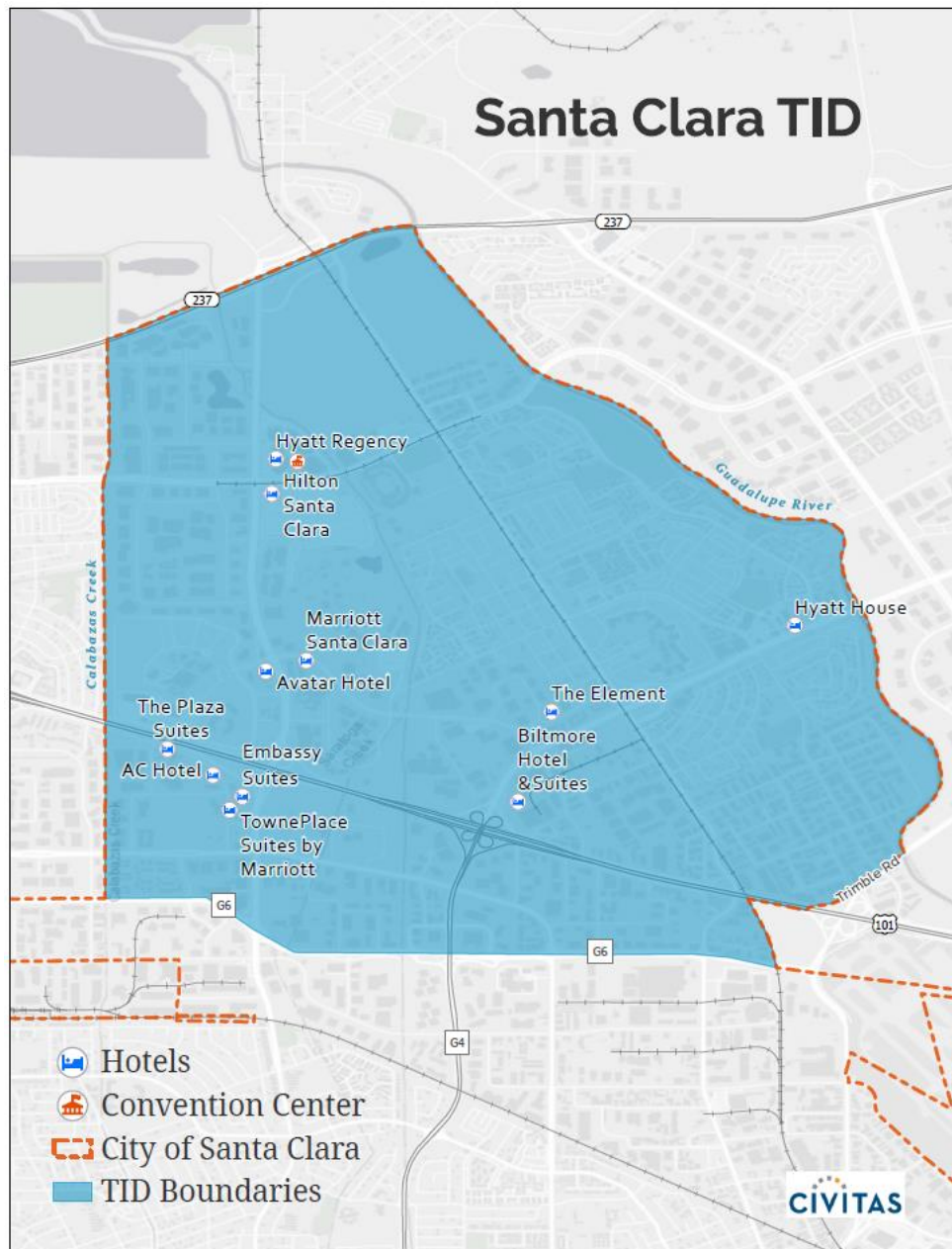
- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- Funds cannot be diverted to general government programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are ***designed, created and governed by those who will pay*** the assessment; and
- They provide a stable, long-term funding source for tourism promotion.

III. BOUNDARY

The SCTID will include all lodging businesses with ten (10) rooms or more, existing and in the future, available for public occupancy within the boundaries of a portion of the city of Santa Clara.

Lodging business means: any structure, or any portion of any structure, that is occupied or intended or designed for occupancy by transients for dwelling, lodging, or sleeping purposes, and includes, but is not limited to, any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home, or house trailer at a fixed location, or other similar structure or portion thereof.

The boundary, as shown in the map below, currently includes eleven (11) lodging businesses. A complete listing of lodging businesses within the proposed SCTID can be found in Appendix 2.

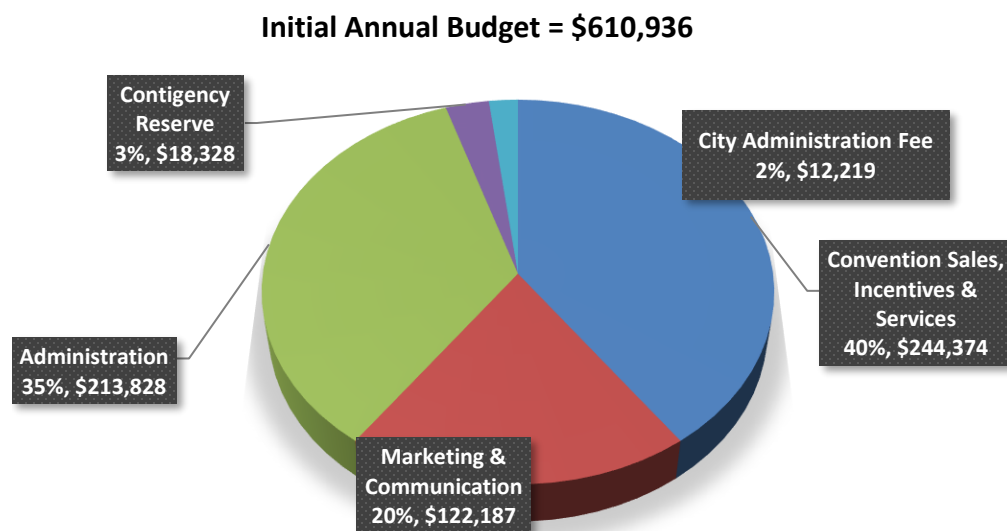


IV. BUDGET AND SERVICES

A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the SCTID funds are convention sales, incentives, and services and marketing and communication programs available only to assessed businesses within the SCTID.

A service plan budget has been developed to deliver services that benefit the assessed businesses within the SCTID. A detailed annual budget will be developed and approved by the DMO. The table below illustrates the initial annual budget allocations. The total initial budget is \$610,936.



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the City and the DMO Board shall have the authority to adjust budget allocations between the categories by no more than twenty percent (20%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the SCTID, any and all assessment funds may be used for the costs of defending the SCTID. In the first year of operation, the costs of creating the SCTID may be repaid by deducting repayment funds proportionally from budget categories. All assets/funds collected by the District established under the 1989 Law will be transferred to the new 1994 District and additional funds may be allocated to each program as deemed necessary by the DMO Board and City Council during the budget development and approval process.

Each budget category includes all costs related to providing that service, in accordance with Generally Accepted Accounting Procedures (GAAP). For example, the marketing and communications budget includes the cost of staff time dedicated to overseeing and implementing the marketing and communications program. Staff time dedicated purely to administrative tasks is allocated to the administration portion of the budget. The costs of an individual staff member may be allocated to multiple budget categories, as appropriate in accordance with GAAP. The staffing

levels necessary to provide the services below will be determined by the DMO on an as-needed basis.

Convention Sales, Incentives, and Services

The Convention Sales, Incentives, and Services Program will promote sales activity for the booking of Convention Center events and increased room night sales of Convention Center attendees. The budget will be dedicated to sales activities to attract new meetings, conventions, sporting, and other events that have a significant impact on assessed lodging business room demand in the SCTID. The Program may include the provision of subsidies to attract new marquee events and conventions that have not previously hosted an event at the Convention Center. Program activities may include, but is not limited to, the following activities:

- Engage in sales activity for the effective booking of the Convention Center, for increased room night sales to Convention Center attendees and commensurate revenue for the Convention Center.
- Sell and coordinate the booking and reservation of convention, meeting and/or trade show space, hotel rooms and other off-site venues as necessary in connection with such convention, meeting, trade show or other group leisure events at the Convention Center and Santa Clara hotels in order to facilitate the seamless booking and servicing processes for space, food and beverage, audio/visual, and other group needs.
- Conduct targeted sales calls to potential convention, tradeshow, and conference planners to generate prospects.
- Host exhibits at various targeted conference shows and special events as deemed necessary by Contractor to promote economic development and the visitor industry.
- Conduct familiarization tours and product development tours and activities for agreed upon prospective clients.
- Host prospective meeting planners and other prospective clients in the City to promote business and industry development and the tourism industry.
- Provide an incentive program in conjunction with the Convention Center and TID lodging businesses to generate new group or convention bookings.

Marketing & Communication

The Marketing and Communication Program will promote assessed lodging businesses as convention, meeting, and event destinations. The Program will have a central theme of promoting the destination as a desirable place for overnight meeting and convention attendees. The program will have the goal of increasing overnight visitation and room night sales at assessed lodging businesses, and may include, but is not limited to, the following activities:

- Promote and market the Convention Center and Santa Clara, as a premier destination for conventions, meetings and trade shows, including utilization of digital media, online presence and social networks.
- Develop, produce, and distribute promotional convention sales materials specific to the Convention Center, Santa Clara lodging businesses, restaurants, entertainment and other amenities located in the City, and distribute said materials to event planners or coordinators.
- Conduct coordinated advertising, publicity and promotion campaigns emphasizing attractions offered in the City for meetings and conventions groups.

