



City Council Agenda

City of Campbell, 70 N. First St., Campbell, California

NOTE: To protect our constituents, City officials, and City staff, the City requests all members of the public follow the guidance of the California Department of Health Services', and the County of Santa Clara Health Officer Order, to help control the spread of COVID-19. Additional information regarding COVID-19 is available on the City's website at www.campbellca.gov.

This City Council Regular meeting will be conducted in person as well as telecommunication and is compliant with provisions of the Brown Act.

The City Council meeting will be live-streamed on Channel 26 or Channel 88, the City's website and on YouTube <https://www.youtube.com/user/CityofCampbell> for those who only wish to view the meeting.

Those members of the public wishing to provide public comment virtually are asked to register in advance at: <https://www.campbellca.gov/signup>. After registering, you will receive a confirmation email containing information about joining the meeting. Members of the public may attend the meeting in person at Campbell City Hall - Council Chambers.

Public comment will also be accepted via email at ClerksOffice@campbellca.gov prior to the start of the meeting. Written comments will be posted on the website and distributed to the Council. If you choose to email your comments, please indicate in the subject line "FOR PUBLIC COMMENT" and indicate the item number.

REGULAR MEETING OF THE CAMPBELL CITY COUNCIL

Tuesday, June 20, 2023 – 7:30 p.m.

City Hall Council Chamber – 70 N. First Street

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

SPECIAL PRESENTATIONS AND PROCLAMATIONS

1. **Proclamation Declaring July 2023 as Park and Recreation Month**
Recommended Action: That the City Council proclaim the month of July 2023 as National Park and Recreation Month for the City of Campbell.

COMMUNICATIONS AND PETITIONS

ORAL REQUESTS

NOTE: This portion of the meeting is reserved for persons wishing to address the City Council on any matter not on the agenda. Persons wishing to address the Council are requested, but not required to complete a Speaker's Card. Speakers are limited to two (2) minutes. The law

generally prohibits the Council from discussion or taking action on such items. However, the Council may instruct staff accordingly regarding Oral Requests.

COUNCIL ANNOUNCEMENTS

CONSENT CALENDAR

NOTE: All matters listed under consent calendar are considered by the City Council to be routine and will be enacted by one motion. There will be no separate discussion of these items unless a request is made by a member of City Council, City staff, or a member of the public. Any person wishing to speak on any item on the consent calendar should ask to have the item removed from the consent calendar prior to the time the Council votes to approve. If removed, the item will be discussed in the order in which it appears.

2. **Minutes of City Council Executive Session Meeting of June 6, 2023**
Recommended Action: Approve the executive session meeting minutes of June 6, 2023.
3. **Minutes of City Council Regular Meeting of June 6, 2023**
Recommended Action: Approve the regular meeting minutes of June 6, 2023
4. **Approving Bills and Claims**
Recommended Action: Approve the bills and claims in the amount of \$702,878.56.
5. **Agreement with MoonChef, LLC to Provide Catered Meals for the Senior Nutrition Program for Fiscal Year 2023-24 (Resolution/Roll Call Vote)**
Recommended Action: That the City Council adopt a Resolution approving an agreement and authorizing the City Manager to execute the agreement with MoonChef, LLC to provide catered meals for the Senior Nutrition Program during Fiscal Year 2023-24.
6. **Destruction of Certain City Records (Resolution/Roll Call Vote)**
Recommended Action: That the City Council adopt a resolution authorizing the destruction of certain City records pursuant to the California Government Code Section 34090.
7. **Excess Workers' Compensation Coverage Contract (Resolution/Roll Call Vote)**
Recommended Action: That the City Council adopt a Resolution approving an agreement and authorizing the City Manager to execute a contract with Midwest Employers' Casualty Company to provide excess worker's compensation liability coverage for Fiscal Year 2023/2024 for the estimated annual premium amount of \$124,860.

PUBLIC HEARINGS AND INTRODUCTION OF ORDINANCES

NOTE: Members of the public may be allotted up to two (2) minutes to comment on any public hearing item. Applicants/Appellants and their representatives may be allotted up to a total of five (5) minutes for opening statements and up to a total of three (3) minutes maximum for closing statements. Items requested/recommended for continuance are subject to Council's consent at the meeting.

8. **Adoption of Fiscal Year (FY) 2024 Operating Budget and 2024 - 2028 Five-Year Capital Improvement Plan (CIP) and Establishment of the Appropriations Limit for FY 2024 (Resolutions/Roll Call Vote)**
Recommended Action: That the City Council adopt a Resolution adopting the Fiscal Year (FY) 2024 City Operating and Capital budgets, including transfers, in the amounts of \$92,271,038 and \$13,556,073, for a combined total budget of \$105,827,111; and adopt a Resolution adopting findings that the proposed FY 2024-2028 Capital Improvement Plan (CIP) projects are categorically exempt under the California Environmental Quality Act (CEQA) and are consistent with the City's General Plan; approving the five-year Capital Improvement Plan with projects totaling \$94,594,079; including new capital projects of \$7,621,700 and \$8,983,028 as the amount necessary to meet the capital requirements of the City in FY 2024; directing staff to incorporate within the final adopted and published FY 2024 budget document any changes or adjustments pursuant to this public hearing and any other minor corrections prior to the budget's final publication; and adopt a Resolution establishing the Appropriations Limit for FY 2024 at \$90,285,220 pursuant to Article XIII B of the California State Constitution.

NEW BUSINESS

9. **Resolutions Approving Salary Schedule Adjustments for the Unrepresented Employee Groups Including Confidential Employees, Management Employees and Unclassified Management Employees (Resolution/Roll Call Vote)**
Recommended Action: That the City Council take the following actions: (1) adopt a resolution updating the Annual Salary Schedule to reflect 2022 market adjustments for Confidential employees; (2) adopt a resolution updating the Annual Salary Schedule to reflect 2022 market adjustments for Classified Management employees; and (3) adopt a resolution updating the Annual Salary Schedule to reflect 2022 market adjustments for Unclassified Management employees, effective July 10, 2023.
10. **Resolution Approving an Adjustment in Salary for City Clerk Services (Resolution/Roll Call Vote)**
Recommended Action: That the City Council adopt a Resolution adjusting the salary of the City Clerk to account for the market adjustments provided to certain positions for the Unrepresented Management Employees.
11. **Resolution Approving an Adjustment to the Salary for City Manager Services and Amending the City's Salary Schedule for the City Manager Classification (Resolution/Roll Call Vote)**
Recommended Action: That the City Council adopt a Resolution authorizing an adjustment to the salary and approving the Annual Salary Schedule for the City Manager classification.
12. **Public Hearing to Provide an Update on the Below-Market Rate Housing Program Activities Over the Past Year and Consider the Adoption of a Resolution Dispensing with the Bidding Procedures, Approving a**

Consultant Services Agreement with HouseKeys, Inc and Authorizing the City Manager Execute the Agreement (Resolution/Roll Call Vote) (PLN-2023-83)

Recommended Action: Staff recommends that the City Council adopt a Resolution, dispensing with the bidding procedures specified in CMC Section 3.20.050, Approving a one-year Consultant Services Agreement (expiring June 30, 2024) with HouseKeys, Inc., to serve as the City's Below-Market Rate Program Administrator and authorizing the City Manager to execute the agreement.

UNFINISHED BUSINESS

COUNCIL COMMITTEE REPORTS

13. Council Committee Reports

Recommended Action: That the City Council report on activities from their committee assignments.

ADJOURN

IMPORTANT NOTICE: Materials related to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection with the agenda packet in the lobby of City Clerk's Office, 70 N. First Street, Campbell, CA 95008, during normal business hours. These materials will also be available on the City website at <https://www.ci.campbell.ca.us/agendacenter> with the agenda packet following the last item of the agenda, subject to staff's ability to post the documents prior to the meeting. All documents not posted prior to the meeting will be posted the next business day.

In compliance with the Americans with Disabilities Act, listening assistive devices are available for all meetings held in the City Council Chambers. If you require accommodation, please contact the City Clerk's Office, (408) 866-2117, at least one week in advance of the meeting.



*City
Council
Report*

Item: 1
Category: SPECIAL PRESENTATIONS
 AND PROCLAMATIONS
Meeting Date: June 20, 2023

TITLE: Proclamation Declaring July 2023 as Park and Recreation Month

RECOMMENDED ACTION

That the City Council proclaim the month of July 2023 as National Park and Recreation Month for the City of Campbell.

BACKGROUND

Since 1985, the U.S. House of Representatives has designated the month of July as National Park and Recreation Month. In honor of that designation and in recognition of the National Park and Recreation Society's effort to bring awareness to the importance of Parks and Recreation programs, staff requests that the City Council designate July 2023 as Park and Recreation Month in the City of Campbell.

DISCUSSION

The City of Campbell Recreation and Community Services Department is an integral part of the Campbell community and benefits residents as well as those living in the greater Santa Clara County. The department provides open space and recreational activities that promote health and wellness and works to improve the physical and mental health of those living near or visiting park and recreational facilities. The department promotes spending time in nature, socializing with others and being active outdoors, all things that positively impact mental health by increasing cognitive performance and well-being, and alleviating illnesses such as depression, attention deficit disorders, and Alzheimer's. The department works to encourage physical activity by providing space for popular sports, safe walking and biking trails, swimming pool access and many other programs and services designed to promote active lifestyles.

Recreation programs bring diverse populations together, fostering social cohesiveness and strengthening communities with facilities that reflect community character, heritage, culture, and history. Activities and programs offered through Campbell Recreation and Community Services help to create memorable experiences and support ongoing learning opportunities to keep families active and engaged through youth sports and enrichment activities, teen programs, senior activity centers, senior nutrition, adult fitness, aquatics programming, free community events and much more. In addition, the programs and services that are offered promote the economic vitality of Campbell and

build community for our residents and surrounding community members with partnerships and special events.

The City of Campbell continues to be stewards of natural resources and recognizes the importance of access to local parks, recreation, trails, open space, and facilities. The Recreation and Community Services Department helps inform citizens of the many benefits of utilizing parks, facilities, recreation programs and services.

FISCAL IMPACT

There is no fiscal impact associated with issuing this proclamation.

Prepared by:



Natasha Bissell, Recreation and
Community Services Director

Approved by:



Brian Loventhal, City Manager

Attachment:

- a. PROCLAMATION 2023

**PROCLAMATION OF THE
MAYOR OF THE CITY OF CAMPBELL**

WHEREAS the U.S. House of Representatives has designated July as Parks and Recreation Month since 1985; and

WHEREAS Parks and Recreation is an integral part of communities throughout this country, including the City of Campbell; and

WHEREAS Parks and Recreation promotes health and wellness, improving the physical and mental health of people who live near parks; and

WHEREAS Parks and Recreation promotes time spent in nature, which positively impacts mental health by increasing cognitive performance and well-being, and alleviating illnesses such as depression, attention deficit disorders, and Alzheimer's; and

WHEREAS Parks and Recreation encourages physical activities by providing space for popular sports, safe walking and biking trails, swimming pools and many other activities designed to promote active lifestyles; and

WHEREAS, Parks and Recreation strengthens community identity by providing facilities and services that reflect and celebrate community character, heritage, culture, history, aesthetics and landscape; and

WHEREAS, Parks and Recreation creates memorable experiences through youth sports and enrichment activities, teen programs, senior activity centers, senior nutrition, adult fitness, aquatics programming, free community events, and beyond; and

WHEREAS, Parks and Recreation supports the economic vitality of communities by partnering with local businesses and non-profits, and offering events for resident's engagement; and

WHEREAS our parks and natural recreation areas ensure the ecological beauty of our community and provide a place for children and adults to connect with nature and recreate outdoors; and

WHEREAS the City of Campbell recognizes the benefits derived from parks and recreation resources.

NOW THEREFORE, I, Anne Bybee, Mayor of the City of Campbell, do hereby proclaim the month of July 2023, as Park and Recreation Month within the City of Campbell, calling upon all residents and civic organizations to acquaint themselves with the programs and services offered through the Recreation and Community Services Department, visit our local parks and recognize the contributions that the Recreation and Community Services employees make to our community every day.

WITNESS MY HAND AND SEAL OF THE CITY OF CAMPBELL this ____ day of June 2023.

Anne Bybee, Mayor
City of Campbell, California

CITY COUNCIL MINUTES

City of Campbell, 70 N. First St., Campbell, California



CITY COUNCIL EXECUTIVE SESSION

Tuesday, June 6, 2023 – 6:15 p.m.
Ralph Doetsch Conference Room
70 N. First Street, Campbell, California

This City Council meeting was duly noticed pursuant to open meeting requirements of the Ralph M. Brown Act (G.C. Section 54956).

CALL TO ORDER

The City Council of the City of Campbell convened this day in the special meeting place, at Campbell City Hall, 70 N. First Street, Campbell California in the Ralph Doetsch Conference Room.

ROLL CALL

Attendee Name	Title	Status
Sergio Lopez	Councilmember	Present
Elliot Scozzola	Councilmember	Present
Dan Furtado	Councilmember	Present
Susan M. Landry	Vice Mayor	Present
Anne Bybee	Mayor	Present

PUBLIC COMMENT

There was no public comment.

MOVE INTO CLOSED EXECUTIVE SESSION

- A. **Personnel** – Pursuant to G.C. Section 54957: Public Employee Performance Evaluation – City Attorney
- B. **Litigation**
- C. **Real Property**
- D. **Labor Negotiations** – Pursuant to G.C. Section 54957.6: Conference with Labor Negotiator - Agency Designated Representatives: City Council and City Attorney Performance/Compensation Subcommittee Members: Anne Bybee and Susan M. Landry
Unrepresented Employee: City Attorney

The City Council met in Executive Session to discuss items A and D. City Attorney; William Seligmann was in attendance.

ADJOURN

Mayor Bybee adjourned the meeting at 7:30 p.m.

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Minutes Acceptance: Minutes of Jun 6, 2023 6:15 PM (CONSENT CALENDAR)



CITY COUNCIL MINUTES

City of Campbell, 70 N. First St., Campbell, California

REGULAR MEETING OF THE CAMPBELL CITY COUNCIL

Tuesday, June 6, 2023 7:30 p.m.