- Participate in appropriate convention and destination marketing association's events and trade shows so that favorable and targeted publicity about the City and the Convention Center is continued and expanded.
- Solicit appropriate convention, tradeshow and meeting organizations to use the Convention Center and other venues throughout the City.
- Support destination planning services to associations, businesses, organizations and groups convening or holding conventions, meetings or events in the City.
- Maintain a master set of bookings and schedules (and other related books and records) for conventions, tradeshow and other events at the Convention Center.
- Create and maintain strategic relationships for the coordination of sales and services with the City and its business partners, including but not limited to the TID lodging businesses, Convention Center operator, and food and beverage service provider among others.
- Engage in such other sales, marketing and promotion activities as Contractor deems appropriate and necessary to increase sales activity for conventions, meetings, trade shows and other events at the Convention Center.
- Maintain and continue to develop an appealing website that is designed to showcase the attributes of Santa Clara and market Santa Clara as a desirable destination.

Administration

Administration provides management, coordination and support to all organizational services and functions. Administration is responsible for the general oversight and fiscal health of the organization and budget will be used to support administrative staffing costs, office costs, policy development, and other general administrative costs such as insurance, legal, and accounting.

Contingency/Reserve

The budget includes a contingency line item to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the DMO Board. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the DMO Board. Contingency/reserve funds may be spent on District programs or administrative and renewal costs in such proportions as determined by the DMO Board. The reserve fund may be used for the costs of renewing the SCTID.

City Administration Fee

The City of Santa Clara shall be paid a fee equal to 2% of the amount of assessment collected to cover its costs of collection and administration which may include but are not limited to: staffing costs, legal services, and operational costs for rent, telephone, supplies, postage, and other general office expenses.

B. Annual Budget

The total five (5) year improvement and service plan budget is projected at approximately \$610,936 annually, or \$5,525,122 through 2026 if the maximum assessment rate increases are adopted. This budget is expected to fluctuate as room sales change and if the assessment rate is increased. If the maximum annual assessment increases are adopted by the DMO's Board, the annual budget may increase to an estimated \$1,174,623 in 2022-23.

The initial annual assessment rate is one and one-half of one percent (1.5%) of gross short-term room rental revenue. After the initial year, the DMO Board may propose to increase the assessment

up to a maximum increment of one-half of one percent (0.50%), to a maximum assessment rate of two percent (2%) of gross short-term room rental revenue. If the DMO's Board votes to increase the assessment, the DMO shall propose the assessment increase to the City of Santa Clara for City Council approval.

The table below demonstrates the maximum with the assumption that the rate will be increased in 2022-23 as it is a required disclosure, it may not be the final course of action. Additionally, a three percent (3%) annual increase in the total budget is shown to account for estimated increased room night sales as a result of SCTID efforts. This three percent (3%) annual increase is a conservative estimate based on the effects of similarly sized TID budgets. Finally, it is anticipated revenues will increase by forty percent (40%) as the economy begins to recover from the COVID-19 pandemic. Due to the unprecedented nature of the COVID-19 pandemic, this is an estimation based on available data and may be subject to change. This anticipated forty percent (40%) increase has been implemented in the year 2022-23 in the chart below, in addition to the anticipated three percent (3%) annual increases and the assessment increase. This amount may fluctuate as sales and revenue increase at assessed businesses but is not expected to change significantly over the term.

**Estimated Annual Budget If Maximum Assessment Rates Are Adopted
2021-2026**

Year	Convention Sales, Incentives, and Services	Marketing & Communication	Administration	Contingency / Reserve	City Administration Fee	Total
2021-22	\$244,374	\$122,187	\$213,828	\$18,328	\$12,219	\$610,936
2022-23	\$469,849	\$234,925	\$411,118	\$35,239	\$23,492	\$1,174,623
2023-24	\$483,945	\$241,972	\$423,452	\$36,296	\$24,197	\$1,209,862
2024-25	\$498,463	\$249,232	\$436,155	\$37,385	\$24,923	\$1,246,158
2025-26	\$513,417	\$256,709	\$449,240	\$38,506	\$25,671	\$1,283,543
Total	\$2,210,049	\$1,105,024	\$1,933,793	\$165,754	\$110,502	\$5,525,122

The table below illustrates the annual improvement and service plan budget with the assumption that the rates will not be increased during the district's five (5) year term. Additionally, a three percent (3%) annual increase in the total budget is shown, to account for estimated increased room night sales as a result of SCTID efforts. Finally, the aforementioned projection of a forty percent (40%) increase in revenue due to economic recovery from the COVID-19 pandemic is reflected in the chart below for year 2022-23.

**Estimated Annual Budget If Maximum Assessment Rates Are Not Adopted
2021-2026**

Year	Convention Sales, Incentives, and Services	Marketing & Communication	Administration	Contingency / Reserve	City Administration Fee	Total
2021-22	\$244,374	\$122,187	\$213,828	\$18,328	\$12,219	\$610,936
2022-23	\$352,388	\$176,194	\$308,339	\$26,429	\$17,619	\$880,970
2023-24	\$362,960	\$181,480	\$317,590	\$27,222	\$18,148	\$907,399
2024-25	\$373,848	\$186,924	\$327,117	\$28,039	\$18,692	\$934,621
2025-26	\$385,064	\$192,532	\$336,931	\$28,880	\$19,253	\$962,659
Total	\$1,718,634	\$859,317	\$1,503,805	\$128,898	\$85,932	\$4,296,585

C. California Constitutional Compliance

The SCTID assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term ‘assessments’ to levies on real property.¹ Rather, the SCTID assessment is a business-based assessment, and is subject to Proposition 26. Pursuant to Proposition 26 all levies are a tax unless they fit one of seven exceptions. Two of these exceptions apply to the SCTID, a “specific benefit” and a “specific government service.” Both require that the costs of benefits or services do not exceed the reasonable costs to the City of conferring the benefits or providing the services.

1. Specific Benefit

Proposition 26 requires that assessment funds be expended on, “a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.”² The services in this Plan are designed to provide targeted benefits directly to assessed businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific businesses within the SCTID. The activities described in this Plan are specifically targeted to increase room night sales for assessed lodging businesses within the boundaries of the SCTID and are narrowly tailored. SCTID funds will be used exclusively to provide the specific benefit of increased room night sales directly to the assessees. Assessment funds shall not be used to feature non-assessed lodging businesses in SCTID programs, or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed businesses.

The assessment imposed by this SCTID is for a specific benefit conferred directly to the payors that is not provided to those not charged. The specific benefit conferred directly to the payors is an increase in room night sales. The specific benefit of an increase in room night sales for assessed lodging businesses will be provided only to lodging businesses paying the district assessment, with marketing and sales programs promoting lodging businesses paying the SCTID assessment. The Marketing and Sales Program will be designed to increase room night sales at each assessed lodging businesses. Because they are necessary to provide the Convention Sales, Incentives, and Services and Marketing and Communication programs that specifically benefit the assessed lodging businesses, the administration and contingency/reserve services also provide the specific benefit of increased room night sales to the assessed lodging businesses.

Although the SCTID, in providing specific benefits to payors, may produce incidental benefits to non-paying businesses, the incidental benefit does not preclude the services from being considered a specific benefit. The legislature has found that, “A specific benefit is not excluded from classification as a ‘specific benefit’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor.”³

2. Specific Government Service

¹ *Jarvis v. the City of San Diego* 72 Cal App. 4th 230

² Cal. Const. art XIII C § 1(e)(1)

³ Government Code § 53758(a)

The assessment may also be utilized to provide, “a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.”⁴ The legislature has recognized that marketing and promotions services like those to be provided by the SCTID are government services within the meaning of Proposition 26⁵. Further, the legislature has determined that “a specific government service is not excluded from classification as a ‘specific government service’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor.”⁶

3. Reasonable Cost

SCTID services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will be managed by the DMO, and reports submitted on an annual basis to the City. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from SCTID-funded activities, be featured in advertising campaigns, and benefit from other SCTID-funded services. Non-assessed lodging businesses will not receive these, nor any other, SCTID-funded services and benefits.

The SCTID-funded programs are all targeted directly at and feature only assessed businesses. It is, however, possible that there will be a spill over benefit to non-assessed businesses. If non-assessed lodging businesses receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-SCTID funds. SCTID funds shall only be spent to benefit the assessed businesses and shall not be spent on that portion of any program which directly generates incidental room nights for non-assessed businesses.

D. Assessment

The annual assessment rate is one and one-half of one percent (1.5%) of gross short-term room rental revenue. Based on the benefit received, assessments will not be collected on stays by any officer or employee of a foreign government who is exempt by reason of express provision of Federal law or international treaty. Additionally, assessments will not be collected on stays by any Federal or State of California officer or employee on official business who shall provide one of the following; a warrant or check drawn on the Treasury of the United States; a copy of the official travel orders indicating the issuing governmental agency and the employee’s full name; or, a copy of a letter on the official letterhead of an exempt governmental agency requesting exemption and listing the employee’s name and stating that the stay is for official government business. The dates of occupancy must also be included. These requirements must be demonstrated by the guest at the time of registration. Failure to satisfy these requirements will result in no assessment exemption. Copies of the documentation for each exemption claimed must be submitted to the Director of Finance with each remittance of assessments.

After the initial year, the assessment rate may be increased by the DMO’s Board, subject to City Council approval, to a maximum of two percent (2%) of gross short-term room rental revenue. If the assessment rate is increased, it may subsequently be decreased but shall not be decreased below a minimum of one and one-half of one percent (1.5%) of gross short-term room rental revenue. The

⁴ Cal. Const. art XIII C § 1(e)(2)

⁵ Government Code § 53758(b)

⁶ Government Code § 53758(b)

assessment may be increased up to a maximum increment of one half of one percent (0.50%) and may be decreased down to a maximum increment of one-half of one percent (0.50%).

The term “gross room rental revenue” as used herein means: the consideration received, whether or not actually charged by the lodging business, for the occupancy of space in a lodging business valued in money, whether said gross room rental revenue is received in money, goods, labor, or otherwise, including all receipts, cash, credits, and property and services of any kind or nature. A lodging business may provide complimentary non-assessable rooms for employee use, guest satisfaction or charitable purposes (by a qualified 501(c)(3) charity) and a lodging business shall detail all complimentary non-assessable rooms in its regular reporting. Failure to accurately report complimentary rooms shall result in assessment of the rooms in question. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. If the SCTID assessment is identified separately it shall be disclosed as the “SCTID Assessment.” As an alternative, the disclosure may include the amount of the SCTID assessment and the amount of the assessment imposed pursuant to the California Tourism Marketing Act, Government Code §13995 et seq. and shall be disclosed as the “Tourism Assessment.” The assessment is imposed solely upon and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purpose, including calculation of transient occupancy taxes.

Bonds or any debt obligation shall not be issued.

E. Penalties and Interest

The SCTID shall reimburse the City of Santa Clara for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent SCTID assessment are sought to be recovered in the same collection action by the City, the SCTID shall bear its pro rata share of such collection costs. Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

1. *Delinquency Interest:* Any lodging business that fails to remit any assessment imposed within the time required shall pay interest as described in subparagraph 3 below.
2. *Penalty for Willful Noncompliance or Repeated Delinquencies:* If the City determines that the nonpayment of any remittance due is due to willful noncompliance or repeated delinquencies, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the interest as required by subparagraph 3 below.
3. *Calculation of Interest:* In addition to the penalties imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of the United States government T-Bills sold at the latest sale prior to the date of the delinquency plus three percent (3%) prorated per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
4. *Penalties and Interest Merged with Assessment:* Except for the purpose of calculation of interest and penalties, every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the assessment herein.

F. Time and Manner for Collecting Assessments

The SCTID assessment will be implemented beginning July 1, 2021 and will continue for five (5) years through June 30, 2026. On or before the last day of the month following the close of each calendar quarter, or at the close of any shorter reporting period as established by the Director of Finance, each assessed business shall remit to the City all assessments collected through the last day of the previous quarter, including any delinquencies, penalties, and interest, which have not previously been remitted to the City. Each lodging business located in the boundaries of the SCTID shall be responsible for remitting the assessments to the City in accordance with this Management District Plan. The City will be responsible for collecting the assessment on a quarterly basis or at the close of any shorter reporting period as established by the Director of Finance (including any delinquencies, penalties and interest) from each assessed lodging business. The City shall take all reasonable efforts to collect the assessments from each assessed lodging business. The City shall forward the assessments collected to the Owners' Association.

V. GOVERNANCE

A. Owners' Association

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the SCTID as defined in Streets and Highways Code §36612. The City Council has determined that Silicon Valley/Santa Clara DMO, Inc. (DMO), a nonprofit corporation, will serve as the Owners' Association for the SCTID.

B. Brown Act and California Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the DMO Board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

C. Annual Report

The DMO shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The improvements and activities to be provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

APPENDIX 1 – LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2018 SUPPLEMENT ***
(ALL 2017 LEGISLATION)

STREETS AND HIGHWAYS CODE DIVISION 18. PARKING PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

CHAPTER 1. General Provisions

ARTICLE 1. Declarations

36600. Citation of part

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

- (a) Businesses located and operating within business districts in some of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.
- (d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.
- (e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:
 - (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.
 - (2) Job creation.
 - (3) Business attraction.
 - (4) Business retention.
 - (5) Economic growth.
 - (6) New investments.
- (f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.
- (g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.
- (h) The act amending this section is intended to provide the Legislature’s guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.
 - (1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.
 - (2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed.

Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

ARTICLE 2. Definitions

36606. “Activities”

“Activities” means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. “Assessment”

“Assessment” means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. “Business”

“Business” means all types of businesses and includes financial institutions and professions.

36608. “City”

“City” means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. “City council”

“City council” means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. “Clerk”

“Clerk” means the clerk of the legislative body.

36609.5. “General benefit”

“General benefit” means, for purposes of a property-based district, any benefit that is not a “special benefit” as defined in Section 36615.5.

36610. “Improvement”

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

36611. “Management district plan”; “Plan”

“Management district plan” or “plan” means a proposal as defined in Section 36622.

36612. “Owners’ association”

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners’ association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners’ association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners’ association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all records relating to activities of the district.

36614. “Property”

“Property” means real property situated within a district.

36614.5. “Property and business improvement district”; “District”

“Property and business improvement district,” or “district,” means a property and business improvement district established pursuant to this part.

36614.6. “Property-based assessment”

“Property-based assessment” means any assessment made pursuant to this part upon real property.

36614.7. “Property-based district”

“Property-based district” means any district in which a city levies a property-based assessment.

36615. “Property owner”; “Business owner”; “Owner”

“Property owner” means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. “Business owner” means any person recognized by the city as the owner of the business. “Owner” means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. “Special benefit”

“Special benefit” means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

36616. “Tenant”

“Tenant” means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

ARTICLE 3. Prior Law

36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceedings; Petition of property or business owners in proposed district

- (a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.
- (b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:
 - (1) A map showing the boundaries of the district.
 - (2) Information specifying where the complete management district plan can be obtained.
 - (3) Information specifying that the complete management district plan shall be furnished upon request.
- (c) The resolution of intention described in subdivision (a) shall contain all of the following:
 - (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.
 - (2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:

- (a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.
- (b) The name of the proposed district.
- (c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

- (d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.
- (e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.
- (f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.
- (g) The time and manner of collecting the assessments.
- (h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.
- (i) The proposed time for implementation and completion of the management district plan.
- (j) Any proposed rules and regulations to be applicable to the district.
- (k)
 - (1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.
 - (2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.
- (l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.
- (m) In a property-based district, the total amount of general benefits, if any.
- (n) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.
- (o) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

- (a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.
- (b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each

written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

- (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.
- (2) The number, date of adoption, and title of the resolution of intention.
- (3) The time and place where the public hearing was held concerning the establishment of the district.
- (4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.
- (5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.
- (6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.
- (7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by

the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36626. Resolution establishing district

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in Section 36625.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

CHAPTER 3. Assessments

36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and

penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

- (a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.
- (b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.
- (c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention

- (a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:
 - (1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.
 - (2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.
- (b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

CHAPTER 3.5. Financing

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance

36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

- (1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.
- (2) The improvements, maintenance, and activities to be provided for that fiscal year.
- (3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.
- (4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.
- (5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- (6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements, maintenance, and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

CHAPTER 5. Renewal

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

- (a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
- (b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.
- (c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

- (a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:
 - (1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.
 - (2) During the operation of the district, there shall be a 30-day period each year in which assesseses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.
- (b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

- (a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district

is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 2 – ASSESSED BUSINESSES

Lodging Business Name	Lodging Business Address	City, State, ZIP
AC Hotel	2970 Lakeside Dr	Santa Clara, CA 95054
Avatar Hotel	4200 Great America Pkwy	Santa Clara, CA 95054
Biltmore Hotel & Suites	2151 Laurelwood Rd	Santa Clara, CA 95054
Embassy Suites	2885 Lakeside Dr	Santa Clara, CA 95054
Hilton Santa Clara	4949 Great America Pkwy	Santa Clara, CA 95054
Hyatt House	3915 Rivermark Plaza	Santa Clara, CA 95054
Hyatt Regency	5101 Great America Pkwy	Santa Clara, CA 95054
Marriott Santa Clara	2700 Mission College Blvd	Santa Clara, CA 95054
The Element	1950 Wyatt Dr	Santa Clara, CA 95054
The Plaza Suites	3100 Lakeside Dr	Santa Clara, CA 95054
TownePlace Suites by Marriott	2877 Lakeside Dr	Santa Clara, CA 95054



Agenda Report

21-101

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on a Written Petition Submitted by Councilmember Jain Requesting a Discussion on the Vote on the Sale of the Loyalton Ranch Property

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

Council Policy 030 - Adding an Item on the Agenda (Attachment 1) sets forth the procedure for written petitions. Members of the City Council shall use the Council Item Request Form to submit a written request for inclusion of an item on a future City Council agenda. Per the policy, the written request will be submitted on the agenda, in the form substantially provided by the requestor without any staff analysis, including fiscal review, legal review and policy review. If a simple majority of the City Council supports further study of the request, then a full staff analysis shall be prepared within thirty (30) days, unless otherwise directed by the City Council.

DISCUSSION

The City Clerk's Office has received a Written Petition for Council consideration from Councilmember Jain dated January 11, 2021 (Attachment 2) requesting a discussion and vote on the sale of the Loyalton Ranch Property. This property is not mentioned in the City's General Plan and so is not covered by Measure R. This property was 90% burned in August, 2020 and represents a liability to the City of Santa Clara. The property was appraised by VALBRIDGE PROPERTY ADVISORS on 6/26/2020.

FISCAL IMPACT

There is no fiscal impact other than administrative staff time.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

ALTERNATIVES

1. Direct staff to agendize.
2. Note and file this report and take no further action.
3. Any other alternative as approved by Council.

RECOMMENDATION

Staff has no recommendation and is seeking Council direction.