City Hall Council Chamber – 70 N. First Street

This City Council meeting was duly noticed pursuant to open meeting requirements of the Ralph M. Brown Act (G.C. Section 54956).

This meeting was recorded and can be viewed in its entirety at www.campbellca.gov/agendacenter.

CALL TO ORDER

The City Council of the City of Campbell convened this day in the regular meeting place, the City Hall Council Chamber, 70 N. First St., Campbell, California.

ROLL CALL

Attendee Name	Title	Status
Anne Bybee	Mayor	Present
Susan M. Landry	Vice Mayor	Present
Dan Furtado	Councilmember	Present
Sergio Lopez	Councilmember	Present
Elliot Scozzola	Councilmember	Present

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Youth Commissioners Zahra Kizaraly, Pallas Lemarchand, Ria Mukesh and Maddon Ho-Choi on behalf of the 2022-2023 Youth Commission.

Mayor Bybee presented then with a Certificate of Appreciation for leading the Pledge of Allegiance.

SPECIAL PRESENTATIONS AND PROCLAMATIONS

- Presentation by the Youth Commission Regarding 2022-2023 Work Plan Accomplishments**
Recommended Action: Receive the Campbell Youth Commission presentation.

Youth Commissioners Zahra Kizaraly and Pallas Lemarchand gave a presentation on the their 2022-2023 Work Plan accomplishments which included: the Pizza and Politics event; Teen Movie Night in partnership with Second

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Harvest of Silicon Valley; a Teen Job Fair; Social Study Space in partnership with Love on a Leash; and community outreach events.

Councilmembers thanked the Youth Commission for all their achievements, public engagement and for all they do for the Campbell community and wished them well on their future endeavors.

COMMUNICATIONS AND PETITIONS

There were no communications and petitions.

ORAL REQUESTS

Matt Ryan, Campbell Police Officers Association (POA) president, expressed concerns relating to the Measure O – Police Building project. He referenced the voter approved Measure language stating that improvements shall include without limitation a new police building that could also accommodate the department’s future needs. He requested the Council allocate additional funding to the project and suggested ARPA funds as a funding source.

Anthony Quijada spoke about his mailing address showing as Campbell and his property being physically located in San Jose and asked how he could have his apartment complex recognized as a Campbell property.

Mayor Bybee directed staff to follow up with Mr. Quijada.

Mayor Bybee noted that Item 12 - Introduction of Proposed Fiscal Year (FY) 2024 Operating Budget and 2024 - 2028 Five-Year Capital Improvement Plan (CIP) will be taken out of order and will be heard following Items 13 and 14.

COUNCIL ANNOUNCEMENTS

Community Development was notified by the State Office of Housing and Community Development that the City’s Housing Element was officially certified on May 30, 2023. Mayor Bybee thanked the Community Development staff and consultant team for their hard work and dedication in updating the General Plan and Housing Element, which is updated every 8 years to provide a framework of policies, programs, and actions of support needed, for affordable housing for all income levels. This process was a great team effort that included city staff, consultants, stakeholders, developers and the community.

Attention residents and business owners. The City is currently evaluating its economic development strategy and is seeking input from businesses and residents. Please take the 10 minute online economic development survey to share your views and thoughts about our city. Your input will provide guidance in making the best decisions to sustain a high quality of life in Campbell. Please help us shape our city’s future by participating before June 9. Visit campbellca.gov to participate.

The Campbell Police Department will be taking part in the annual Law Enforcement Torch Run on Friday, June 23 at 10:00 a.m. Each year, hundreds of law enforcement

personnel participate to bring awareness and raise funds for the Special Olympics. Keep a look out on social media for more updates on how you can support this cause.

The City of Campbell's summer concert series is back with a modified schedule. Admission is free. Bring a lawn chair and join us for the RJaе HAAS Band on Thursday, July 6 at 6:30 p.m. on the Orchard City Green. The RJaе Haas Band is 5-piece high energy Latin Rock, Classic Rock, and Blues Rock band centrally located in the Bay Area. For more information, please visit the City's website at campbellca.gov.

The Adult Center is offering the AARP Smart Driver course. Upon completion of the AARP Driver course, older adults age 55+ may be eligible for a multi-year discount on auto insurance. Additionally, the course teaches proven driving techniques to help older adults and their loved ones stay safe on the road. For more information about this course, please visit campbellca.gov.

CONSENT CALENDAR

Mayor Bybee asked if anyone wished to remove an item from the Consent Calendar. The consent calendar was considered as follows:

2. **Minutes of City Council Study Session Meeting of April 25, 2023**
Recommended Action: Approve the study session meeting minutes of April 25, 2023.
This action approves the study session meeting minutes of April 25, 2023.
3. **Minutes of City Council Executive Session Meeting of May 16, 2023**
Recommended Action: Approve the executive session meeting minutes of May 16, 2023.
This action approves the executive session meeting minutes of May 16, 2023.
4. **Minutes of City Council Regular Meeting of May 16, 2023**
Recommended Action: Approve the regular meeting minutes of May 16, 2023.
This action approves the regular meeting minutes of May 16, 2023.
5. **Approving Bills and Claims**
Recommended Action: Approve the bills and claims in the amount of \$2,457,605.58.

This action approves the bills and claims in the amount of \$2,457,605.58 as follows: bills and claims checks dated May 1, 2023, in the amount of \$342,629.12; bills and claims checks dated May 8, 2023, in the amount of \$1,549,648.52; payroll checks dated May 11, 2023, in the amount of \$29,007.99; and bills and claims checks dated May 15, 2023, in the amount of \$536,319.95.
6. **Monthly Investment Transactions Report (April 2023)**
Recommended Action: That the City Council review and accept the Monthly Investment Transactions Report for April 2023.

This action reviews and accepts the Monthly Investment Transactions Report for April 2023.

7. **Monthly Treasurer's Report (April 2023)**

Recommended Action: That the City Council review and accept the Monthly Treasurer's Report for the month ended April 30, 2023.

This action reviews and accepts the Monthly Treasurer's Report for the month ended April 30, 2023.

8. **Second Reading of Ordinance 2296 Amending Chapter 5.50 of the Campbell Municipal Code (Ordinance/Roll Call Vote)**

Recommended Action: That the City Council approve the second reading and adopt Ordinance 2296 amending Chapter 5.50 - Special Events Permit of the Campbell Municipal Code.

Ordinance 2296 amends Chapter 5.50 – Special Events Permit of the Campbell Municipal Code.

9. **Resolution Authorizing Fourth Amendment to Agreement with the County of Santa Clara to Provide a Senior Nutrition Program for Fiscal Year 2023-24 (Resolution/Roll Call Vote)**

Recommended Action: That the City Council adopt a Resolution authorizing the City Manager to execute a Fourth Amendment to the Agreement with the County of Santa Clara for the provision of congregate meal services, extending the Agreement and providing funding for Campbell's Senior Nutrition Program for Fiscal Year 2023-24.

Resolution 12995 approves the agreement and authorizes the City Manager to execute a Fourth Amendment to the Agreement with the County of Santa Clara for the provision of congregate meal services, extending the Agreement and providing funding for Campbell's Senior Nutrition Program for Fiscal Year 2023-24, including the desk item.

10. **Approval of Tract Map No. 10570 Including Acceptance of Street Dedication and Public Service Easements Shown on Said Map – 600 East Campbell Avenue (Resolution/Roll Call Vote)**

Recommended Action: That the City Council adopt a resolution approving the Tract Map for Tract No. 10570 and accept the street dedication and public service easements as shown on the map for the property located at 600 East Campbell Avenue.

Resolution 12996 approves the Tract Map for Tract No. 10570 and accepts the street dedication and public service easements as shown on the map for the property located at 600 East Campbell Avenue.

11. **Resolution Preliminarily Approving Engineer's Report and Resolution Declaring Intention to Levy Lighting and Landscaping District LLA-1 Assessments for Fiscal Year 2023-24, and Setting Time and Place for Public Hearing (Resolutions/Roll Call Vote)**

Recommended Action: That the City Council adopt a resolution preliminarily approving the Engineer's Report for the annual levy and collection of assessments for City of Campbell Lighting District LLA-1 for Fiscal Year (FY)

2023-24; and adopt a resolution declaring City Council’s intention to levy and collect assessments within the City of Campbell Lighting District LLA-1 for FY 2023-24, and setting forth the time and place for a required Public Hearing.

Resolution 12997 preliminarily approves the Engineer’s Report for the annual levy and collection of assessments for City of Campbell Lighting District LLA-1 for Fiscal Year (FY) 2023-24; and Resolution 12998 declares the City Council’s intention to levy and collect assessments within the City of Campbell Lighting District LLA-1 for FY 2023-24, and sets forth the time and place for a required Public Hearing.

M/S: Landry/Lopez - That the City Council approve the consent calendar including the desk item for Item 9. The motion was adopted by the following roll call vote:

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Landry
SECONDER:	Lopez
AYES:	Bybee, Landry, Furtado, Lopez, Scozzola

PUBLIC HEARINGS AND INTRODUCTION OF ORDINANCES

Item taken out of order following items 13 and 14.

12. Introduction of Proposed Fiscal Year (FY) 2024 Operating Budget and 2024 - 2028 Five-Year Capital Improvement Plan (CIP)

Recommended Action: That the City Council review the Proposed Fiscal Year (FY) 2024 Operating Budget and 2024-2028 Capital Improvement Plan (CIP) as presented; provide direction to staff to proceed with finalizing the budget; and establish June 20, 2023 as the date for a public hearing and adoption of the FY 2024 Operating Budget and CIP, as well as the Gann Appropriations Limit.

This is the time and place for a public hearing to consider introduction of the proposed Fiscal Year (FY) 2024 Operating Budget and 2024 - 2028 Five-Year Capital Improvement Plan. (CIP)

City Manager Loventhal presented a staff report dated June 6, 2023, with information related to a financial overview and budget strategy. He provided an update on the Parks Master Plan and Climate Action Plan, stating that the City was not awarded grant funding and was seeking direction on using General Fund or ARPA funding to cover costs or deferring until a later date. He noted that a City Hall Accessibility and Council Chamber Improvements project are reflected as an unfunded Capital Improvement Plan project.

Finance Director Fuentes presented information on the Long-Range Forecast and General Fund Reserves.

Public Works Director Capurso presented information on the Capital Improvement Plan. (CIP)

The City Council asked questions related to the staff report presentations.

Minutes Acceptance: Minutes of Jun 6, 2023 7:30 PM (CONSENT CALENDAR)

Mayor Bybee opened the public hearing and asked if anyone wished to speak. Seeing no one wishing to speak, Mayor Bybee closed the public hearing.

The Council was generally supportive of staff’s recommendations. There was a majority consensus to use ARPA funding towards a Parks and Recreation Master Plan and a Climate Action Plan.

There was also Council consensus to use \$220,000 in ARPA funding towards City Hall public counters and accessibility improvements.

After discussion, **M/S: Landry/Scozzola – That the City Council review the Proposed Fiscal Year (FY) 2024 Operating Budget and 2024-2028 Capital Improvement Plan (CIP) as presented; provide direction to staff to proceed with finalizing the budget; and establish June 20, 2023 as the date for a public hearing and adoption of the FY 2024 Operating Budget and CIP, as well as the Gann Appropriations Limit. The motion was adopted by the following roll call vote:**

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Landry
SECONDER:	Scozzola
AYES:	Bybee, Landry, Furtado, Lopez, Scozzola

NEW BUSINESS

13. Purchasing System Organizational Assessment

Recommended Action: That the City Council receive a Purchasing System Organizational Assessment.

Assistant City Manager Gaeta presented a staff report dated June 6, 2023. Finance Director Fuentes and consultants from Baker Tilly were available to answer questions.

The City Council asked general questions related to the staff report presentation.

Mayor Bybee asked if anyone from the public wished to speak. There were no public speakers.

Councilmember Furtado proposed a future Study Session to receive additional information and review the Purchasing Policy and its procedures.

The Council received the Purchasing System Organizational Assessment report and took no further action.

UNFINISHED BUSINESS

14. Approval of the Plans, Specifications, and Estimate (PS&E), and Authorization for the Public Works Director to Solicit Bid Proposals from

Minutes Acceptance: Minutes of Jun 6, 2023 7:30 PM (CONSENT CALENDAR)

the List of Pre-Qualified Contractors, for the Measure O – Library Renovations Project (No. 23-SS) (Resolution/Roll Call Cote)

Recommended Action: That the City Council adopt a resolution approving the plans, specifications, and estimate (PS&E), and authorizing the Public Works Director to solicit bid proposals from the list of pre-qualified contractors, for the Measure O - Library Renovations Project (No. 23-SS).

Public Works Director Capurso presented a staff report dated June 6, 2023.

Director Capurso introduced project team members, Senior Public Works Project Manager, Abdullah Ahmed; Jayson Architecture consultants Abraham Jayson and JJ Nicholas; and Griffin Structures consultants Jon Hughes and Lance Solomon.

Councilmembers asked general questions related to the staff report presentation.

Vice Mayor Landry asked why the large Redwood tree near the Library was being removed.

Public Works Director Capurso stated the tree would need to be removed as the waterproofing work that will need to be done at the lower level of the library will compromise the tree’s root structure.

Mayor Bybee asked if anyone from the public wished to speak. There were no public speakers.

Vice Mayor Landry stated her concerns with the potential impacts to the Magnolia trees located on the Orchard City Green and felt greater efforts should be taken to save the trees and help preserve the City’s tree canopy.

Councilmember Lopez requested in the future a more detailed breakdown be included in the staff report related to costs and funding.

After discussion, **M/S: Landry/Furtado – That the City Council adopt Resolution 12999 approving the plans, specifications, and estimate (PS&E), and authorizing the Public Works Director to solicit bid proposals from the list of pre-qualified contractors, for the Measure O - Library Renovations Project (No. 23-SS.)** The motion was adopted by the following vote; with Vice Mayor Landry not supporting the portion relating to the Orchard City Green trees:

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Landry
SECONDER:	Furtado
AYES:	Bybee, Landry, Furtado, Lopez, Scozzola

COUNCIL COMMITTEE REPORTS

15. Council Committee Reports

Minutes Acceptance: Minutes of Jun 6, 2023 7:30 PM (CONSENT CALENDAR)

Recommended Action: That the City Council report on activities from their committee assignments.