Reviewed by: Nora Pimentel, Assistant City Clerk

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Council Policy 030
2. Written Petition dated January 11, 2021 from Councilmember Jain

RESOLUTION NO. 20-8895

**A RESOLUTION OF THE CITY OF SANTA CLARA,
CALIFORNIA TO REPEAL RESOLUTION NO. 20-8809,
AMEND COUNCIL POLICY 030 ENTITLED “ADDING AN ITEM
ON THE AGENDA,” AND APPROVE THE COUNCIL ITEM
REQUEST FORM**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, amending the policy on adding an item on the agenda to establish a clear, effective and easily understood process for members of the City Council and the public to have items within the jurisdiction of the City Council placed on a meeting agenda;

WHEREAS, the amended version of the Adding an Item on the Agenda policy expands on the current policy language by clearly stating that, when a written request is first considered, discussion should be limited to whether an item should be added to an agenda and a date, not the merit of the item; and,

WHEREAS, the amended Adding an Item on the Agenda policy, attached hereto as Attachment 1, includes a Council Item Request Form for the City Council’s use when requesting an item for inclusion on a Council meeting agenda and adds the procedure for written requests from members of the City Council.

**NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS
FOLLOWS:**

1. That Resolution No. 20-8809 is hereby rescinded in its entirety.
2. That amended Council Policy 030 entitled “Adding an Item on the Agenda” with the Council Item Request Form, attached hereto as Attachment 1, is hereby approved and adopted, and the City Manager is directed to number (and renumber, as appropriate) the Council Policy Manual such that they are organized in a logical fashion.

//

//

//

3. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 27TH DAY OF OCTOBER, 2020, BY THE FOLLOWING VOTE:

AYES: COUNCILORS: Chahal, Davis, Hardy, O'Neill, and Watanabe,
and Mayor Gillmor

NOES: COUNCILORS: None

ABSENT: COUNCILORS: None

ABSTAINED: COUNCILORS: None

ATTEST:


NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Council Policy 030 entitled "Adding an Item on the Agenda"



ADDING AN ITEM ON THE AGENDA

PURPOSE

To establish a clear, effective, and easily understood process for members of the City Council and the public to have items, within the jurisdiction of the City Council, placed on the City Council agenda for consideration.

POLICY

Members of the City Council:

The Mayor or any individual Councilmember may submit a written request by using the Council Item Request Form to the City Manager's Office for inclusion of an item on a City Council agenda, provided the request is received two (2) days prior to the public release of the agenda packet. At the meeting where the request is heard, discussion should be limited to whether the item should be added to an agenda and a date, not the merit of the item.

Referral from a Council Committee:

Council Committees may submit a written request to the City Manager's Office for inclusion of an item on a City Council agenda, provided the request is received two (2) days prior to the public release of the agenda packet.

Council Committees may bring forward a recommendation to the full City Council by way of the Committee minutes, which are typically prepared within three weeks following the Committee meeting.

Items Referred During a Council Meeting:

By Council action, an item may be referred to the City Manager for inclusion on a City Council agenda. If the request requires further study of the item from staff, a full analysis shall be prepared at the direction of the City Manager with at least thirty (30) calendar days prior to the meeting, unless otherwise directed by the City Council. If the request requires more than thirty (30) calendar days to prepare, status updates will be provided to the City Council every sixty (60) days as an informational memo.



ADDING AN ITEM ON THE AGENDA

Written Petitions and Public Presentations:

Any member of the public may submit a written request raising any issue or item within the subject matter jurisdiction of the City Council to be heard under the **“Written Petition”** section of the City Council’s regular agenda within two (2) Council meetings after received. After the initial Written Petition is placed on the agenda, a majority vote of the City Council may add the item to a future Council meeting for action. Any member of the public may address the City Council under the **“Public Presentations”** section of the agenda. If the presentation includes a request of the Council, a majority vote of the City Council may refer the item to the City Manager to be properly added to a future meeting, in compliance with the Brown Act.

PROCEDURE FOR WRITTEN PETITIONS

1. All requests to address the City Council shall be submitted in writing. Written Petition forms are available for the petitioner’s convenience on the City’s website and in the City Manager’s Office, City Clerk’s Office, and the Mayor and Council Offices. Alternatively, an email may be submitted to clerk@santaclaraca.gov.
2. Once the Written Petition is received by the City Clerk’s Office, it should immediately be forwarded to the City Manager for placement on an agenda within two (2) Council meetings after receipt of the original request from the City Clerk’s Office. All written material (request and any support material) will be submitted on the agenda in the form substantially provided by the requester without any staff analysis, including fiscal review, legal review and policy review, until the City Council has had the opportunity to provide direction to the City Manager.
3. At the meeting where the item is first considered, if a majority of the City Council supports further study of the item, then a full staff analysis shall be prepared within thirty (30) days, unless otherwise directed by the City Council. Discussion should be limited to whether an item should be added to an agenda and a date, not the merit of the item.



ADDING AN ITEM ON THE AGENDA

**PROCEDURE
FOR WRITTEN
REQUESTS
FROM CITY
COUNCIL**

1. Members of the City Council shall use the Council Item Request Form to submit a written request for inclusion of an item on a future City Council agenda.
2. Once the Council Item Request Form is received by the City Clerk's Office, it should immediately be forwarded to the City Manager for placement on an agenda within two (2) Council meetings after receipt of the original request from the City Clerk's Office. All written material (Council Item Request Form and any support material) will be submitted on the agenda in the form substantially provided by the requester without any staff analysis, including fiscal review, legal review and policy review, until the City Council has had the opportunity to provide direction to the City Manager.
3. At the meeting where the item is first considered, if a majority of the City Council supports further study of the item, then a full staff analysis shall be prepared within thirty (30) days, unless otherwise directed by the City Council. Discussion should be limited to whether an item should be added to an agenda and a date, not the merit of the item.

Attachments: Council Item Request Form



The Council Item Request Form is for members of the City Council to submit written requests to the City Manager's Office for inclusion of an item on a future City Council meeting agenda. At the meeting where the initial written request is heard, discussion should be limited to whether the item should be added to an agenda and a date, not the merit of the item. A majority vote of the City Council is required for the item to be added to future Council meeting agenda for action.

CONTACT INFORMATION

Requesting Member of City Council _____

Contact E-mail _____

Contact Phone _____

Today's Date _____

WRITTEN REQUEST

I, _____, hereby request that the following item be placed on the City of Santa Clara Council and Authorities Concurrent meeting agenda:



The Council Item Request Form is for members of the City Council to submit written requests to the City Manager's Office for inclusion of an item on a future City Council meeting agenda. At the meeting where the initial written request is heard, discussion should be limited to whether the item should be added to an agenda and a date, not the merit of the item. A majority vote of the City Council is required for the item to be added to future Council meeting agenda for action.

CONTACT INFORMATION

Requesting Member of City Council Suds Jain

Contact E-mail :sjain@santaclaraca.gov

Contact Phone _____

Today's Date __January 11, 2021

WRITTEN REQUEST

I, __Suds__Jain____, hereby request that the following item be placed on the City of Santa Clara Council and Authorities Concurrent meeting agenda:

A discussion and vote on the sale of the Loyalton Ranch property. This property is not mentioned in the City's General Plan and so is not covered by Measure R. This property was 90% burned in August, 2020 and represents a liability to the City of Santa Clara. The property was appraised by VALBRIDGE PROPERTY ADVISORS on 6/26/2020.



Agenda Report

21-109

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Action on a Written Petition Submitted by Councilmember Jain Requesting a Discussion and Vote of Revising the Terms of Franklin Mall Maintenance District Number 122

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

Council Policy 030 - Adding an Item on the Agenda (Attachment 1) sets forth the procedure for written petitions. Members of the City Council shall use the Council Item Request Form to submit a written request for inclusion of an item on a future City Council agenda. Per the policy, the written request will be submitted on the agenda, in the form substantially provided by the requestor without any staff analysis, including fiscal review, legal review and policy review. If a simple majority of the City Council supports further study of the request, then a full staff analysis shall be prepared within thirty (30) days, unless otherwise directed by the City Council.

DISCUSSION

The City Clerk's Office has received a Written Petition for Council consideration from Councilmember Jain dated January 12, 2021 (Attachment 2) requesting a discussion and vote of revising the terms of Franklin Mall Maintenance District Number 122. The 2021/21 agreement (dated April 7, 2020) is for \$155,571 of which the Property Owner's Assessment is only \$14,200 meaning that the subsidy is 10 times what the Property Owners pay. I believe this is a gift of public funds.

FISCAL IMPACT

There is no fiscal impact other than administrative staff time.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

ALTERNATIVES

1. Direct staff to agendize.
2. Note and file this report and take no further action.
3. Any other alternative as approved by Council.

RECOMMENDATION

Staff has no recommendation and is seeking Council direction.

Reviewed by: Nora Pimentel, Assistant City Clerk

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Council Policy 030
2. Written Petition dated January 12, 2021 from Councilmember Jain

RESOLUTION NO. 20-8895

**A RESOLUTION OF THE CITY OF SANTA CLARA,
CALIFORNIA TO REPEAL RESOLUTION NO. 20-8809,
AMEND COUNCIL POLICY 030 ENTITLED “ADDING AN ITEM
ON THE AGENDA,” AND APPROVE THE COUNCIL ITEM
REQUEST FORM**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, amending the policy on adding an item on the agenda to establish a clear, effective and easily understood process for members of the City Council and the public to have items within the jurisdiction of the City Council placed on a meeting agenda;

WHEREAS, the amended version of the Adding an Item on the Agenda policy expands on the current policy language by clearly stating that, when a written request is first considered, discussion should be limited to whether an item should be added to an agenda and a date, not the merit of the item; and,

WHEREAS, the amended Adding an Item on the Agenda policy, attached hereto as Attachment 1, includes a Council Item Request Form for the City Council’s use when requesting an item for inclusion on a Council meeting agenda and adds the procedure for written requests from members of the City Council.

**NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS
FOLLOWS:**

1. That Resolution No. 20-8809 is hereby rescinded in its entirety.
2. That amended Council Policy 030 entitled “Adding an Item on the Agenda” with the Council Item Request Form, attached hereto as Attachment 1, is hereby approved and adopted, and the City Manager is directed to number (and renumber, as appropriate) the Council Policy Manual such that they are organized in a logical fashion.

//

//

//

3. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 27TH DAY OF OCTOBER, 2020, BY THE FOLLOWING VOTE:

AYES: COUNCILORS: Chahal, Davis, Hardy, O'Neill, and Watanabe,
and Mayor Gillmor

NOES: COUNCILORS: None

ABSENT: COUNCILORS: None

ABSTAINED: COUNCILORS: None

ATTEST:


NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Council Policy 030 entitled "Adding an Item on the Agenda"



ADDING AN ITEM ON THE AGENDA

PURPOSE

To establish a clear, effective, and easily understood process for members of the City Council and the public to have items, within the jurisdiction of the City Council, placed on the City Council agenda for consideration.

POLICY

Members of the City Council:

The Mayor or any individual Councilmember may submit a written request by using the Council Item Request Form to the City Manager's Office for inclusion of an item on a City Council agenda, provided the request is received two (2) days prior to the public release of the agenda packet. At the meeting where the request is heard, discussion should be limited to whether the item should be added to an agenda and a date, not the merit of the item.

Referral from a Council Committee:

Council Committees may submit a written request to the City Manager's Office for inclusion of an item on a City Council agenda, provided the request is received two (2) days prior to the public release of the agenda packet.

Council Committees may bring forward a recommendation to the full City Council by way of the Committee minutes, which are typically prepared within three weeks following the Committee meeting.

Items Referred During a Council Meeting:

By Council action, an item may be referred to the City Manager for inclusion on a City Council agenda. If the request requires further study of the item from staff, a full analysis shall be prepared at the direction of the City Manager with at least thirty (30) calendar days prior to the meeting, unless otherwise directed by the City Council. If the request requires more than thirty (30) calendar days to prepare, status updates will be provided to the City Council every sixty (60) days as an informational memo.



ADDING AN ITEM ON THE AGENDA

Written Petitions and Public Presentations:

Any member of the public may submit a written request raising any issue or item within the subject matter jurisdiction of the City Council to be heard under the **“Written Petition”** section of the City Council’s regular agenda within two (2) Council meetings after received. After the initial Written Petition is placed on the agenda, a majority vote of the City Council may add the item to a future Council meeting for action. Any member of the public may address the City Council under the **“Public Presentations”** section of the agenda. If the presentation includes a request of the Council, a majority vote of the City Council may refer the item to the City Manager to be properly added to a future meeting, in compliance with the Brown Act.

PROCEDURE FOR WRITTEN PETITIONS

1. All requests to address the City Council shall be submitted in writing. Written Petition forms are available for the petitioner’s convenience on the City’s website and in the City Manager’s Office, City Clerk’s Office, and the Mayor and Council Offices. Alternatively, an email may be submitted to clerk@santaclaraca.gov.
2. Once the Written Petition is received by the City Clerk’s Office, it should immediately be forwarded to the City Manager for placement on an agenda within two (2) Council meetings after receipt of the original request from the City Clerk’s Office. All written material (request and any support material) will be submitted on the agenda in the form substantially provided by the requester without any staff analysis, including fiscal review, legal review and policy review, until the City Council has had the opportunity to provide direction to the City Manager.
3. At the meeting where the item is first considered, if a majority of the City Council supports further study of the item, then a full staff analysis shall be prepared within thirty (30) days, unless otherwise directed by the City Council. Discussion should be limited to whether an item should be added to an agenda and a date, not the merit of the item.



ADDING AN ITEM ON THE AGENDA

**PROCEDURE
FOR WRITTEN
REQUESTS
FROM CITY
COUNCIL**

1. Members of the City Council shall use the Council Item Request Form to submit a written request for inclusion of an item on a future City Council agenda.
2. Once the Council Item Request Form is received by the City Clerk's Office, it should immediately be forwarded to the City Manager for placement on an agenda within two (2) Council meetings after receipt of the original request from the City Clerk's Office. All written material (Council Item Request Form and any support material) will be submitted on the agenda in the form substantially provided by the requester without any staff analysis, including fiscal review, legal review and policy review, until the City Council has had the opportunity to provide direction to the City Manager.
3. At the meeting where the item is first considered, if a majority of the City Council supports further study of the item, then a full staff analysis shall be prepared within thirty (30) days, unless otherwise directed by the City Council. Discussion should be limited to whether an item should be added to an agenda and a date, not the merit of the item.

Attachments: Council Item Request Form



The Council Item Request Form is for members of the City Council to submit written requests to the City Manager's Office for inclusion of an item on a future City Council meeting agenda. At the meeting where the initial written request is heard, discussion should be limited to whether the item should be added to an agenda and a date, not the merit of the item. A majority vote of the City Council is required for the item to be added to future Council meeting agenda for action.

CONTACT INFORMATION

Requesting Member of City Council _____

Contact E-mail _____

Contact Phone _____

Today's Date _____

WRITTEN REQUEST

I, _____, hereby request that the following item be placed on the City of Santa Clara Council and Authorities Concurrent meeting agenda:



The Council Item Request Form is for members of the City Council to submit written requests to the City Manager's Office for inclusion of an item on a future City Council meeting agenda. At the meeting where the initial written request is heard, discussion should be limited to whether the item should be added to an agenda and a date, not the merit of the item. A majority vote of the City Council is required for the item to be added to future Council meeting agenda for action.

CONTACT INFORMATION

Requesting Member of City Council Suds Jain

Contact E-mail :sjain@santaclaraca.gov

Contact Phone _____

Today's Date __January 12, 2021

WRITTEN REQUEST

I, __Suds__Jain____, hereby request that the following item be placed on the City of Santa Clara Council and Authorities Concurrent meeting agenda:

A discussion and vote of revising the terms of Franklin Mall Maintenance District Number 122. The 2020/21 agreement (dated April 7, 2020) is for \$155,571 of which the Property Owner's Assessment is only \$14,200 meaning that the subsidy is 10 times what the Property Owners pay. I believe this is a gift of public funds.

DIRECTOR'S REPORT
CITY OF SANTA CLARA
PARKING DISTRICT NO. 122 MAINTENANCE DISTRICT
FISCAL YEAR 2020/21

April 7, 2020

ASSESSMENT FORMULA

Fiscal Year 2020/21
City of Santa Clara, California

Parking District No. 122 Maintenance District

The formula upon which the annual assessment levy, for the payment of the costs and expenses of maintaining and operating the improvements, and providing funds for future parking lots and associated walkways, exceptional maintenance and improvements, within Parking District No. 122 Maintenance District, including the costs and expenses incidental thereto, will be apportioned according to benefits among the several lots or parcels of property within the Maintenance District for the Fiscal Year 2020/21 is as follows:

- Costs and expenses are to be shared between the City and property owners as below:
 - a. City shall pay for the operation and maintenance cost on a 100% basis.
 - b. Property owners shall pay \$14,200 annually, less interest from prior years' property owners operation and maintenance assessments as of June 30, 2002, to be kept in a fund to be used towards future exceptional maintenance and improvements of parking lots and associated walkways and appurtenances.
- Each assessment shall be determined on the basis of the gross floor area of the building located upon the lot or parcel of property assessed.
- For the purposes of the formula herein, gross floor area shall mean that area computed from the outside dimensions of the building and not excluding corridors and other design features and aggregated for each additional story or mezzanine floor and any basement area.

DIRECTOR'S REPORT

ASSESSMENT for Fiscal Year 2020/21 City of Santa Clara, California

Parking District No. 122 Maintenance District

I, Craig Mobeck, Director of Public Works for the City of Santa Clara, California, pursuant to the provisions of Section 16.10.490 of the Code of the City of Santa Clara, hereby make this report and following benefit assessment to cover the costs and expenses of maintaining and operating the improvement within Parking District No. 122 Maintenance District of said City, including the costs and expenses incidental thereto, to be paid by said Maintenance District.

The amount to be paid therefor by said Maintenance District for the Fiscal Year 2020/21 is as follows:

<u>Expenditures</u>	<u>As Preliminarily Approved</u>	<u>As Finally Approved</u>
Routine Maintenance & Operation	\$ 155,571.00	
Exceptional Maintenance and Repairs	\$ 0.00	
TOTAL COST	\$ 155,571.00	

Funding for FY 2020/21 Expenditures

Exceptional Maintenance & Improvement From Fund Balance Reserve	\$0.00	
Contribution from City General Fund (001)	\$ 155,571.00	
TOTAL	\$ 155,571.00	

Property Owner Assessment

Owner's Annual Assessment	\$14,200.00	
Less Accrued Interest of Owner's Fund Balance	[\$3,826.00]	[\$]
TOTAL NET ASSESSMENT	\$10,374.00	
<i>(Goes to Fund Balance Reserve)</i>		

And I do hereby assess and apportion the amount said costs and expenses, including the costs and expenses incidental thereto, upon the several lots or parcels of property liable therefor and benefited thereby, in proportion to the benefits to be received by such lots or parcels of property, from the maintenance and operation thereof and more particularly set forth in the list hereto attached and by reference made a part hereof.

Each lot or parcel of land is described in the assessment list by reference to its parcel number as shown on the assessor's maps of the County of Santa Clara for the Fiscal Year 2020/21 to the right of the parcel numbers and include all of such parcel.