Councilmember Furtado attended the Campbell Veterans Memorial Foundation Memorial Day event.

Vice Mayor Landry attended the Santa Clara County Library District JPA Board of Directors meeting; attended the City Attorney Performance Compensation Subcommittee meeting with Mayor Bybee; attended the Campbell Veterans Memorial Foundation Memorial Day event; attended the Chamber of Commerce Luncheon where Councilmember Furtado spoke; attended Congresswoman Anna Eshoo’s Town Hall meeting with Mayor Bybee; attended the Public Works Open House event; and spoke of the upcoming Annual Military Awards event hosted by Congresswoman Eshoo.

Councilmember Lopez attended the Campbell Veterans Memorial Foundations Memorial Day event; attended the Public Works Barbeque event; attended as an alternate the Association of Bay Area Governments meeting; attended the Santa Clara Valley Transportation Authority (VTA) Candle Lighting event in memory of the 2-year anniversary of the VTA mass shooting; and attended a Bay Area Quality Management District Board of Directors meeting.

Mayor Bybee attended the Public Works Barbeque; and attended the West Valley Mayors and Managers meeting; she spoke of the upcoming Cities Association general membership event.

ADJOURN

Mayor Bybee adjourned the meeting at 10:00 p.m.

APPROVED:

ATTEST:

Anne Bybee, Mayor

Andrea Sanders, City Clerk

Minutes Acceptance: Minutes of Jun 6, 2023 7:30 PM (CONSENT CALENDAR)



*City
Council
Report*

Item: 4
Category: CONSENT CALENDAR
Meeting Date: June 20, 2023

TITLE: Approving Bills and Claims

RECOMMENDED ACTION

Approve the bills and claims in the amount of \$702,878.56.

DISCUSSION

The bills and claims that have been audited and approved by staff for payments made as noted below:

<u>Type</u>	<u>Check Date</u>	<u>Amount</u>
Bills & Claims	May 22, 2023	\$428,831.43
Payroll	May 25, 2023	\$34,389.33
Bills & Claims	May 29, 2023	\$239,657.80
	Total	\$702,878.56

FISCAL IMPACT

Requested action does not require a budget adjustment. Adequate funding was available to cover all expenses as listed.

Prepared by:

Celia Deniz, Accounting Clerk II

Reviewed by:

Will Fuentes, Finance Director

Approved by:



Brian Loventhal, City Manager



*City
Council
Report*

Item: 5
Category: CONSENT CALENDAR
Meeting Date: June 20, 2023

TITLE: Agreement with MoonChef, LLC to Provide Catered Meals for the Senior Nutrition Program for Fiscal Year 2023-24 (Resolution/Roll Call Vote)

RECOMMENDED ACTION

That the City Council adopt a Resolution approving an agreement and authorizing the City Manager to execute the agreement with MoonChef, LLC to provide catered meals for the Senior Nutrition Program during Fiscal Year 2023-24.

BACKGROUND

The City of Campbell (City) has partnered with MoonChef, LLC since 2017 to provide Asian cuisine catered meals for the City's Senior Nutrition Program. In addition, MoonChef, LLC is designated as an approved caterer by the County of Santa Clara (County), through the County's competitive bid process, for the provision of food services for both the City's and the County's Senior Nutrition Programs.

On November 15, 2017, the City entered into the first agreement (Agreement) with MoonChef, LLC to provide catered meals for the City's Senior Nutrition Program following the existing Asian cuisine caterer providing notice of termination of services. MoonChef, LLC provided catered meals once a week from November 15, 2017 to June 30, 2018. The Agreement was renewed on July 1, 2018 to indicate that MoonChef would provide catered meals two days per week at a rate of \$5.20 per meal from July 1, 2018 through June 30, 2019. Since then, a new agreement with MoonChef, LLC has been entered into annually at the start of each fiscal year. Specifically, subsequent agreements specified MoonChef, LLC would provide catered meals two days a week in Fiscal Year 2020 at a rate of \$5.41 per meal; two days a week in Fiscal Year 2021 at a rate of \$5.38 per meal; two days a week in Fiscal Year 2022 at a rate of \$5.60 per meal; and three days a week in Fiscal Year 2023 at a rate of \$5.81 per meal.

DISCUSSION

The City would like to continue using MoonChef, LLC to provide catered meals for the City's Senior Nutrition Program through Fiscal Year (FY) 2023-24 and continue the meal service three days per week. Therefore, staff is recommending the City enter into a new agreement with MoonChef, LLC to increase the rate charged from \$5.81 per meal to \$5.98 per meal, for a total compensation amount of \$59,500; and to provide a new term

for services from July 1, 2023 through June 30, 2024.

FISCAL IMPACT

The City shares the cost for the Senior Nutrition Program's catered meals with the County of Santa Clara. The total FY 2023-24 meal quantities from MoonChef, LLC will be directed by City staff based on need and are estimated to cost the City approximately \$59,500 in the upcoming fiscal year. Funds have been requested in the FY 2023-24 Proposed Operating Budget and are included in the Recreation & Community Services Department, Senior Nutrition Division budget (Acct No. 101.525.7432).

ALTERNATIVES

Do not authorize the City Manager to execute an agreement with MoonChef, LLC and not be able to provide meals to seniors in need.

Do not authorize the City Manager to execute a new agreement and provide alternative direction to staff.

Prepared by:



Tina Wong-Erling, Senior Services
Supervisor

Reviewed by:



Natasha Bissell, Recreation and
Community Services Director

Approved by:



Brian Loventhal, City Manager

Attachment:

- a. Council Resolution MoonChef FY 2023-2024
- b. SNP Budget Campbell FY 2023-24
- c. 2023-24 Contract MoonChef

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL APPROVING THE AGREEMENT WITH MOONCHEF, LLC, TO PROVIDE CATERED MEALS FOR THE SENIOR NUTRITION PROGRAM FOR FY 2023-24 AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT.

WHEREAS, the City of Campbell recognizes the need for a nutritious meal program for senior citizens in Campbell; and

WHEREAS, MoonChef, LLC has been designated by the County as an approved caterer for meals for the City/County Nutrition Program for Fiscal Year 2023-24; and

WHEREAS, the Agreement with MoonChef, LLC is required to clarify the obligations of each party to continue providing meal service three days per week; to increase the rate charged from \$5.81 per meal to \$5.98 per meal, for a total compensation amount of \$59,500; and to provide a new term for MoonChef, LLC to provide these services from July 1, 2023 through June 30, 2024.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell does hereby approve the agreement with MoonChef, LLC to provide catered meals for the Senior Nutrition Program for Fiscal Year 2023-24 and authorize the City Manager to execute an Agreement.

PASSED AND ADOPTED this 20th day of June 2023 by the following roll call vote:

- AYES: Councilmembers:
- NOES: Councilmembers:
- ABSENT: Councilmembers:

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Attachment: Council Resolution MoonChef FY 2023-2024 (MoonChef Contract FY 2023-2024)

Agency Name: City of Cambell

Site Location: Congregate Meals - Combined Agency Budget

14880
Annual Meals

A	B	C	D
Fee for Service Budget Justification*			
Personnel Costs	Total Program Cost	Agency Amount**	SCC Contract Amount
Salaries	\$ 82,647.00	\$ 82,647.00	\$ -
Volunteer Hours (in-kind)	\$ -	\$ -	\$ -
Payroll Taxes	\$ 1,900.00	\$ 1,900.00	\$ -
Retirement Contribution	\$ 3,518.00	\$ 3,518.00	\$ -
Health Insurance	\$ 8,394.00	\$ 8,394.00	\$ -
Other Fringe Benefits	\$ 3,371.00	\$ 3,371.00	\$ -
Subtotal Personnel Costs	\$ 99,830.00	\$ 99,830.00	\$ -
Operating Expenses			
Food Costs @ \$5.93/meal	\$ 88,238.40	\$ 10,828.90	\$ 77,409.50
Non-Food Costs @ \$0.5/meal	\$ 7,440.00	\$ 3,720.00	\$ 3,720.00
Non-Food Costs	\$ -	\$ -	\$ -
Usage	\$ 6,991.00	\$ -	\$ 6,991.00
Staff Mileage	\$ 235.80	\$ 117.90	\$ 117.90
Pre-packaged meals & Special Events Supplies	\$ 375.00	\$ 375.00	\$ -
Subtotal Operating Expenses	\$ 103,280.20	\$ 15,041.80	\$ 88,238.40
INDIRECT COSTS (maximum 15% of SCC Contract Amount or federally approved indirect rate)			
Administrative Overhead	\$ -	\$ -	\$ -
Grand Total	\$ 203,110.20	\$ 114,871.80	\$ 88,238.40

Unit cost (approximate)*:	\$ 13.65	\$ 7.72	\$ 5.93
Food Cost per Meal:	\$ 5.93	\$ 0.73	\$ 5.20
Food Cost as Percent of Unit Cost (Minimum of 25% less \$.25 for SCC funding)**:	43%	9%	88%

*Actual expenses must be reconciled to the amount of the County per meal reimbursement quarterly and at year end.

**Agency contribution plan must equal at least \$.83/meal. If a higher amount is listed above, that amount is required.

Attachment: SNP Budget Campbell FY 2023-24 (MoonChef Contract FY 2023-2024)

**AGREEMENT FOR SENIOR NUTRITION SERVICES
BETWEEN
CITY OF CAMPBELL
AND MOONCHEF, LLC**

THIS AGREEMENT is made and entered on July 1, 2023 (“Effective Date”), by and between the CITY OF CAMPBELL, a municipal corporation of the State of California (hereinafter “CITY”) and MoonChef, LLC (hereinafter “CONTRACTOR”).

RECITALS

- A. Whereas, the Senior Nutrition Program is administered by the Santa Clara County Social Service Agency and provides home delivered and congregate meals to eligible seniors sixty (60) years of age and older in Santa Clara County; and
- B. Whereas, CITY and Santa Clara County entered into a Senior Nutrition Program Contract dated July 1, 2023 (“County Contract”) to provide congregate meals at the Campbell Adult Center located at 1 W. Campbell Ave. Campbell, CA 95008; and
- C. Whereas, the County Contract is amended on an annual basis to reflect the annual approved budget for the congregate meals in the City of Campbell and may be amended from time to time as required by Santa Clara County; and
- D. Whereas, CITY requires professional services for the delivery of meals for the Senior Nutrition Program located at the Campbell Adult Center, 1 W. Campbell Ave. Campbell, CA 95008, in accordance with the County Contract, as amended;

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement and for valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

SECTION 1. SCOPE OF SERVICES.

CONTRACTOR shall perform those services specified in detail in EXHIBIT A, entitled “SCOPE OF SERVICES”, which is attached hereto and incorporated herein.

SECTION 2. TERM OF AGREEMENT.

This AGREEMENT shall become effective retroactively on the Effective Date and automatically terminates on June 30, 2024 (“Term”), subject to the provisions of SECTION 11 of this AGREEMENT.

SECTION 3. SCHEDULE OF PERFORMANCE.

The services of CONTRACTOR are to be completed set out in EXHIBIT A, and time is of the essence in this AGREEMENT.

SECTION 4. COMPENSATION.

A. The compensation to be paid to CONTRACTOR shall not exceed Five Dollars and Ninety-eight Cents (\$5.98) per meal for the Term. The rate and schedule of payment is set out in EXHIBIT B, entitled “COMPENSATION,” which is attached hereto and incorporated herein.

SECTION 5. METHOD OF PAYMENT.

Each month, CONTRACTOR shall furnish to the CITY a statement of the work performed for compensation during the preceding month.

SECTION 6. INDEPENDENT CONTRACTOR.

It is understood and agreed that CONTRACTOR, in the performance of the work and services agreed to be performed by CONTRACTOR, shall act as and be an independent contractor and not an agent or employee of CITY; and as an independent contractor, CONTRACTOR shall obtain no rights to retirement benefits or other benefits which accrue to CITY's employees, and CONTRACTOR hereby expressly waives any claim it may have to any such rights.

SECTION 7. ASSIGNABILITY.

The parties agree that the expertise and experience of CONTRACTOR are material considerations for this AGREEMENT. CONTRACTOR shall not assign or transfer any interest in this AGREEMENT nor the performance of any of CONTRACTOR'S obligations hereunder, without the prior written consent of CITY, and any attempt by CONTRACTOR to so assign this AGREEMENT or any rights, duties or obligations arising hereunder shall be void and of no effect.

SECTION 8. INDEMNIFICATION.

CONTRACTOR agrees to indemnify, defend and hold harmless the CITY, its officers, agents and employees to the fullest extent allowed by law from any and all claims, actions, causes of action, losses, damages, liabilities and costs of every nature, including all claims, actions, causes of action, losses, damages, liabilities for property damage, bodily injury, or death, and all costs of defending any claim, action or cause of action, caused by, arising out of, or resulting from, or alleged to have been caused by, arise out of, or result from, in whole or in part, CONTRACTOR'S performance of this AGREEMENT, except for any claims, actions, causes of action, losses, damages, costs or liabilities proximately caused by the sole negligence or willful misconduct of CITY.

The foregoing indemnity provision is intended to fully allocate the parties' risk of liability to third-parties; and there shall be no rights to indemnity or contribution, in law or equity or otherwise between the parties that are not set forth in this section. CONTRACTOR waives all rights to subrogation for any matters covered by this provision. CONTRACTOR'S responsibility for such defense and indemnity obligations as set forth in this provision shall survive the termination or completion of this AGREEMENT for the full period of time allowed by law.

SECTION 9. INSURANCE REQUIREMENTS.

CONTRACTOR agrees to have and maintain the policies set forth in EXHIBIT C, entitled “INSURANCE,” which is attached hereto and incorporated herein. All policies, endorsements, certificates and/or binders shall be subject to approval by the Director of Finance or the Director’s authorized designee (“Risk Manager”) of the City of Campbell as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the Risk Manager. CONTRACTOR agrees to provide CITY with a copy of said policies, certificates and/or endorsements before work commences under this AGREEMENT.

SECTION 10. NONDISCRIMINATION.