Dated: _____

Craig Mobeck, Director of Public Works

BUDGET

Fiscal Year 2020/21
City of Santa Clara, California

Parking District No. 122 Maintenance District

<u>Expenditures</u>	<u>As Preliminarily Approved</u>	<u>As Finally Approved</u>
Maintenance & Operation:	\$ 155,571.00	Labor, materials, supplies, and equipment to maintain Parking Maintenance District No. 122 including, but not limited to water, sewer, and electrical costs, sweeping of parking lots and mall area, maintenance of pavement, striping, landscaping, mall fountains, City supervision (50% of labor and fringe benefits of Street Maintenance Worker III).
Exceptional Maintenance and Improvements of Parking Lots and Associated Walkways	\$ 0.00	
TOTAL COST	\$ 155,571.00	

Funding for FY 2020/21 Expenditure

Owner's Reserve for Exceptional Maintenance & Improvement Fund Balance:	[\$ 0.00]	[\$]
Contribution from City General Fund (001):	<u>[\$ 155,571.00]</u>	[\$]
Owner's Annual Assessment	\$14,200.00		
Less Accrued Interest on Owners' Fund Balance:	<u>[\$3,826.00]</u>	[\$]
Total Net Assessment:	\$10,374.00		

ASSESSMENT

Fiscal Year 2020/21
City of Santa Clara, California

Parking District No. 122 Maintenance District

Name & Address of Owner	Assessor's Parcel Number	(2) As Finally Confirmed	(1) As Preliminarily Approved	Gross Floor Area (sq. ft.)	% of Total Floor Area
Green Valley Corporation 777 N. First Street, Unit 500 San Jose, CA 95112	269-22-111		\$2,168.89	13,305.22	20.907
Ramiro Hermosillo Trust 3121 Riddle Rd. San Jose, CA 95117	269-22-110		\$1,146.64	7,034.13	11.053
John C. & Catherine E. De Martini, Trustee 477 9 th Avenue Ste 107 San Mateo, CA 94402	269-22-108		\$1,387.83	8,513.76	13.378
David DeLozier Trustee & Et al. 1162 Carmel Way Santa Clara, CA 95050	269-22-098		\$1,213.76	7,445.88	11.700
John Frey Trustee & Et al. 4221 Five Mile Drive San Jose, CA 95132	269-22-103		\$ 226.15	1,387.35	2.180
Celine Yuen-Wan Chan Trustee 3557 Chablis Circle San Jose, CA 95127	269-22-102		\$ 130.51	800.59	1.258
Ross L. Peterson Et al. 1365 Main St Santa Clara, CA 95050	269-22-105		\$ 326.68	2,004.02	3.149

ASSESSMENT

Fiscal Year 2020/21
City of Santa Clara, California

Parking District No. 122 Maintenance District

Name & Address of Owner	Assessor's Parcel Number	(2) As Finally Confirmed	(1) As Preliminarily Approved	Gross Floor Area (sq. ft.)	% of Total Floor Area
Robert Freitas Et al. 255 Washington Street Milpitas, CA 95035	269-22-104		\$ 271.38	1,664.82	2.616
Gillmor Properties LLC 1201 Franklin Mall Santa Clara, CA 95050	269-22-113		\$ 350.74	2,151.67	3.381
Warren Mitchell Et al. 16200 Greenwood Ln Monte Sereno, CA 95030	269-22-106		\$1,300.18	7,976.00	12.533
Vitarelli Family LP 925 Circle Drive Santa Clara, CA 95050	269-22-101		\$ 359.46	2,205.13	3.465
Vitarelli Family LP 925 Circle Drive Santa Clara, CA 95050	269-22-100		\$ 201.05	1,233.34	1.938
Gillmor Properties LLC 1201 Franklin Mall Santa Clara, CA 95050	269-22-115		\$ 982.31	6,026.07	9.469
Gillmor Properties LLC 1201 Franklin Mall Santa Clara, CA 95050	269-22-114		\$ 308.42	1,892.02	2.973
TOTAL			\$10,374.00	63,640.00	100%

I, the Assistant City Clerk of the City of Santa Clara, hereby certify that the foregoing assessment in the amounts set forth in Column (2) unless Column (2) is blank, in which event the amounts in Column (1) apply, was approved and confirmed by the City Council of said City on _____, 2020.

Nora Pimentel, MMC
Assistant City Clerk
City of Santa Clara

I, the County Auditor of the County of Santa Clara, hereby certify that the foregoing assessment was filed in my office on _____, 2020.

County Auditor, County of Santa Clara



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
[@SantaClaraCity](https://twitter.com/SantaClaraCity)

Agenda Report

21-94

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Update on City Council and Stadium Authority Staff Referrals

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND AND DISCUSSION

During Council and Stadium Authority meetings, the City Council or Stadium Authority Board provide direction on policy issues or refer information requests to staff for follow-up.

The purpose of the City Council and Stadium Authority Referrals Update is to provide the City Council/Stadium Authority Board and the public a current status report. Completion of the referrals may be communicated by various means such as: Report to Council, Information Memorandum provided through a Council Agenda, City Manager Biweekly Report/Blog, or a City Manager/Executive report out during a future Council meeting.

The Referrals list will be published in the Council agenda packet under the "City Manager/Executive Director Report" section of the Council Agenda. Reports will include both open and closed referrals.



**City of
Santa Clara**
The Center of What's Possible

**CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION**
Updated 1/19/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed
1.	1/12/21	Council Meeting	Provide a Study Session on pros/cons lifecycle cost/benefits of artificial surfacing including turf	Parks & Rec	TBD	
2.	1/12/21	Council Meeting	Defer approval of the 1205 Coleman Gateway neighborhood park design to work with the developer within current project approvals to receive additional community input including the Old Quad on park design	Parks & Rec	TBD	
3.	1/12/21	Council Meeting	Provide quarterly information reports on progress of Task Force on Diversity, Equity and Inclusion	City Manager	TBD	
4.	1/12/21	Council Meeting	Staff to return with an Information Memo regarding the legal process of increasing utility rates	SVP	TBD	
5.	1/12/21	Council Meeting	Communicate to the State Historic Preservation Office the City Council's conditional support for the nomination of the Pomeroy Green Townhouses contingent upon completion of the following conditions: signed petition from a majority of Pomeroy Green Co-op members; provision of resolution of support from the Co-op board; completion of an analysis by a qualified historian, preferably local; City Attorney review and comments on the application; notification of all shareholders and owners of neighboring homes within a 200 foot radius including information on the process to object to the nomination	Community Development	TBD	
6.	1/12/21	Council Meeting	Staff to provide opinions from Chamber, DMO, TID and others on the need for of the services provided in the agreement and having the infrastructure in place. What would it cost to do it themselves and how would they envision this moving forward if City did not approve the agreement.	City Manager	TBD	
7.	1/12/21	Council Meeting	Provide Incremental Milestone Completion Reports from JLL regarding project milestones from previous agreements	City Manager	TBD	
8.	1/12/21	Council Meeting	Provide Council with previously completed TAP audit of Convention Center Visitors Bureau	City Manager	TBD	
9.	12/16/20	Council Meeting	Regarding a written petition from Sam Liu concerning a 10' CMU wall with project at 3200 Scott Blvd., staff to return on 1/26/21 with possible options for Council consideration	Community Development	1/26/21	
10.	10/13/20	Stadium Authority	Stadium Bills and Claims – Return on a future agenda with an informational report on the on the Stadium Authority's responsibility of unfunded liability	Finance	April 2021	
11.	10/13/20	Council Meeting	Noise Monitoring at Levi's Stadium – Return to Council with a revised scope of work that includes a monthly consultant report with data related to all noise, including airplane noise by Levi's Stadium. Report should include data on peak noise, how	Community Development	2/23/21	



**City of
Santa Clara**
The Center of What's Possible

**CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION**
Updated 1/19/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed
			many days we exceed the noise ordinance, etc. and notify Council regarding excessive noise complaints.			
12.	10/13/20	Council Meeting	Community Input Policy – Return to the Governance Committee with potential models of a Community Benefits Policy with feedback from various Community groups (i.e. CatalyzeSV) and best practices from other Cities	Community Development	TBD	
13.	8/25/20	Council Meeting	Staff to return on 12/15/20 regarding a written petition from Joseph Ducato requesting changes to the sewer ordinance whereby the City reassumes responsibility for maintenance and or/replacement of the sewer laterals located in the public right-of-way. (The Report to Council for this item was scheduled to be presented to Council on 12/15/20, however, due to a very heavy agenda it was moved to 1/12/21.)	Water & Sewer	1/12/21	1/12/21
14.	7/14/20	Council Meeting	Garbage Rates – explore long-term rate assistance programs for solid waste	Public Works	2/23/21	
15.	1/28/20	Council Meeting	MTA Transit Oriented Communities referred to Council Priority Setting Session on 1/30 and 1/31 to provide information on staff impact. (At the Priority Setting Session, Council requested that staff schedule a study session.)	City Manager/ Public Works	TBD	
16.	10/29/19	Council Meeting	Provide options for the \$750,000 commitment from Levy for community enrichment	City Manager	TBD	
17.	9/24/19	Council Meeting	Staff to review the Ordinance and enforcement of illegal street food vendors. At the 9/25/20 Council meeting, Council asked staff to review enforcement of vendors outside of Levi's Stadium	Police	Feb 2021	
18.	8/27/19	Council Meeting	Agendize Korea Town designation for a future Council meeting and return with information about outreach and what Sunnyvale is doing on El Camino Real	City Manager	2/2/21	
19.	7/9/19	Council Meeting	Add Lawn Bowl Clubhouse Project to a future agenda and return with information on costs of installation of module. Staff to notify Lawn Bowl Club of Council meeting date so they may update Council on their fundraising efforts.	Parks & Rec	TBD	
20.	7/9/19	Council Meeting	Update on age-friendly activities per commission annual Work Plan	Parks & Rec	TBD	
21.	6/4/19	Council Meeting	Regarding bicycle and scooter share devices: staff to bring back final plan for Council approval – Council asked staff to further look into items such as outreach events, insurance, speed monitoring, data, fee structure and drop-off locations (Per the City Attorney's Office this item was placed on hold – pending the outcome of other public entities' litigation)	Public Works	TBD	
22.	4/30/19	Council Meeting	Number of public transit riders for large stadium events	49ers Stadium Manager	TBD	