CONTRACTOR shall not discriminate, in any way, against any person on the basis of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity, or national origin or any other protected class, in connection with or related to the performance of this AGREEMENT.

SECTION 11. TERMINATION.

- A. Either party may terminate this AGREEMENT upon 30 days written notice prior to the start date of meal delivery covered by this AGREEMENT.
- B. 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.
- C. CITY's Purchasing Agent is empowered to terminate this AGREEMENT on behalf of CITY.
- D. In the event of termination, CONTRACTOR shall deliver to CITY copies of all reports, documents, and other work performed by CONTRACTOR under this AGREEMENT, and upon receipt thereof, CITY shall pay CONTRACTOR for services performed and reimbursable expenses incurred to the date of termination.

SECTION 12. GOVERNING LAW.

CITY and CONTRACTOR agree that the law governing this AGREEMENT shall be that of the State of California.

SECTION 13. COMPLIANCE WITH LAWS.

CONTRACTOR shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments.

SECTION 14. CONFIDENTIAL INFORMATION.

All data, documents, discussions or other information developed or received by or for CONTRACTOR in performance of this AGREEMENT are confidential and not to be disclosed to any person except as authorized by CITY, or as required by law.

SECTION 15. OWNERSHIP OF MATERIALS.

All reports, documents or other materials developed or discovered by CONTRACTOR or any other person engaged directly or indirectly by CONTRACTOR to perform the services required hereunder shall be and remain the property of CITY without restriction or limitation upon their use.

SECTION 16. WAIVER.

CONTRACTOR agrees that waiver by CITY of any breach or violation of any term or condition of this AGREEMENT shall not be deemed to be a waiver of any other term or condition contained herein or a waiver of any subsequent breach or violation of the same or any other term or condition. The acceptance by CITY of the performance of any work or services by CONTRACTOR shall not be deemed to be a waiver of any term or condition of this AGREEMENT.

SECTION 17. CONTRACTOR'S BOOKS AND RECORDS.

- A. CONTRACTOR shall maintain any and all ledgers, books of account, invoices, vouchers, cancelled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to CITY for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to CONTRACTOR pursuant to this AGREEMENT.
- B. CONTRACTOR shall maintain all documents and records which demonstrate performance under this AGREEMENT for a minimum period of three (3) years, or for any longer period required by law, from the date of termination or completion of this AGREEMENT.
- C. Any records or documents required to be maintained pursuant to this AGREEMENT shall be made available for inspection or audit at no cost to CITY, at any time during regular business hours, upon written request by the City Attorney, City Auditor, City Manager, or a designated representative of any of these officers. Copies of such documents shall be provided to CITY for inspection at City Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at CONTRACTOR's address indicated for receipt of notices in this AGREEMENT. CONTRACTOR acknowledges that under certain circumstances specified in California Government Code Section 8546.7, this AGREEMENT (if it involves an expenditure of \$10,000 or more of public funds) may be subject to examination and audit by the Auditor of the State of California pursuant to California Government Code Section 8546.7.

- D. Where CITY has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of CONTRACTOR's business, CITY may, by written request by any of the above-named officers, require that custody of the records be given to CITY and that the records and documents be maintained in City Hall. Access to such records and documents shall be granted to any party authorized by CONTRACTOR, CONTRACTOR's representatives, or CONTRACTOR's successor-in-interest.

SECTION 18. SPECIAL PROVISIONS.

Special provisions, if any, to this AGREEMENT are specified in EXHIBIT D, entitled, "SPECIAL PROVISIONS", which is attached hereto and incorporated herein.

SECTION 19. NOTICES.

All notices and other communications required or permitted to be given under this AGREEMENT shall be in writing and shall be personally served or mailed, postage prepaid and return receipt requested, addressed to the respective parties as follows:

To CITY:	Campbell Adult Center Attn. Tina Wong-Erling 1 W. Campbell Ave. C-33 Campbell, CA 95008
To CONTRACTOR:	MoonChef, LLC. Attn: Ms. Daisy Li 405 S. Canal Street South San Francisco, CA 94080

Notice shall be deemed effective on the date personally delivered or, if mailed, three (3) days after deposit in the mail.

SECTION 20. VENUE.

In the event that suit shall be brought by either party to this contract, the parties agree that venue shall be exclusively vested in the state courts of the County of Santa Clara, or if federal jurisdiction is appropriate, exclusively in the United States District Court, Northern District of California, San Jose, California.

SECTION 21. INTERPRETATION, PRIOR AGREEMENTS AND AMENDMENTS.

This AGREEMENT, including all Exhibits attached hereto, represents the entire understanding of the parties as to those matters contained herein. In the event that the terms specified in any of the Exhibits attached hereto conflict with any of the terms specified in the body of this AGREEMENT, the terms specified in the body of this AGREEMENT shall control. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This AGREEMENT may be modified only by a written amendment duly executed by the parties to this AGREEMENT.

WITNESS THE EXECUTION HEREOF on the day and year first hereinabove written.

“CITY”

APPROVED AS TO FORM:

CITY OF CAMPBELL, a municipal corporation

William Seligmann
City Attorney

By _____
Brian Loventhal
City Manager

“CONTRACTOR”
MOONCHEF, LLC

By _____
Daisy Li
Chief Executive Officer

Attachment: 2023-24 Contract MoonChef (MoonChef Contract FY 2023-2024)

EXHIBIT A
SCOPE OF SERVICES

CONTRACTOR agrees to perform the following services in accordance with the City of Campbell's Senior Nutrition Program and County Agreement, as amended.

Site Name: Campbell Adult Center
 Address: 1 W. Campbell Avenue
 Campbell, CA 95008
 Delivery Time: 11:00 am-11:30 am
 Delivery Days: Three days per week, Tuesdays, Wednesdays, and Thursdays
 Number Meals: Total meals contracted- up to 9,950 for 153 days;
 July 1, 2023- June 30, 2024

Cost per Meal: \$5.98 for meals in Fiscal Year 2023/2024 (July 1, 2023 to June 30, 2024)

1. Holding time and between meal preparation and scheduled serving time shall not exceed two (2) hours.
2. Meals shall conform to the food and nutrition standards as require by County Agreement, as amended. Such meals shall be low in salt and fat contents. Use of MSG, artificial flavoring and color is not recommended. Each serving portion shall include:
 - No less than 3 ounces of meat or protein substitute
 - No less than 1 cup of vegetables
 - No less than ½ cup of rice or other carbohydrate
 - One fruit
3. Contractor shall provide a central kitchen for the production of meals pursuant to this Agreement, and shall deliver such meals to designated location as mutually agreed upon by both parties. Contractor shall provide equipment required for the provision of services, and all equipment to transport food shall be NSF (National Sanitation Foundation) approved. Food storage facilities shall maintain a temperature of 140 degrees Fahrenheit or more for hot food and 40 degrees Fahrenheit or less for cold food. Temperatures of meals shall be checked daily and recorded before leaving the kitchen.

EXHIBIT B
COMPENSATION

Pursuant to this Agreement, the CITY agrees to compensate CONTRACTOR in accordance with the terms and conditions of this AGREEMENT. CITY shall make payment to CONTRACTOR no later than thirty (30) days upon receipt and approval of invoice by CITY for the delivery of meals to the Senior Nutrition Program.

1. Per meal cost will not exceed \$5.98 per meal for the one-year Term.
2. Payment will be made payable to:

MoonChef, LLC
405 S. Canal Street
South San Francisco, CA 94080

There shall be no reimbursable expenses under this Agreement.

EXHIBIT C
INSURANCE

CONTRACTOR, at CONTRACTOR's sole cost and expense, shall procure and maintain for the duration of this AGREEMENT insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of the services hereunder by CONTRACTOR, its agents, representatives, employees or subcontractors.

Definition:

For purposes of this contract, the following definition applies: City of Campbell includes the duly elected or appointed officers, agents, employees and volunteers of the City of Campbell, individually or collectively.

Insurance Required:

No work shall be done under this Contract unless there is in effect insurance required by the Contract and under this section, and such insurance has been approved by the City, nor shall the Contractor allow any subcontractor to commence work on his subcontract until all insurance required of the subcontractor has been so obtained and approved. The Contractor shall maintain or cause to be maintained adequate workers' compensation insurance as required under the laws of the State of California, for all labor employed by him or by any subcontractor under him who may come within the protection of such worker's compensation laws of the State of California and shall provide or cause to be provided employer's liability insurance for the benefit of his employees.

A. Minimum Scope of Insurance: (Check Mark Indicates Required)

Coverage must be *at least as broad as:*

- (X) Insurance Services Office Commercial General Liability coverage (occurrence Form CG0001).
- (X) Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
- (X) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
- () Professional Liability or Errors & Omissions Liability insurance appropriate to the contractor's profession.
- () Architects' and Engineers' coverage is to be endorsed to include contractual liability.

B. Minimum Limits of Insurance

CONTRACTOR shall maintain limits no less than:

- 1. **General Liability:** **\$1,000,000** per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance with a general aggregate limit is used, either the general aggregate limit must apply separately to this project/location or the general aggregate limit must be twice the required occurrence limit.
(Including operations, products and completed operations, as applicable.)
- 2. **Automobile Liability:** **\$1,000,000** per accident for bodily injury and property damage.
- 3. **Workers' Compensation Employer's Liability:** Statutory
\$1,000,000 each accident
\$1,000,000 disease-policy limit
\$1,000,000 disease-each employee
- 4. **Professional Liability or Errors & Omissions Liability:** **\$1,000,000** each occurrence
\$1,000,000 policy aggregate

C. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. The City may require the Contractor to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

D. Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- 1. **The City of Campbell, its officers, officials, employees, and volunteers** are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85), or as a separate owner's policy.
- 2. For any claims related to this project, the **Contractor's insurance coverage shall be primary** insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the **Contractor's insurance and shall not contribute with it.**
- 3. The Insurance Company agrees to **waive all rights of subrogation** against the City, its elected or appointed officers, officials, agents and employees for losses paid under the

terms of any policy which arise from work performed by the Named Insured for the City. This provision also applies to the Contractor's Workers' Compensation policy.

4. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after **thirty (30) days' prior written notice (10 days for non-payment)** by certified mail, return receipt requested, has been given to the City. If Contractor's insurer refuses to provide this endorsement, Contractor shall be responsible for providing written notice to the City that coverage will be canceled thirty (30) days after the date of the notice or ten (10) days for non-payment.

E. Acceptability of Insurers

Insurance is to be placed with licensed insurers admitted to transact business in the State of California with a current A.M. Best's rating of no less than A-VII. If insurance is placed with a surplus lines insurer, insurer must be listed on the State of California List of Eligible Surplus Lines Insurers (LESLI) with a current A.M. Best's rating of no less than A-X. Exception may be made for the State Compensation Fund when not specifically rated.

F. Verification of Coverage

Contractor shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on insurance industry forms, provided those endorsements or policies conform to the contract requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require, at any time, complete, certified copies of all required insurance policies, including endorsements evidencing the coverage required by these specifications.

The Certificate with endorsements and notices shall be mailed to: City of Campbell, Attention: Natasha Bissell 1 W. Campbell Ave. C-31 Campbell, California, 95008.

G. Subcontractors

Contractors must include all sub-contractors as insureds under its policies or furnish separate certificates and endorsements for each sub-contractor. All coverage for sub-contractors is subject to all of the requirements included in these specifications.

Absence of Insurance:

If the Contractor allows the insurance to lapse, be cancelled, or be reduced below the limits specified in this article, the Contractor shall cause all work in the Project to cease and any delays or expenses caused due to stopping of work and change of insurance shall be considered Contractor's delay and shall not be considered to increase cost to the City or increase time in which the Project shall be completed.

Contractor agrees that if it does not keep the aforesaid insurance in full force and effect, City may immediately terminate this Agreement.

EXHIBIT D
SPECIAL PROVISIONS

Retroactive Services

It is understood and agreed that CONTRACTOR has provided services prior to the execution of this AGREEMENT in anticipation of its execution. If CITY accepts and approves the services provided by CONTRACTOR prior to the date of this AGREEMENT, CITY agrees to compensate CONTRACTOR for those services in accordance with the terms of this AGREEMENT. However, in no event shall CONTRACTOR be compensated for work performed for CITY prior to July 1, 2023.



*City
Council
Report*

Item: 6
Category: CONSENT CALENDAR
Meeting Date: June 20, 2023

TITLE: Destruction of Certain City Records (Resolution/Roll Call Vote)

RECOMMENDED ACTION

That the City Council adopt a resolution authorizing the destruction of certain City records pursuant to the California Government Code Section 34090.

DISCUSSION

Each department conducts an annual audit of files and submits a list of records which are eligible for destruction consistent with the City's Records Retention Schedule. The City's records retention program, last amended on April 16, 2002, by resolution 9999, establishes the retention period for City records and provides for the destruction of obsolete records. Additionally, permanent records that have been document imaged in accordance with the guidelines stipulated in Administrative Policy #03-50 may also be destroyed. The attached resolution conforms to Government Code Section 34090 allowing the destruction of certain records with the consent of the City Attorney and approval of the City Council.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

Prepared by:

Andrea Sanders

Andrea Sanders, City Clerk

Approved by:

Brian Loventhal

Brian Loventhal, City Manager

Attachment:

- a. Resolution
- b. Exhibit A
- c. Exhibit B - Community Development 2023
- d. Exhibit C - PW Land Development Files
- e. Records Retention Schedule

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
AUTHORIZING DESTRUCTION OF CERTAIN CITY RECORDS**

WHEREAS, Government Code Section 34090 et seq. authorizes City Department Heads to destroy certain records, documents, instruments, books or paper after the same are no longer required and/or have been digitally imaged, stored on CD/DVD medium and secured off-site in accordance with State law and the City of Campbell's Records Retention Schedule and Document Imaging Administrative Policy and with the approval of the legislative body by resolution and the written consent of the City Attorney; and

WHEREAS, the City Council proposes to grant such approval for the destruction of the records, documents, instruments, books, or papers more particularly described in the attached Exhibits A, B and C, which have been determined by the respective Department Head to be no longer required.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell does hereby authorize City Department Heads to destroy those certain records, documents, instruments, books or paper under their charge as described in the attached Exhibits A, B and C.