**City of
Santa Clara**
The Center of What's Possible

**CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION**
Updated 1/19/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed
23.	4/30/19	Council Meeting	Ask Stadium Manager for analysis to support their position that reducing the cost of parking would likely adversely impact public transit ridership, resulting in more cars on the roads	49ers Stadium Manager	TBD	
24.	10/9/18	Council Meeting	Dedicate Jerry Marsalli Community Center at grand opening of the facility	Parks & Rec	TBD	
25.	10/2/18	Council Meeting	Amend sign ordinance to prohibit signs on public property	Parks & Rec/ City Attorney	TBD	
26.	3/13/18	Council Meeting	Develop a Stadium Authority Financial Reporting Policy in conjunction with the Stadium Authority Auditor and the external auditor	Finance	Summer 2021	



**City of
Santa Clara**
The Center of What's Possible

COMPLETED 2020
CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION
Updated 1/19/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed	Resolution
1.	10/27/20	Council Meeting	Return to Council with an Informational Report upon executing Master Agreement that provides information on negotiated terms as related to BART Silicon Valley Phase II Extension Project	Public Works	12/15/20	12/15/20	Reported at Council Meeting
2.	9/29/20	Council Meeting	Governance Committee Referrals – Discussion on Planning Commission's referral process and citywide Board and Commission workplan process	City Manager	12/7/20	12/7/20	Reported at Governance and Ethics Committee Meeting
3.	11/27/18	Council Meeting	TID: Reconciliation of reserve fund; disclosure of legal fees as determined by the performance auditor; and develop a subsidy policy	City Manager	Nov 2020	11/22/20	Email sent to Council from City Manager on 11/22/20
4.	4/7/20	Council Meeting	Pruneridge Ave. Complete Streets Plan Project – Council voted to postpone awarding the contract and requested staff bring it back to Council when there was more certainty about public outreach efforts in relation to COVID-19 shelter in place order	Public Works	11/17/20	11/17/20	Reported at Council Meeting
5.	10/13/20	Council Meeting	Worker Retention and Recall Protections – Prepare an Urgency Ordinance for worker recall for the 10/27/20 Council Meeting and amend current Worker Retention Ordinance to add hotel workers and look at long-term outreach (first reading of Ordinance on 10/27)	City Manager/ City Attorney	10/27/20	10/27/20	Reported at Council Meeting
6.	8/25/20	Stadium Authority Meeting	For meetings requiring public reporting, staff to begin producing Stadium Authority and Stadium Manager meeting minutes	City Manager	10/13/20	10/13/20	Reported at Council Meeting
7.	8/18/20	Council Meeting	Staff to return on 10/13/20 with options regarding Worker Retention Ordinance in relation to the Pandemic	City Manager/ City Attorney	10/13/20	10/13/20	Reported at Council Meeting
8.	9/29/20	Council Meeting	Provide information to the community regarding 49er-initiated litigation via mailer, social media, blogs, website, utility inserts, etc.	City Attorney/ City Manager	TBD	10/5/20	Informational flyer posted on City website on 10/5/20
9.	1/28/20	Council Meeting	Respond via City Manager's Biweekly Report when information on alternate leasing plan for department stores at Related Santa Clara Project will return to Council	City Manager	Dec 2020	9/29/20	Reported at Council Meeting



**City of
Santa Clara**
The Center of What's Possible

COMPLETED 2020
CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION
Updated 1/19/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed	Resolution
10.	9/24/19	Council Meeting	Staff to review the potential for rebates for the purchase of electric bicycles	SVP	Fall 2020	9/29/20	Reported at Council Meeting
11.	8/18/20	Council Meeting	Staff to send a letter to State of California regarding the relocation of the Courthouse	City Manager/ Community Development	TBD	9/2/20	Letter sent on 9/2/20; City Manager sent Council an email update on 9/25/20
12.	8/25/20	Council Meeting	Add an agenda item on the Santa Clara Downtown and Courthouse for the 9/1/20 Council Meeting	City Manager	9/1/20	9/1/20	Reported at Council Meeting
13.	7/14/20	Council Meeting	Return after Council break with an informational update on the progress of the implementation of the Tasman East Specific Plan.	Community Development	8/25/20	8/25/20	Reported at Council Meeting
14.	11/12/19	Council Meeting	Provide update on the International Association of Science Parks (IASP) Conference in 2021 to the Economic Development, Communications and Marketing Committee	City Manager	TBD	8/24/20	Email sent on 8/24/20 from City Manager to Council
15.	6/23/20	Council Meeting	Study Session on November 2020 Ballot Measures – return to Council on 7/14/20 with ballot language for TOT	City Manager	7/14/20	7/14/20	Reported at Council Meeting
16.	6/23/20	Council Meeting	Create an Ad Hoc Committee on Human Rights/Racial Inequalities in Santa Clara	City Manager	7/14/20	7/14/20	Reported at Council Meeting
17.	6/23/20	Council Meeting	Solid Waste Rate Increase – return on 7/14/20 with a report on rates and review options for rate assistance	Public Works	7/14/20	7/14/20	Reported at Council Meeting
18.	1/28/20	Council Meeting	Return in March with a Resolution in support of 2020 Census (due to the impact of COVID-19 the U.S. Census has been extended through 10/31/20)	City Manager	7/14/20	7/13/20	Reported at Council Meeting
19.	2/11/20	Council Meeting	Written Petition Received from Alan Todd Bevis Regarding Traffic Calming on Briarwood; Council requested staff to bring this item back to Council	Public Works	7/7/20	7/7/20	Reported at Council Meeting
20.	10/22/19	Council Meeting	Staff to return with budget appropriations in the budget cycle to improve the gazebo area at Mission Branch Library	Finance	6/23/20	6/23/20	Reported at Council Meeting
21.	7/10/18	Council Meeting	Annual update on PD community engagement efforts	Police	6/23/20	6/23/20	Reported at Council Meeting
22.	6/9/20	Council Meeting	City Code requirements related to outdoor dining – review permit application processes to streamline review and approval process	Community Development	TBD	6/16/20	Email sent on 6/16/20 from City



**City of
Santa Clara**
The Center of What's Possible

COMPLETED 2020
CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION
Updated 1/19/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed	Resolution
							Manager to Council
23.	6/9/20	Council Meeting	Santa Clara Convention Center 3rd Quarter Report – why are audiovisual expenses higher than expected? Are the food expenses high due to providing food for the Senior Food Distribution and/or School Lunches? (Respond via email or Council Informational Memo)	City Manager	6/9/20	6/9/20	Email sent (via Council question/response process on 6/9/20); also posted on website with agenda packet
24.	4/28/20	Council Meeting	Invite Supervisor Susan Ellenberg to provide a COVID-19 update at the 5/12 City Council Meeting	City Manager	6/9/20	6/9/20	Reported at Council Meeting
25.	12/17/19	Council Meeting	Initiate discussions with Santa Clara Unified School District regarding Healthier Kids Foundation services (staff met with SCUSD on 2/5/20 to initiate discussions; will return to Council in June with a transition plan)	Parks & Rec/ City Manager	5/26/20	5/26/20	Reported at Council Meeting
26.	4/7/20	Council Meeting	Legislative Advocacy Positions - staff to return with information regarding the City's position on: Redistricting after census, public records and campaign reform (Council to provide questions in advance)	City Manager	TBD	5/26/20	Per City Manager, no questions from Council
27.	4/28/20	Council Meeting	Nonprofits may apply for the City's Small Business Assistance Grant and business license simultaneously	City Manager	5/12/20	5/12/20	Reported at Council Meeting
28.	10/8/19	Council Meeting	Staff to review the expenditure limits for November 2020 – to designate appropriately the expenditure limit for Districts vs. At-Large seats	City Clerk/City Manager	Spring 2020	5/12/20	Reported at Council Meeting
29.	2/11/20	Council Meeting	Update and Direction on Commercial Cannabis-Related Items – staff to return with an Ordinance to ban commercial cannabis	City Manager/ City Attorney	4/28/20	4/28/20	Reported at Council Meeting
30.	10/29/19	Council Meeting	Regarding GIS system, provide biannual updates via the City Manager/Executive Director Report at Council meeting	IT	Spring 2020	4/28/20	Reported at Council Meeting
31.	12/10/19	Council Meeting	Add labor peace provision to GreenWaste Agreement	Public Works	Spring 2020	4/16/20	Email sent to Council on 4/16/20 re: labor peace
32.	2/11/20	Council Meeting	Discussion and Direction on the Santa Clara Tourism Improvement District (TID) Assessment Formula and Transient Occupancy Tax – staff to return with a district management plan reflecting a 1.5% TID assessment with option to increase to 2% as more info about alternate funding is received	City Manager/ Finance	May 2020	4/8/20	Reported at Council Meeting