PASSED AND ADOPTED this _____ day of _____, 2023, by the following roll call vote:

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

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Attachment: Resolution (Destruction of Certain City Records)

CITY MANAGER

Bulletins (Legislative)	Prior to 7/1/2020
Budget Related Files	Prior to 7/1/2020
Capital Improvement Program - Working Files	Prior to 7/1/2020
City Newsletter (The Profile)	Prior to 7/1/2019
City Calendars	Prior to 7/1/2020
Civic Improvement Commission - Agenda Materials	Prior to 7/1/2020
Correspondence	Prior to 7/1/2018
Position on Legislation	Prior to 7/1/2020
Purchase Orders / Blanket Purchase Orders	Prior to 7/1/2018
Social Service Sub-Grant Applications	Prior to 7/1/2018
Special Projects	Prior to 7/1/2020
Travel Records (Council and City Manager)	Prior to 7/1/2020

CITY CLERK

Claims Against City	Prior to 2015
Agenda Postings	Prior to 2020
General Correspondence	Prior to 2020
City Council Meeting Follow-up	Prior to 2020
FPPC - Statement of Economic Interest - Terminated Elected Officials	Prior to 2014
Designated Employees	Prior to 2016
Petty Cash Reimbursement Request	Prior to 2020
Purchase Orders/Blanket P.O.'s (dupl)	Prior to 2020
Check Requests	Prior to 2020

HUMAN RESOURCES

Classification Studies	Prior to 2003
Correspondence	Prior to 2020
I-9: Temporary: I-9's for temporary terminated employees 3 years after the term date.	Prior to 2021
I-9: Permanent: I-9's for permanent terminated employees 3 years after term date.	Prior to 2021
Temporary Files: T + 6 years per the schedule.	Prior to 4/1/2017
All Term Files containing Termination year 4/1/17 and prior	
Recruitment/Testing Files: CL + 2	Prior to 2021

COMMUNITY DEVELOPMENT

FILES IMAGED BY THE COMMUNITY DEVELOPMENT DEPARTMENT SEE EXHIBIT B FOR DETAILED LISTING

Location & Type of Document/File

Planning

Campbell Ave., 28 E - Admin Planned Development permit – 2020
 Dell Ave , 1700 - PD - Office Bldg and Parking Garage – 2017
 Planning Commission Agendas 2021
 Planning Commission Resolutions 2019
 1160 Bucknam Ct, Campbell CA 95008 - BLD-2020-1440 – 2021
 50 N Milton Ave, Campbell CA 95008 -BLD-2021-375 – 2021
 638 Harrison Ave , Campbell CA 95008 - BLD-2020-1209 – 2021
 16179 E Mozart Avenue - PIN-2019-00148 - 2021
 100 W Hamilton Ave STE - Application Alc/ Bev License - 2021
 1808 White Oaks Rd, Campbell - PLN2018-220-Deposit for Faithfull performance- 2021
 Declaration of Covenants, Conditions & Restrictions (Original w/ City Clerk) 2019-2022
 Business License - Home Occupation Permits – 2021

Misc. Project files:

1251 Munroe Ave, Campbell CA 95008 - Renewal of Applications – 2022
 276-280 E Campbell Ave - Completeness and Dept Comments – 2018
 276 -280 E Campbell Ave - Approved Plans (Stamped) - 2018
 276-280 E Campbell Ave – Application and Submittal Materials - 2018

FINANCE

ACCOUNTING

Record Series	Destruction Eligibility Date	Retention	Citation	Descriptor
Accounts Payable	Prior to 2018	AU + 4	GC34090	Invoices, check copies, supporting Documentation
Purchase Orders	Prior to 2018	AU + 4	GC34090; CCP 337	Original Documentation
Warrant (Check) Register	Prior to 2018	AU + 4	GC34090.7	N/A
Accounts Receivable	Prior to 2018	AU + 4	GC34090	N/A
Billing Records	Prior to 2018	AU + 4	GC34090	Customer name, service address, meter reading, usage, payments, applications / cancellations

Business Licenses	Prior to 2018 only if business is closed	T + 4	GC34090; CCP 337	Paid & reports
Journal Entries	Prior to 2018	AU + 4	GC340090	Account Transfers;
Deposits, Receipts	Prior to 2018	AU + 4	GC34090; CCP 337	Checks, coins, currency
Invoices	Prior to 2018	AU + 4	GC34090	Billing including monthly activity
Taxes Receivable	Prior to 2018	AU + 4	CCP338	N/A

BANK STATEMENTS

Record Series	Destruction Eligibility Date	Retention	Citation	Descriptor
Account Statements (Bonds) Administration (Bonds)	Prior to 2012	CL + 10	GC34090: CCP 337.5	Monthly Statement of Transactions (Investments Supporting Documents)
Bank Reconciliation	Prior to 2017	AU + 5	GC34090	Statements, Summaries for Receipts, Disbursements & Reconciliation
Bonds & Coupons	Prior to 2018	CL + 4	GC34090; 43921	Paid / Canceled
Checks	Prior to 2017	UA + 5	GC34090; CCP 337	Includes A/P, Payroll, Cancelled & Voided Checks

BUDGET & GENERAL

Record Series	Destruction Eligibility Date	Retention	Citation	Descriptor
Budget Adjustments	Prior to 2018	AU + 4	GC34090	Account Transfers
Inventory – Fixed Assets	Prior to 2018	AU + 4	GC34090: 26 301 65-1 (F)	Reflects Purchase Date, Cost Account Number
Inventory – Auction	Prior to 2018	AU + 4	GC34090	Listing of Property
Inventory – Disposal	Prior to 2018	AU + 4	GC34090; CCP 337	Reflects Purchase Date, Cost Account Number

PUBLIC WORKS

Public Works Director Chron Files FY2017
 Engineering General Chron Files FY2018-2020
 Traffic General Chron Files FY2018-2020
 Truck Permits FY2018-2020
 Closed Vendor PO's FY2010-2019

CIP Projects

07-11 E. Campbell Avenue Improvements
 01-27 – Orchard City Banquet Hall

THE FOLLOWING PERMITS HAVE BEEN SCANNED INTO LASERFICHE AND ELECTRONICALLY MAKES AS CERTIFIED ORIGINAL COPIES

2008 Permit #0001 through #00168
 2009 Permit #0001 through #00134
 2010 Permit #0001 through #00185
 2011 Permit #0001 through #00169

Land Development Files scanned in Laserfiche see Exhibit C for detailed listing 2000 - 2016

RECREATION AND COMMUNITY SERVICES

Facility Reservations	Prior to 6/30/2020
General Files/Correspondence	Prior to 6/30/2020
Rec. Liability Release	Prior to 6/30/2020

POLICE DEPARTMENT

CITIZEN COMPLAINT AND INTERNAL INVESTIGATIONS

Internal Investigations: #16-02C (September 2016), #16-04D (July 2017), #16-06C (February 2017), miscellaneous citizen's complaints filed in 2016, miscellaneous citizen's complaints filed in 2017.

ON-DUTY VEHICLE ACCIDENTS

On-duty accident reports/documentation dated 5/10/2015, 4/21/2017, 7/3/2017, 9/16/2017, 9/23/2017, 12/13/2017, 7/4/2018, 7/8/2018, 7/24/2018, 8/13/2018, 8/23/2018, 10/12/2018, 1/18/2019, 2/15/2019, 3/11/2019, 4/15/2019, 5/6/2019, 6/19, 2019, 8/11/2019, 10/11/2019, 12/6/2019, 12/19/2019, 1/6/2020, 1/10/2020, 2/4/2020, 3-year purge date, absent any additional accidents by the employee.

FORMER EMPLOYEES PERSONNEL FILES

Personnel and background files of former employees that have been scanned and a back-up file created and stored off-site.

POLICE REPORTS, AND OTHER FILES TO BE PURGED

Ride-a-long Applications that are more than 2 years old.

Background checks that are more than 2 years old.

Arrest Logs more than 2 years old.

Traffic, parking, and warning citations that are more than 1 year old that have been entered into RMS.

Watch Commander Logs that are more than 2 years old.

Warrant worksheets that are closed and are more than 2 years old.

Police Reports from 2020 and earlier with retention period of 2 years:

- a) Bench Warrant arrests
- b) Warrant Arrests- Outside Agencies felony and misdemeanor- no local charges
- c) Marijuana citation arrests - HS 11367(b), HS 11357(c), HS 11357(e)
- d) Missing Persons or Runaways that have returned or been located
- e) Non-Criminal Reports- Lost/Found Property, Stored/ Impounded Vehicles/ Abated Vehicles/ Injury Reports and other Information Reports/ Recovered Stolen Vehicle Reports/ Attempted Suicides

Police Reports from 2020 and earlier with a retention period of more than 3 years:

- a) Local Ordinance of Muni Code Violations
- b) Animal Reports
- c) Courtesy Reports for Outside Agencies
- d) Non-Criminal Reports – Lost/Found Property, Stored/ Impounded Vehicles/ Death Reports/ Abated Vehicles/ Injury Reports, and other Information Reports/ Recovered Stolen Vehicle Reports/ Mental Disorder Reports (unless repeated contacts)
- e) Inactive Misdemeanor crime reports (PC 242, Financial crimes excluding embezzlement), drug related charges, non-injury Hit and Run accidents

Police Reports from 2020 and earlier with a retention period of more than 3 years that have been scanned and a back-up file has been created and stored off-site.

PD Explorer applications that are more than 2 years old.

SWAT Operational Plans that are more than 2 years old.

POST Reimbursement Reports 2020 or older.

Training Packets 2020 or older.

All Permit applications/denials/expired 2020 or older. Also, all Permits issued to businesses that are now out of business. These include any and all permit categories listed in the PD Permit list My Government Online.

Background files of former police department employees with separation dates of 2020 and older that have been scanned and a back-up file has been created and stored off-site.

Dispatch audio recordings from 2020.

Daily Observation Reports from 2020 or older that have been scanned and a back-up file has been created and stored off site.

ABC Licenses 2020 or older.

Police Officer/Police Officer Trainee Applications and associated notes and lists 2020 and older.

DOJ Firearms Sales Approvals 2020 or older.

AVASA paperwork from 2019 or older.

Before April 1st, 2021		
Date	Item	Pages Located in Laserfiche
6/2/2020	Adm PD Permit (28 E Campbell Ave)	135
4/17/2020	Approved Plans	
6/2/2020	Admin Decision Staff Report	
5/20/2020	Public Notice (28 E. Campbell Ave)	
5/21/2020	Completeness and DEPT comments	
7/15/2019	Application & Submittal Materials	
2/4/2020	Council Report (1700 Dell Ave, PLN2018-148/PLN2017-381)	107
3/3/2020	Council Report (1700 Dell Ave, PLN2018-148/PLN2017-381)	72
12/10/2019	Attach 1: Resolution	4
12/10/2019	Attach 2: Resolution	4
12/10/2019	Attach 3: Resolution	2
11/26/2019	Attach 5 Mitigation Monitoring & Reporting Program	12
12/4/2019	Attach 6: App Response to Traffic Impacts	7
10/22/2019	Attachment 7: Consultant Response to Traffic Impacts	3
9/30/2019	Attachment 8: Project Plans	41
9/12/2019	Attachment 9: App Attorney Letter	18
11/4/2019	Attachment 10: App Attorney Letter	8
6/11/2019	Attachment 11: App Light and Shadow Study	67
6/10/2019	Attachment 12: App Attorney Letter	5
6/9/2019	Attachment 13: App Market Analysis 06/11/2019	11
10/1/2019	Attach 14: App Landscaping Letter	1
10/1/2019	Attachment 15: App Soil Sampling and Testing 09/10/19	51
9/20/2019	Attachment 16: App Response Air Quality 09/17/19	7
10/1/2019	Attachment 17: App Bat Survey 09/20/19	6
10/1/2019	Attachment 18: App Response to Bio Impacts 09/25/19	109
10/22/2019	SARC Report	52
11/27/2019	Public Notices - 1700 Dell Ave PLN2018-148, PLN2017-381	10
12/10/2019	Completeness and Departmental Comments	51
12/1/2017	Application Materials	38
6/11/2019	Planning Commission Report	9
7/10/2018	Planning Commission Report	35
9/26/2017	Planning Commission Report	83
7/18/2017	City Council Report	8
10/10/2017	Public Comments	25
6/7/2017	Supporting Documents	32
6/22/2017	Department Comments	16
6/7/2017	Pre-Application	3
12/10/2019	Research & Miscellaneous Information	90
12/10/2019	CEQA Material	78
5/18/2018	CEQA Technical Studies	82
3/26/2019	Processing of Consultant Payments	130
9/30/2019	Council-Approved Stamped Plans	41
3/17/2020	Council-Approved Ordinances 2262,2263,	36
3/3/2020	Council - Approved Resolutions 12565 and 12566	41
3/13/2020	Council-Desk Item	3
3/24/2020	CEQA Notice of Determination	2
8/10/2021	PC Agenda	2
8/24/2021	PC Agenda	2
9/14/2021	PC Agenda	2
9/28/2021	PC Agenda - Cancelled	1
10/12/2021	PC Agenda	2
10/19/2021	PC Agenda - Joint CC and PC	1
10/26/2021	PC Agenda	2
11/9/2021	PC Agenda	2
11/23/2021	PC Agenda	4
12/10/2019	Resolution 4554	4
12/10/2019	Resolution 4555	2
12/10/2019	Resolution 4556	2
11/23/2021	1608 W Campbell #289 Campbell, CA	1
11/23/2021	904 Hazel Ave Campbell	1
11/12/2021	635 Lamont Court , Campbell CA 95008	1
11/9/2021	600 Marathon Dr Apt 45 Campbell CA 95008	1
12/1/2021	1138 Nadine Dr Campbell, CA 95008	1
12/2/2021	710 Nido Dr Apt 90 Campbell, CA 95008	1
12/1/2021	192 W Rosemary Lane Campbell , CA 95008	1
11/18/2021	1062 Springfield Dr Campbell, CA 95008	1
11/9/2021	285 Union Ave Apt E1110 Campbell, CA 95008	1
480 E Hamilton Avenue	Ordinance 1841, 1901, 2015 & Res No 3978	37
4/18/2016	Mavin Bamberg, AIA 04/16 - Contract Services Agreement	5
	Res No 4624	8
	Res No 4625	10
	Res No 4626	11
	Res No 4627	12
	Res No 4628	9
2/3/2016	Application and Submittal 1323 Parsons	76
	Completeness PLN2016-34, 35,36, 37 > 1323 Parsons	58
	CEQA Material - Notice of Determination > 1323 Parsons	8
	Research and Miscellaneous Information > 1323 Parsons	32
	Approval Letter or Resolution > 1323 Parsons	6
	Public Notice > 1323 Parsons	7
8/21/2018	Council Report > 1336 Parsons	27
PLN2018-00182	Approval Letter or Resolution - 1806 W Campbell	31
	Use Permit Request for Modification	53
	Planning Commission Staff Report	49
	Public notices	9
	Approved Plans Stamped	6
	Completeness & Dept Comments/Application Submittal Materials	6
	Research and Miscellaneous Information	19

After April 1st, 2021		
Date	Item	Pages Located in Laserfiche
9/30/2021	1160 Bocknam Ct, Campbell CA 95008 - BLD-2020-1440	4
9/20/2021	50 N Milton Ave, Campbell CA 95008 - BLD-2021-375	4
9/17/2021	638 Harrison Ave, Campbell CA 95008 - BLD-2020-1209	4
8/11/2021	16179 E Mozart Avenue - PIN-2019-00148	7
10/21/2021	100 W Hamilton Ave STE - Application Ale/ Bev License	3
8/25/2021	1808 White oaks rd , Campbell - PLN2018-220- Cash deposit for faithful performance	1
10/8/2021	281 W Latimer Ave, Campbell - BLD-2020-1302	4
9/23/2021	656 Louise Court, Campbell - BLD-2021-1185	4
10/1/2021	1033 Patricia Ct, Campbell - BLD-2021-707	5
10/8/2021	638 Harrison Ave, Campbell - BLD-2020-1209	4
10/19/2021	1189 Androy Ave, Campbell - Occupation Permit	1
10/4/2021	501 W Hacienda Ave A6 Campbell - Occupation Permit	1
10/4/2021	47 E Rincon Ave - Occupation Permit	1
10/13/2021	207 Shelley Ave Apea Campbell - Occupation Permit	1
5/26/2022	N. Milton Ave, 340	2
6/13/2022	Weston Dr., 517	3
6/13/2022	California St., 403	4
6/13/2022	Virginia Ave, 844	5
6/13/2022	Jane Ann Way, 60	4
4/11/2022	1251 Munroe Ave, Campbell CA 95008 - Renewal of Applications	2
10/19/2018	276-280 E Campbell Ave - Completeness and Dept Comments	23
11/21/2018	276 -280 E Campbell Ave - Approved Plans (Stamped)	21
9/21/2018	276-280 E Campbell Ave - Applications nd Submittal Materials	7
11/22/2021	Declaration of Covenants, Conditions, and Restrictions (685 Margaret Ln, Campbell Ca 95008)	4
1/11/2019	Declaration of Covenants, Conditions, and Restrictions (656 Lousside Ct, Campbell)	4

Attachment: Exhibit B - Community Development 2023 (Destruction of Certain City Records)

Exhibit C

The Land Development Files on the list attached to this memo, have been scanned into LaserFiche and marked as certified original copies.

Scanned Land Dev Files to destroy (after 2000) 49 files

Street	Street #	
Hamilton E	100	2014
Hamilton E	210-250	2016
Hamilton E	871	2014
Hamilton E	971	2012
Hamilton W	591	2011
Hamilton W	705	2013
Hamilton W	851	2009
Harriet	880-910	2015
Hazelwood	1133	2011
Hurst	1707	2012
Juanita	1365	2015
Kennedy	45-67	2013
Kennedy	45-81	2014
Kennedy	45-81	2013
Kenneth	503	2014
Parsons	1323	2016
Redding	180	2015
Regina	1175	2011
Regina	1786	2002
San Tomas Aquino S	70	2016
San Tomas Aquino S	125	2013
San Tomas Aquino S	825	2013
Second N	91	2007
Second N	175	2010
Shelby	150	2010
Sonuca	959	2008
Smith	1178	2006
Steinway	1046	2007
Steinway	1146	2002
Sunnybrook	495	2007
Sunnyoaks E	150	2006
Sunnyoaks E	186	2008
Sunnyoaks E	180-186	LLA
Sunnyside	45	2007
Sunnyside	115	2006
Sunnyside	120	2006
Sunnyside	188	2007
Theresa	1250	2009
Theresa	1395	2004
Third S	47	2012
Union	258-268	2007
Victor	218	2010
Virginia	471	2010

White Oaks	1925	2008
Winchester S	1769	2006
Winchester S	1805	2006
Winchester S	2145	2011
Winchester S	2220	2003
Winchester S	2295/2305	2014

City of Campbell
 Records Retention Schedule
 Adopted 3/20/01, Resolution #9822
 Amended 4/16/02, Resolution #9999

Record Title	Retention Schedule	Citation	Note
City Clerk:			
Accounts Receivable	AU + 4	GC 34090	State of CA/County of Santa Clara documentation
Agenda Postings	CU + 2	GC 34090	
Agreements	Permanent		
Business Licenses	7 years		
Business License Monthly Recap	CU + 2		
Campaign Files	Permanent		
Check Requests	CU + 2	GC 34090	
City Council Agenda Packets	Permanent		
Correspondence	CU + 2	GC 34090	
Council Meeting Follow-up	CU + 2	GC 34090	
FPPC -Statement of Economic Interest - Elected Officials	T + 7	GC 81009(e)	
Designated Employees	CU + 7		
Legal Advertising - Proofs of Publication	CU + 4	CCP 343, 349 et. Seq.; GC 911.2; GC 34090	
NSF Letters	CU + 2		
Petty Cash Reimbursement Requests	CU + 2	GC 34090	
Purchase Orders/Blanket P.O.'s (dupl)	AU + 4	GC 34090	
Proclamations	CU + 2	GC 34090	
Scrap Books	Permanent		
Tapes - Council Meetings	Permanent	Council Resolution	
Minutes	Permanent	GC 34090(d) 40806	
Ordinances	Permanent	GC 34090(d) 40806	Clerk must retain original signed copies
Resolutions	Permanent	GC 34090(d) 40801	Clerk must retain original signed copies

Legend:

AU = Audit (Fiscal year being audited plus # of additional yrs indicated)
 CL = Closed (Year closed plus # of additional yrs indicated)
 CU = Current (Current year plus # of additional yrs indicated)

L = Life (End of life cycle plus # of additional yrs indicated)
 S = Supersede (Superseded document maintained for # of years indicated)
 T = Termination (Date of termination plus # of additional yrs indicated)

Attachment: Records Retention Schedule (Destruction of Certain City Records)

City of Campbell
Records Retention Schedule
Amended 4/16/02, Resolution #9999

Record Title	Retention Schedule	Citation	Note
<u>City Manager:</u>			
Bulletins (Legislative)	CU + 2		
Budget-Related Files	CU + 2	GC 34090	
Capital Improvement Program			
Final Reports (7-Year CIP)	Permanent	GC 34090	
Working Files	CU + 2		
City Newsletter (The Profile)	S + 2	GC 34090	
City Calendars	CU + 2	GC 34090	
Civic Improvement Commission			
Minutes	Permanent	GC 34090(d);36814;	
Agenda Materials	CU + 2	and 40801	
Community Surveys	Permanent	GC 34090	
Correspondence (Chron Files)	CU + 5	GC 34090(d)	
Franchises	Permanent		
General Files (by subject)	CU + 2	GC 34090	Purge periodically
Position on Legislation	CU + 2		
Social Service Subgrant Applications	CU + 4		
Special Projects	CU + 2	GC 34090	
Travel Records (Council, CM)	CU + 2	GC 34090	
<u>City Manager - RDA</u>			
Bond Issues	Permanent		
RDA Annual Report	Permanent		
Chron Files/Correspondence	CU + 2		
Financial Records (originals to Finance)	CU + 2		
Project Files	CU + 2		Longer if needed, at discretion of RDA Manager

Legend:

AU = Audit (Fiscal year being audited plus # of additional yrs indicated)
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City of Campbell
Records Retention Schedule
Amended 4/16/02, Resolution #9999

Record Title	Retention Schedule	Citation	Note
City Manager - HR			
Benefit Plan Claims	Permanent	GC6250 et. Seq;	OMB A-129 CFR 1602.30;32 & Lab Rel Sec 1174
Classification Studies	10 Years		
Correspondence	CU + 2		
Temp Employees	T + 6	GC12946; 34090	
Medical Leave (FMLA)	CL + 30	FMLA 1993; USOSHA	
Negotiations	Permanent	29 USC	Includes notes, MOU's, notebooks and correspondence
I-9's	3 yrs. after DOH or 1 yr. after term.	Immigration Reform 1986	
Personnel Files - Active Perm. Employees	Permanent		
Personnel Files - Term. Perm. Employees	Permanent		
Recruitment/Testing	CL + 2	GC12946; 6250	
Roster Cards	Permanent		
Surveys & Studies	CU + 2	GC12946; 34090:29	Includes classification, wage rates
Workers' Comp. Files	Permanent		
Employee Handbook	S + 2	GC34090	Includes benefit plans

Legend:

AU = Audit (Fiscal year being audited plus # of additional yrs indicated)
CL = Closed (Year closed plus # of additional yrs indicated)
CU = Current (Current year plus # of additional yrs indicated)

L = Life (End of life cycle plus # of additional yrs indicated)
S = Supersede (Superseded document maintained for # of years indicated)
T = Termination (Date of termination plus # of additional yrs indicated)

City of Campbell
Records Retention Schedule
Amended 4/16/02, Resolution #9999

Record Title	Retention Schedule	Citation	Note
<u>Building Department</u>			
Permits	Permanent		
Plans	Permanent		
Signed Instruments (documents, forms regarding building)	Permanent		
Correspondence	CU + 2		
<u>Planning Department</u>			
Applications	Permanent		
Conditions	Permanent		
Elevations & Site Plans	Permanent		
Minutes	Permanent		
Notices - Pubic Hearings	Permanent		
Annexation Files	Permanent		
General Files (subject)	CU + 2		
<u>Recreation & Community Center</u>			
Alarm Records	CU + 2		
Facility Reservations	CU + 2		
General Files/Correspondence	CU + 2		
Grant Agreements	Permanent		
Improvements to CCC	Permanent		
Liability/Tenant Insurance	Permanent		
Maintenance Work Orders	CU + 2		
Park & Rec. Meeting Minutes/ Agenda Packet	Permanent		
Rec. Liability Release	CU + 2		
Tenant Information Files	Permanent		
VISA/MC Charges/Credit	CU + 2		

Legend:

AU = Audit (Fiscal year being audited plus # of additional yrs indicated)

CL = Closed (Year closed plus # of additional yrs indicated)

CU = Current (Current year plus # of additional yrs indicated)

L = Life (End of life cycle plus # of additional yrs indicated)

S = Supersede (Superseded document maintained for # of years indicated)

T = Termination (Date of termination plus # of additional yrs indicated)

City of Campbell
 Records Retention Schedule
 Amended 4/16/02, Resolution #9999

Record Title	Retention Schedule	Citation	Note
Public Works:			
Abandonment/Vacation	Permanent		
Administrative Files	CU + 2	GC 34090	
Aerial Photographs	Permanent		May refer to Museum for historical value
Agreements	Permanent	CCP 337	City Clerk has originals
Annexations	Permanent	GC34090(a)	
Bids, RFQ's, RFP's	AU + 4	GC 34090;	
Successful	AU + 5	CCP 337	
Unsuccessful	CU + 2		
Bonds (Performance)	CL + 2	GC 34090	
Chron Files	CU + 2	GC 34090	
Congestion Management	CU + 2	GC 34090(d)	
Correspondence	CU + 2	GC 34090 (d)	if not attached to agreement or proj. file
Development Files	Permanent	GC 34909(e)	
		H&S 19850	
Easements, Dedications, Rights-of-way	Permanent	GC 34090	
Encroachment Permits	Permanent	GC 34090(a)	
Field Books	Permanent	GC 34090	
General Files (by subject)	CU + 2	GC 34090	
Grant Files	CL + 5	GC 34090	
Hazardous Waste Disposal	CU + 10	CalOSHA, 40CFR 122.21	
Inspection Reports	CL + 2	GC 34090 (d)	
Intersection Records	CU + 2	GC 34090	
Inventory, Equipment, Parts & Supplies	L + 2		Vehicles & related documents re: repairs
Licenses	CU + 2		forms re: licenses required by state agencies
Maintenance/Operations	CU + 4		Includes work orders, inspection
Maps	Permanent	GC 34090	Ltg districts, storm drains, streets
NPDES Permit	Permanent	40 CFR 122.28	
Oversize Load Permits	CL + 2	GC 34090	

Legend:

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Attachment: Records Retention Schedule (Destruction of Certain City Records)

City of Campbell
Records Retention Schedule
Amended 4/16/02, Resolution #9999

Record Title	Retention Schedule	Citation	Note
Public Works (continued)			
Parcel Files/Maps	Permanent	GC 34090 (a)	
Official Plan Lines	Permanent	GC 34090	
Project Plans & Specifications (Capital Improvement)	Permanent	GC 34090(a) H&S 19850	
Project Plans (supporting documents including bidder's list, schedules)	CL + 10	CCP 337.15	
Recycling Programs	S + 2	GC 34090	
Service Requests	CU + 4	GC 34090(d)	
Subdivision Files/Maps	Permanent	GC 34090(a)	
Survey Notes	Permanent	GC 34090	
Traffic Accident Reports	CL + 2	GC 34090(d)	
Traffic Control Plan/Drawings	Permanent	GC 34090 (a)	
Traffic Counts, Collisions, Accidents	Permanent		
Traffic Signals	L + 3	GC 34090	
Traffic Studies	Permanent	GC 34090(a)	
Underground Service Alert Notices	CL + 3	B&P 7110	
Work Orders	CU + 4		
Lighting and Landscaping District	Permanent	GC30900(a)	Special Districts
Local Improvement District	Permanent	GC30900(a)	Special Districts