**City of
Santa Clara**
The Center of What's Possible

COMPLETED 2020
CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION
Updated 1/19/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed	Resolution
33.	3/17/20	Council Meeting	Staff to review/return with options for temporary moratorium on evictions for renters as well as information to landlords on evictions during the COVID-19 emergency	Community Development/ City Attorney	3/24/20	4/7/20	Reported at Council Meeting
34.	11/19/19	Council Meeting	Exclusive Negotiations Agreement with Republic Metropolitan LLC for the site located at 500 Benton Street – return to Council in 120 days with a term sheet, a drinking well study and discussion on the preservation of historical railroad property. (Staff returned to closed session in August 2020 and is scheduled to return at closed session on 10/13/20).	City Manager	3/31/20	4/7/20	Reported at Council Meeting
35.	3/5/20	Stadium Authority	Stadium Budget – City Attorney to return with legal opinion regarding options on approving the Stadium Budget	City Attorney	March 2020	3/24/20	Reported at Council Meeting
36.	3/17/20	Council Meeting	Review food options for at-risk children and families	City Manager	TBD	3/19/20	Email sent to Council from City Manager on 3/19/20
37.	4/9/19	Council Meeting	Street Racing and Sideshows: take steps to make the 2004 ordinance operative and increase enforcement within existing resources	Police	2/25/20	2/25/20	Reported at Council Meeting
38.	1/31/20	Council Priority Setting Session	Public Works to prepare a letter for Mayor to send to Chappie Jones (a positive letter requesting San Jose to keep the City informed if they have specifics on an Innovation Zone project for Santa Clara to consider that does not impact residents)	Public Works	TBD	2/12/20	Staff prepared letter for Mayor's signature; signed letter mailed on 2/12/20
39.	12/3/19	Council Meeting	Council Policy 030 – Adding an Item on the Agenda – return to Council with amended policy replacing the word consensus with Council action	City Attorney/ City Manager	2/11/20	2/11/20	Reported at Council Meeting
40.	11/12/19	Council Meeting	Provide a comparison of the district assessment/TOT with other cities – are there other cities that also have the same type of district assessment? What are the Pros and Cons of the TID assessment change taking into consideration overall TOT? How do the TID Hotels feel about an increase in TOT (potentially 3%)	City Manager	2/11/20	2/11/20	Reported at Council Meeting
41.	11/12/19	Council Meeting	Destination Marketing Organization – Report back to Council in 90 days regarding CEO search; include detailed timeline for hiring of CEO	City Manager	2/11/20	2/11/20	Reported at Council Meeting



**City of
Santa Clara**
The Center of What's Possible

COMPLETED 2020
CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION
Updated 1/19/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed	Resolution
42.	11/5/19	Council Meeting	Schedule a Study Session regarding the pros and cons of General Obligation (GO) bonds and parcel tax	Finance	2/11/20	2/11/20	Reported at Council Meeting
43.	4/25/19	Council Meeting	City Clerk Haggag to work with City Attorney's Office on next steps for enforcing the Dark Money Ordinance and the Lobbyist Ordinance	City Attorney/ City Clerk	2/10/20	2/10/20	
44.	1/14/20	Council Meeting	Michael Fisher spoke during Public Comment about a small development project he undertook at his residence on Civic Center Drive. He had complaints about the process and the requirements that were placed on the project. (Assistant City Manager Manuel Pineda and Public Works Director Craig Mobeck met with Mr. Fisher on 1/24/20; City Manager provided a verbal report at the 1/28/20 Council Meeting; Assistant City Manager Manuel Pineda will follow up with a letter to Mr. Fisher.)	City Manager/ Public Works	February 2020	2/4/20	2/4/20 a letter was sent to Mr. Fisher; he continues to correspond with staff via email
45.	6/4/19	Council Meeting	Councilmember O'Neill to provide more clarity on Innovation Zone referral (on 11/19/19 Council deferred this item to the January Council Priorities and Goal Setting Sessions).	City Manager	1/30 – 1/31/20	1/31/20	Discussed at Council Priority Setting Session
46.	1/14/20	Council Meeting	Communications Consultant Agreements – Staff to add language to agreements to have agreements reviewed annually	City Manager	TBD	1/29/20	Language has been added to agreements re: annual review
47.	1/14/20	Council Meeting	Architectural Review Ordinance – Continued to add new language to Ordinance for certain projects that would trigger Public Hearing	City Attorney/ Community Development	1/28/20	1/28/20	Reported at Council Meeting
48.	7/9/19	Economic Development, Communications and Marketing Committee	Procure additional resources to support communications and marketing of local activities to enhance community's awareness of municipal services and activities	City Manager	January 2020	1/14/20	Reported at Council Meeting
49.	12/10/19	Council Meeting	False Alarm Ordinance – Continue item to 1/14/20 for staff to conduct broader public outreach and gather public input	Police/ City Attorney	1/14/20	1/14/20	Reported at Council Meeting
50.	12/10/19	Council Meeting	False Alarm Ordinance – Police Department to follow up with resident regarding financial assistance for fees	Police	1/14/20	1/14/20	Reported at Council Meeting



**City of
Santa Clara**
The Center of What's Possible

COMPLETED 2020
CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION
Updated 1/19/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed	Resolution
51.	12/17/19	Council Meeting	Community Room Study Session – Continue item to 1/14/20 and return with responses to Suds Jain’s questions regarding reservation process, rates for facilities at Oracle and houses across the street behind Triton, and provide a master list of facilities and who to contact for reservation	Parks & Rec/ City Manager	1/14/20	1/14/20	Reported at Council Meeting
52.	9/18/19	Economic Development, Communications and Marketing Committee	The Committee referred for Council consideration a request to the City Council to terminate the billboard agreement with All Vision, LLC (staff in process of analyzing further)	City Manager	January 2020	1/9/20	Letter sent from City Manager to All Vision on 1/9/20; Memo to Council from City Attorney on 1/9/20



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
[@SantaClaraCity](https://twitter.com/SantaClaraCity)

Agenda Report

21-38

Agenda Date: 1/26/2021

REPORT TO COUNCIL

SUBJECT

Tentative Meeting Agenda Calendar (TMAC)

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND AND DISCUSSION

The purpose of the TMAC is to provide the public advanced notifications of tentative dates of Council Study Sessions, Joint Council/Commission meetings, as well as Council Public Hearing and General Business agenda items. It is important to note that the TMAC is a Tentative Calendar planning tool and reports listed are subject to change due to Public Hearing publication requirements and agenda management.

The TMAC will be published weekly no later than Friday on the City's website.



City of Santa Clara

Tentative Meeting Agenda Calendar

Monday, February 1, 2021 Council Priority Setting Session I 8:00 AM – 5:00 PM

Tuesday, February 2, 2021 Council Priority Setting Session II 8:00 AM – 5:00 PM

Monday, February 8, 2021 Special Council Closed Session Meeting 4:00 PM – 6:00 PM

Tuesday, February 9, 2021 Council and Authorities Concurrent Meeting

Special Order of Business

21-93 Proclaim February 2021 as Black History Month

Public Hearing/General Business

21-47 **Study Session:** Presentation and Discussion on City Retirement Costs by Bartel & Associates LLC

21-1304 **Public Hearing:** Action on the Comprehensive Sign Program for Parcels 4 and 5 for the Related Santa Clara Project

21-110 **Public Hearing:** Adoption of a Resolution Ordering the Abatement of a Nuisance Consisting of Growing Weeds in Association with the County Weed Abatement Program for 2020-2021

21-1315 Action on 2021 Legislative Advocacy Positions

21-152 Action on an Agreement with Jones Lang LaSalle Americas, Inc. (JLL) for Consulting Services for the Development, Implementation and Operation of Comprehensive Tourism Strategy and Response to Council Questions

Tuesday, February 16, 2021 Stadium Authority Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, February 23, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

- 21-43** FY 2020/21 Rebalancing Actions to Address COVID-19 Pandemic Impacts
- 21-806** Review of Sanitary Sewer Services in the City and Discussion of Private Sewer Lateral Responsibilities

February 2021 - Study Session to be Scheduled

- 21-974** **Study Session:** Actions for Target Setting and Priority Strategies for Climate Action Plan (CAP) Update

Tuesday, March 2, 2021 Santa Clara Stadium Authority Meeting

Public Hearing/General Business

- 21-50** **Study Session:** Draft 2021 Non-NFL Events Marketing Plan for Levi's Stadium in Accordance with Section 4.10 of the Stadium Management Agreement
- 21-44** **Study Session:** Discussion of the: (a) Proposed Santa Clara Stadium Authority Fiscal Year 2021/22 Budget; (b) Stadium Authority Budget; and (c) Compliance and Management Policies

Tuesday, March 9, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

- 21-918** **Study Session:** Housing Element Update/Affordable Housing Ordinance Feasibility Analysis
- 21-96** **Public Hearing:** 906 Monroe Initial Feedback
- 21-1170** Presentation of Solid Waste Rate Study Findings and Recommendations for FY 2021/22 Rates

Tuesday, March 16, 2021 Santa Clara Stadium Authority Meeting

Public Hearing/General Business

- 21-46** **Public Hearing:** Action on the (a) Proposed Santa Clara Stadium Authority Fiscal Year 2021/22 Budget; (b) Stadium Operations and Maintenance Plan; and (c) 2021 Marketing Plan

Tuesday, March 23, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-1146 El Camino Real Specific Plan Study Session on the Draft Plan for adoption

Tuesday, April 6, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-153 Action on Adoption of a Resolution of Intention to Establish the Santa Clara Tourism Improvement District under the Property and Improvement District Law of 1994

Tuesday, April 13, 2021 Santa Clara Stadium Authority Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, April 20, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

20-1156 **Study Session:** Overview of Patrick Henry Drive Specific Plan

21-154 Public Meeting on the Formation of the Santa Clara Tourism Improvement District and the Levy of Assessments on Affected Lodging Businesses

Tuesday, May 25, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-155 Public Hearing and Adoption of a Resolution of Formation of the Santa Clara Tourism Improvement District under the Property and Business Improvement District Law of 1994

AGENDA ITEMS TO BE SCHEDULED TO A FUTURE DATE