Legend:

AU = Audit (Fiscal year being audited plus # of additional yrs indicated)

CL = Closed (Year closed plus # of additional yrs indicated)

CU = Current (Current year plus # of additional yrs indicated)

L = Life (End of life cycle plus # of additional yrs indicated)

S = Supersede (Superseded document maintained for # of years indicated)

T = Termination (Date of termination plus # of additional yrs indicated)

City of Campbell
Records Retention Schedule
Amended 4/16/02, Resolution #9999

Record Title	Retention Schedule	Citation	Note
Finance Department:			
<u>Accounts Payable :</u>			
Accounts Payable	AU + 4	GC34090	Invoices, Check Copies, Supporting Documentation
Warrant (Check) Register	AU + 4	GC34090.7	
<u>Accounts Receivable:</u>			
Accounts Receivable	AU + 4	GC34090	Paid & Reports Checks, Coins & Currency Copies Sent for Fees Owed, Billing Related Documents
Billing Records	AU + 4	GC34090	
Business License	T + 4	GC34090; CCP 337	
Deposits, Receipts	AU + 4	GC34090; CCP 337	
Invoices	AU + 4	GC34090	
Taxes Receivable	AU + 4	CCP 338	
<u>Audits:</u>			
Audits	Permanent	GC34090	Account Transfers
Comprehensive Annual Financial Report	Permanent	GC34090	
Journal Entries	AU + 4	GC34090	
General Ledger	Permanent	GC34090; CCP337	
<u>Bank Statements:</u>			
Account Statements (Bonds)	CL + 10	GC34090; CCP 337.5	Monthly Statements of Transactions (Investments)
Administration (Bonds)	CL + 10	GC34090; CCP 337.5	Supporting Documents
Bank Reconciliation	AU + 5	GC34090; 26 CFR 16001-1	Statements, Summaries for Receipts, Disbursements & Reconciliation.
Bank Statements	AU + 5	FC 3368, 30210; GC 43900 et seq.	Financing Authority
Bonds & Coupons	CL + 4	GC34090; 43921	Paid / Canceled
Checks	AU + 5	GC34090; CCP 337	Includes A/P, Payroll, Cancelled & Voided Checks
<u>Budget:</u>			
Budget, Adopted	Permanent	GC34090	Account Transfers
Budget Adjustments	AU + 4	GC34090	

Legend:

AU = Audit (Fiscal year being audited plus # of additional yrs indicated)
CL = Closed (Year closed plus # of additional yrs indicated)
CU = Current (Current year plus # of additional yrs indicated)

L = Life (End of life cycle plus # of additional yrs indicated)
S = Supersede (Superseded document maintained for # of years indicated)
T = Termination (Date of termination plus # of additional yrs indicated)

City of Campbell
Records Retention Schedule
Amended 4/16/02, Resolution #9999

Record Title	Retention Schedule	Citation	Note
Finance Department (continued)			
<u>General:</u>			
Assessment Districts	Permanent	GC34090	Collection Information; Original Documentation files with Municipal Clerk
Assessed Valuations	Permanent		
Insurance Files	Permanent	GC34090	
Inventory - Fixed Assets	AU + 4	GC34090;26 CFR 301 65-1 (F)	
Inventory - Surplus Property - Auction	AU + 4	GC34090	
Inventory - Surplus Property - Disposal	AU + 4	GC34090; CCP 337	
State Controller Reports	Permanent	GC34090	
<u>Information Systems:</u>			
Internet, World Wide Web	S + 2	GC34090	Hardware/Software Inventory Logs; Systems Manuals Configuration Maps & Plans Annual Back-Up Daily Back-Up Monthly Back-Up
Inventory, Information Systems	S + 2	GC34090	
Network Information Systems (LAN/WAN)	CU + 4	GC34090; CCP 337.2; 343	
Program Files & Directories (Annual)	CU + 2	GC34090; GC34090.7	
Program Files & Directories (Daily)	2 Weeks Rotating	GC34090; GC34090.7	
Program Files & Directories (Monthly)	CU + 1	GC34090; GC34090.7	
<u>Payroll:</u>			
Adjustments	AU + 4	GC34090; 29 CFR; 516.5 - 516.6	Audit Purposes Employee & City Contribution Records & Pymts. *29 CFR.1627.3(2) Signed by employee for audit & FEMA Reports
Deferred Compensation	T + 5	GC34090;29 CFR 16001-1*	
Employee Time Sheets	AU + 6	GC34090; 29 CFR 516.2* *20 CFR 516.6(1);I IRS Reg. 31.6001-1(e)(z) r&t 19530; 1c 1174(d)	
Federal & State Tax Reports	AU + 4	GC34090; 29USC 436*	Forms 1096, 1099, W-4'w and W-2's *26 CFR 31.6001.1-4; IRS REG 31.6001-1(e)(2); R&T 19530;29 CFR 516.5-516.6
PERS Employee Deduction Reports	T + 4		
Payroll Register	Permanent	GC34090; CAC 22 - 1085-2	Record of Deductions *26CFR 31.6001-1;29 CFR 5216.5, 516.6 LC 1174(d)
Salary Records	T + 4	GC34090; GC37207	
		GC34090; 29CFR 516.2	
Warrant (Check) Register	AU + 4	GC 34090.7	Deduction authorization, beneficiary designations, unemployment claims, garnishments.

Legend:

AU = Audit (Fiscal year being audited plus # of additional yrs indicated)
CL = Closed (Year closed plus # of additional yrs indicated)
CU = Current (Current year plus # of additional yrs indicated)

L = Life (End of life cycle plus # of additional yrs indicated)
S = Supersede (Superseded document maintained for # of years indicated)
T = Termination (Date of termination plus # of additional yrs indicated)

Attachment: Records Retention Schedule (Destruction of Certain City Records)

Record Title	Retention Schedule	Citation	Note
<u>Finance Department (continued)</u>			
<u>Risk Management - Claims Against City:</u>			
Accident Reports - City Assets	CL + 7	29CFT 2904.2;29;*	Reports and Related Records *CFR1904.6 Bonds & Insurance Policies Insuring City Property and Other Assets
Bonds, Insurance	Permanent	CCP 337.2; 343	
Claims, Damage/Liability	CL + 7	GC34090; GC25105.5 PC832.5	Paid/Denied; Claim Copy Correspondence, Photos, etc.
Incident Reports	CL + 7	29 CFR 2904.2;29; CFR 1904.6	Theft, arson, vandalism, property damage, etc. (Excluding Fire/Law Enforcement)
Insurance, ACCEL JT Powers Agreement	Permanent	GC34090	Insurance Certificates Filed Separately from Contracts
Insurance, Certificates of	Permanent	GC34090	
Insurance, Liability/Property	Permanent	GC34090	
Insurance, Workers' Compensation	Permanent	GC34090; 29 CFR 1910.20	

Legend:

AU = Audit (Fiscal year being audited plus # of additional yrs indicated)
 CL = Closed (Year closed plus # of additional yrs indicated)
 CU = Current (Current year plus # of additional yrs indicated)

L = Life (End of life cycle plus # of additional yrs indicated)
 S = Supersede (Superseded document maintained for # of years indicated)
 T = Termination (Date of termination plus # of additional yrs indicated)

Attachment: Records Retention Schedule (Destruction of Certain City Records)



*City
Council
Report*

Item: 7
Category: CONSENT CALENDAR
Meeting Date: June 20, 2023

TITLE: Excess Workers' Compensation Coverage Contract (Resolution/Roll Call Vote)

RECOMMENDED ACTION

That the City Council adopt a Resolution approving an agreement and authorizing the City Manager to execute a contract with Midwest Employers' Casualty Company to provide excess worker's compensation liability coverage for Fiscal Year 2023/2024 for the estimated annual premium amount of \$124,860.

BACKGROUND

The City of Campbell faces a range of risks that could result in severe or catastrophic losses. To mitigate these risks, the city relies on professional insurance brokerage services provided by Leavitt Pacific Insurance Brokers to secure various commercial insurance policies. These policies help protect the city from potential workers' compensation injuries.

While the city self-insures its workers' compensation coverage, it also annually procures different lines of insurance coverage to minimize the impact of accidental losses and claims. Leavitt Pacific Insurance Brokers, the city's excess workers' compensation insurance broker, has sought proposals (Attachment B) to secure the most advantageous coverage. The renewal includes a Self-Insured Retention (SIR) of \$1,000,000 per accident for police personnel and \$1,000,000 for all other employees, with a coverage Limit of Liability set at \$25,000,000.

In recent years, premiums have increased due to factors such as rising medical costs, inflation, the application of presumptive laws to first responders, and current market conditions, including wage increases and regulatory changes.

DISCUSSION

Leavitt Pacific Insurance Brokers Inc. diligently explored all available insurance coverage options to ensure a comprehensive evaluation. After careful consideration of several brokered insurance quotes, Leavitt Pacific Insurance Brokers and the City staff have identified the most competitive options. Arch Insurance Company, Safety National

Casualty Corporation, and Midwest Employers Casualty Company submitted quotes based on the same coverage and retention as the previous year.

The City's insurance broker and Human Resources Division have thoroughly assessed each insurance program, taking into account potential losses, coverage details, self-insured retentions, deductibles, premiums, and policy limits. Based on this evaluation, it is recommended to proceed with the insurance coverage outlined in Attachment B.

Considering the information received and the advice of our insurance broker, it is recommended to approve the insurance coverage offered by Midwest Employers Casualty Company (Midwest). Midwest is the sole provider offering a one-year quote or a comparable policy rate. Their proposal reflects a 13% increase compared to last year, which is below the industry standard. The total cost of insurance policies placed by Midwest Employers Casualty Co. for the City amounts to \$124,860. In FY 2023, the estimated total cost of insurance is \$109,308, representing a 13% increase. This increase is primarily driven by rising medical costs, inflation, the application of presumptive laws to first responders, and current market conditions, including wage increases and regulatory changes.

Premiums are increasing across all lines of coverage for the City and public entities throughout California. Please note that these estimates for insurance premiums, self-insured retentions, and deductibles may change as some quotes are not finalized, and there is a possibility of additional insurance quotes that could alter the costs and retentions mentioned in this report.

FISCAL IMPACT

The quote provided has a one-year premium of \$124,860 with an SIR of \$1,000,000 and a \$25,000,000 Limit of Liability. This is the equivalent to the existing coverage currently in place. The annual premium shown has been fully programmed into the Proposed Fiscal Year 2024 Operating Budget (Worker's Compensation Fund 690) and there are sufficient fund balances to support this expenditure.

ALTERNATIVES

1. Do not approve staff recommendation. This option is not recommended as failure to purchase insurance policies to protect the City in case of catastrophic losses would place the City at risk for financial hardship should one or more of these losses occur.
2. Request additional quotes for coverage.

Prepared by:



Jenny Le-Christensen, HR Manager

Approved by:



Brian Loventhal, City Manager

Attachment:

- a. Resolution - Midwest Employers Casulty Company
- b. City of Campbell 2023 XSWC Quote
- c. City of Campbell - Current Policy

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL APPROVING A CONTRACT AND AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH MIDWEST EMPLOYERS CASUALTY COMPANY TO PROVIDE EXCESS WORKER’S COMPENSATION LIABILITY COVERAGE FOR FISCAL YEAR 2023-2024

WHEREAS, the City of Campbell, has operated a self-funded Worker’s Compensation Program and relies upon Stop-Loss Coverage to cap the cost of individual claims; and

WHEREAS, the City of Campbell requires that self-insured programs purchase this Stop-Loss Coverage; and

WHEREAS, The City’s Insurance Broker solicited quotes for the Excess Workers’ Compensation Insurance and received a renewal quote to bind coverage from Midwest Employers Casualty Company for the term of July 1, 2023 to June 30, 2024 for a premium amount of \$124,860; and

WHEREAS, the City’s Insurance Broker recommends binding the City’s Excess Worker’s Compensation Insurance Coverage with Midwest Employers Casualty Company for a one year term from July 1, 2023, to June 30, 2024 for the quoted amount of \$124,860.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell does hereby approve the contract and authorizes the City Manager to execute a contact with Midwest Employers Casualty Company to provide Excess Workers Compensation Insurance to the City for one-year, effective July 1, 2023, through June 30, 2024, for a premium of \$124,860.

PASSED AND ADOPTED this _____ day of _____, 2023 by the following roll call vote:

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

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Attachment: Resolution - Midwest Employers Casualty Company (Excess Workers' Compensation Coverage Contract)



3/1/2023

City of Campbell
70 N. First Street
Campbell, CA 95008

Re: Excess Workers' Compensation Policy Renewal
Insurer: Midwest Employers Casualty Company
Policy No.: EWC008682
Expiration Date: 7/1/2023

Midwest Employers Casualty (MEC) looks forward to working on the upcoming excess workers' compensation policy renewal for City of Campbell.

Over the past policy term, your business partnership with MEC has given you the peace of mind of superior financial strength, and access to value added services designed to help you reduce your **Total Cost of Risk**. We hope that you have taken advantage of these services, which can be viewed on our website at www.MECasualty.com.

MEC is dedicated to bringing you the best possible excess workers compensation solution. We are also diligent in meeting our state regulatory requirements, so please:

- Sign the application and fraud warning statements upon receipt from your broker, and
- Be advised that your renewal proposal may reflect increases in terms or pricing which can only be determined upon evaluation of your submission.

Our goal is to work with your broker as early as possible so that we may provide a timely and informative proposal that will give you the continued confidence to renew your coverage with us.

Sincerely,

MIDWEST EMPLOYERS CASUALTY

cc: Loveland & Smart Insurance Services, Inc

Attachment: City of Campbell 2023 XSWC Quote (Excess Workers' Compensation Coverage Contract)

Loveland Smart Insurance Services, Inc.

Broker No.: 0C20311

Attach to and forming a part our quotations dated: June 1, 2023.

INSURED: City of Campbell

Limit of Liability	Employer's Liability Sub-Limit	Self-Insured Retention	Annual Deposit and Minimum	Rate per \$100 of Payroll	Security
\$25,000,000	\$1,000,000	\$1,000,000	\$124,860 \$112,374	0.4713	Midwest Employers Casualty Co. / A.M. Best: A+ XV
\$25,000,000	\$1,000,000	\$1,000,000	\$161,350	Indication	Arch Insurance Co. / A.M. Best: A+ XV
\$25,000,000	\$1,000,000	\$1,000,000	\$187,500	Indication	Safety National Casualty Co. / A.M. Best: A++ XV
\$25,000,000	\$1,000,000	\$1,000,000 All Others \$1,250,000 - 7720	\$112,514 \$101,263	0.4247	Midwest Employers Casualty Co. / A.M. Best: A+ XV

Decline - Police and Fire Exposures

Star Insurance Company / A.M. Best Rated: A- X

Terms and Conditions

1) The premium is based on an estimated annual remuneration of \$26,492,635.

2) State of operations: California

3) Midwest Employers Casualty Co. quotes are subject to their policy form and the following endorsements:
CMB-11 Amendment to Schedule Item 11, CMB-160 Foreign, CMB-199-CA Policyholder Disclosure Notice of Terrorism Insurance, ISI-254-EXC Aircraft Exclusion, ISI-260 Authorized Volunteers, ISI-261 Voluntary Compensation, ISI-266 Endemic Disease and Repatriation. ISI-CA (02-21) California Mandatory Endorsement CMB-6-CLS Amendment to Schedule Item 6 (applies to split retention quote)

Quotes are subject to:
1) Completed Employer Profile Questionnaire (complete sections 5 thru 8) prior to binding.
2) Estimated employee count is down 13% from last year. Does the 303 employee count include Temporary and part time employees like last year. Need answer prior to binding.

4) The Arch insurance indication can be firmed if there is interest. The formal quote could be higher than the indication.

5) The Safety National Casualty Corp. indication can be firmed if there is interest. The formal quote could be higher than the indication.

6) If the City of Campbell is interested in Statutory limits, we can request a quote from the carriers but the cost could be prohibitive.

7) Commission: 10%

Attachment: City of Campbell 2023 XSWC Quote (Excess Workers' Compensation Coverage Contract)



Individual Self-Insured
Excess Workers' Compensation and
Employers Liability Indemnity Policy

Schedule Page

Policy No.: EWC008682

Indemnity Coverage Provided: Specific Excess Workers' Compensation and Employers Liability Indemnity

-
1. Insured: City of Campbell

 2. Mailing Address: 70 N. First Street
Campbell, CA 95008-

 3. Named States: California

 4. Excluded States: None

 5. Policy Period:
 - (a) From: 07/01/2022
 - (b) To: 07/01/2023
 Both days start at 12:01 A.M. standard time at the Insured's address shown in Item 2 of this schedule.

 6. Specific Retention:

(a) Each Accident:	\$1,000,000
(b) Each Employee for Disease:	\$1,000,000

 7. Specific Limit Each Accident:

(a) Policy Part One, Workers' Compensation:	\$25,000,000
(b) Policy Part Two, Employers Liability:	\$1,000,000

 8. Specific Limit Each Employee for Disease:

(a) Policy Part One, Workers' Compensation:	\$25,000,000
(b) Policy Part Two, Employers Liability:	\$1,000,000

 9. Aggregate Retention:

(a) (Rating Base):	NOT APPLICABLE
(b) Estimated (Rating Base):	NOT APPLICABLE
(c) Minimum Retention:	NOT APPLICABLE
(d) Aggregate Loss Limitation:	NOT APPLICABLE

 10. Aggregate Limit: NOT APPLICABLE

 11. Classification of Operations: See Endorsement

(a) Experience Modification Factor:	1.000000000
(b) Other Modification Factor:	1.000000000



Individual Self-Insured
Excess Workers' Compensation and
Employers Liability Indemnity Policy

Schedule Page

12. Premium:

(a) Rate per \$100 of Payroll:	.4291
(b) Policy Minimum Premium:	\$98,377
(c) Total Estimated Policy Premium:	\$109,308
(d) Deposit Premium:	\$109,308
(e) Deposit Flat Charges:	n/a
(f) Total Deposit Premium and Flat Charges Payable as Follows:	\$109,308

13. Endorsement Serial Numbers:

See Endorsement Schedule

14. Service Company:

TRISTAR Risk Management
2325 Clayton Rd
Concord, CA 94520-

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Licensed Resident Agent Date

Authorized Representative

Attachment: City of Campbell - Current Policy (Excess Workers' Compensation Coverage Contract)



Endorsement Schedule

Named Insured: City of Campbell
 Policy Term: 07/01/2022 to 07/01/2023
 Policy No.: EWC008682

Endorsement Code	Edition Date	Effective Date	Expiration Date	Date Created	Description
CMB-11	(08-13)	07/01/2022		07/07/2022	
CMB-160	(08-13)	07/01/2022		07/07/2022	
CMB-199-CA	(01-20)	07/01/2022		07/07/2022	
ISI-254-EXC	(08-13)	07/01/2022		07/07/2022	
ISI-260	(08-13)	07/01/2022		07/07/2022	
ISI-261	(08-13)	07/01/2022		07/07/2022	
ISI-266	(08-13)	07/01/2022		07/07/2022	
ISI-CA (02-21)	(02-21)	07/01/2022		07/07/2022	

Attachment: City of Campbell - Current Policy (Excess Workers' Compensation Coverage Contract)



Endorsement Effective: 07/01/2022
 Policy No.: EWC008682
 Named Insured: City of Campbell

Amendment to Schedule Item 11

Schedule Item 11 is amended to read as follows:

11. Classification of Operations:

State	Code	Classification	Estimated Annual Payroll	Rate Per \$100 of Payroll	Estimated Annual Manual Premium
CA	7720	POLICE OFFICERS & DRIVERS	\$8,313,604	6.08	\$505,467
CA	8810	CLERICAL OFFICE OR LIBRARIES	\$8,395,835	.59	\$49,535
CA	9410	MUNICIPAL EMPLOYEE NOC	\$4,997,158	3.20	\$159,909
CA	9420	ALL OTHER MUNICIPAL EMPL - NOC	\$3,767,091	13.80	\$519,859
Total Annual Payroll:			\$25,473,688		
Total Annual Manual Premium:					\$1,234,770
Total Manual Premium:					\$1,234,770
(a) Experience Modification Factor:					1.000000000
(b) Other Modification Factor:					1.000000000
Normal Premium:					\$1,234,770

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Philip S. Welt 

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.



Endorsement Effective: 07/01/2022
Policy No.: EWC008682
Named Insured: City of Campbell

Foreign Endorsement

It is hereby agreed and understood that Employers Liability, Section E. Exclusions From Loss, Item 13, is deleted from this policy.

Loss under Part One of this Policy shall include those transportation expenses you incur returning the Employee because of the bodily injury (or, in the case of death, the Employee's body) to the location where normally employed which exceed the cost of returning the Employee if uninjured.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Secretary

President

Authorized Representative

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.



Endorsement No.:
Endorsement Effective: 07/01/2022
Policy No.: EWC008682
Named Insured: City of Campbell

Policyholder Disclosure Notice of Terrorism Insurance Coverage Endorsement

Coverage for acts of terrorism, as defined in the Terrorism Risk Insurance Act as amended, (the "Act"), is included in your Policy. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Act. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Act contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

A. The portion of your annual premium that is attributable to coverage for acts of terrorism, as defined in the Act is: \$3,279 and does not include any charges for the portion of losses covered by the United States government under the Act.

Name of Insurer: Midwest Employers Casualty Company
Policy Number: EWC008682

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Attachment: City of Campbell - Current Policy (Excess Workers' Compensation Coverage Contract)



Endorsement Effective: 07/01/2022
Policy No.: EWC008682
Named Insured: City of Campbell

Aircraft Exclusion Endorsement

This Policy does not cover any Loss arising out of the ownership, maintenance, operation or use of any aircraft that is leased, owned (in whole or in part) or operated by you, your executive officer(s), director(s), Employee(s), parent company or subsidiary. This exclusion does not apply to regularly scheduled commercial airlines or chartered aircraft.

Attachment: City of Campbell - Current Policy (Excess Workers' Compensation Coverage Contract)

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Secretary

President

Authorized Representative

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.



Endorsement Effective: 07/01/2022
 Policy No.: EWC008682
 Named Insured: City of Campbell

Authorized Volunteers Endorsement

It is hereby agreed and understood that coverage is added to this Policy for volunteers shown in the listing below.

A. How This Coverage Applies

1. This coverage applies to bodily injury by accident and bodily injury by disease. Bodily injury includes resulting death.
2. The bodily injury must be sustained by a volunteer included in the group of volunteers described in the listing below.
3. The bodily injury must occur in the course of volunteer work necessary or incidental to your operations in a State listed in Schedule Item 3.
4. The bodily injury must occur in a State as defined under Section G. State, of the General Section of this Policy or elsewhere if the volunteer is temporarily working outside of the United States of America for you for less than ninety (90) days.
5. Bodily injury by accident must occur during the Policy Period.
6. Bodily injury by disease must be caused or aggravated by the conditions of your operations. The volunteer's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.

B. Our Specific Indemnity

We will indemnify you for Loss paid by you in excess of your Specific Retention for benefits that would have been required if you and the volunteers described in the listing were subject to the Workers' Compensation Law of a State listed in Schedule Item 3. We will indemnify you for those amounts paid by you to the volunteers in the listing as if they were entitled to them under the law.

C. Exclusions

This Authorized Volunteers Endorsement does not cover:

1. Any obligation imposed by any Workers' Compensation Law or any similar law.
2. Any loss that would have been excluded under Part One of this Policy if your volunteers shown in the listing below would have been subject to the Workers' Compensation Law for the applicable State named in Schedule Item 3.



Endorsement Effective: 07/01/2022
 Policy No.: EWC008682
 Named Insured: City of Campbell

D. Before We Indemnify

Before we indemnify you for Loss paid by you under the terms of this endorsement, the person(s) entitled to the benefits of this insurance must:

1. Release you and us, in writing, of all responsibility for the injury or death.
2. Transfer to you their right to Recovery from others who may be responsible for the injury or death.
3. Cooperate with you, and do everything necessary to enable you to enforce the right of Recovery from others.

If the person(s) entitled to the benefits of this insurance fail to do these things, our duty to indemnify you ends at once. If they claim damages from you or from us for the injury or death, our duty to indemnify you ends at once.

E. Recovery

All parts of Section K. Recovery of Part Four – Claims, of this Policy will apply.

F. Premium

Part Five – Premium, Section D. Payroll is amended to read as follows:

- D. Payroll means the gross pay of your Employees for the Policy Period plus other amounts and items received by your Employees as part of their pay for the Policy Period. Payroll also includes:
1. Gross pay plus other amounts and items received by your officers if covered under this policy.
 2. The contract price for materials and services performed by any individual deemed to be your Employee for liability purposes under the Workers' Compensation Law, if you do not have Payroll records for this individual, and
 3. Assigned Payroll attributed to volunteers both for whom you are legally obligated to provide workers' compensation benefits and those designated in the listing below. Assigned Payroll means for volunteers other than volunteer firefighters and volunteer police officers, the federal minimum hourly wage as of the effective date of this Policy multiplied by the hours worked by the volunteers, unless the work performed by the volunteers is similar to work performed by a paid Employee who is receiving more than the federal minimum hourly wage, in which event the wage reported for the volunteer worker shall be the same as the wage reported for the paid Employee.

For volunteer firefighters or volunteer police officers, the greater of \$12,500 per year or the same wage as reported for a paid Employee performing similar work shall be included in payroll for each such volunteer firefighter or volunteer police officer.



Endorsement Effective: 07/01/2022
Policy No.: EWC008682
Named Insured: City of Campbell

Duties performed by volunteers shall be assigned to the classification code which the duties would be assigned to if performed by regular Employees.

No amount is included in Assigned Payroll for any volunteer worker who is not covered under the Workers' Compensation Law unless designated in the listing below.

Listing of Authorized Volunteers

This applies to volunteers authorized by you.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Secretary

President

Authorized Representative

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Attachment: City of Campbell - Current Policy (Excess Workers' Compensation Coverage Contract)



Endorsement Effective: 07/01/2022
 Policy No.: EWC008682
 Named Insured: City of Campbell

Voluntary Compensation Endorsement

It is hereby agreed and understood that Voluntary Compensation coverage is added to this Policy.

A. How This Coverage Applies

1. This coverage applies to bodily injury by accident and bodily injury by disease. Bodily injury includes resulting death.
2. The bodily injury must be sustained by an Employee included in the group of Employees described in the listing below that are normally employed by you in a State listed in Schedule Item 3.
3. The bodily injury must occur in the course of employment necessary or incidental to work in a State listed in Schedule Item 3.
4. The bodily injury must occur in a State as defined under Section G. State, of the General Section of this Policy or elsewhere if the Employee is temporarily working outside of the United States of America for you for less than ninety (90) days.
5. Bodily injury by accident must occur during the Policy Period.
6. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The Employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.

B. Our Specific Indemnity

We will indemnify you for Loss paid by you in excess of your Specific Retention for benefits that would be required of you if you and your Employees described in the listing were subject to the Workers' Compensation Law of a State listed in Schedule Item 3. We will indemnify you for those amounts paid by you to the volunteers who would be entitled to them under the law.

C. Exclusions

This Voluntary Compensation Endorsement does not cover:

1. Any obligation imposed by any Workers' Compensation Law or any similar law.
2. Any loss that would have been excluded under Part One of this Policy if your Employees shown under the schedule below would have been subject to the Workers' Compensation Law for the applicable State named in Schedule Item 3.



Endorsement Effective: 07/01/2022
Policy No.: EWC008682
Named Insured: City of Campbell

D. Before We Indemnify

Before we indemnify you for Loss paid by you under the terms of this endorsement, the person(s) entitled to the benefits of this insurance must:

- 1. Release you and us, in writing, of all responsibility for the injury or death.
- 2. Transfer to you their right to Recovery from others who may be responsible for the injury or death.
- 3. Cooperate with you, and do everything necessary to enable you to enforce the right of Recovery from others.

If the person(s) entitled to the benefits of this insurance fail to do these things, our duty to indemnify you ends at once. If they claim damages from you or from us for the injury or death, our duty to indemnify you ends at once.

E. Recovery

All parts of Section K. Recovery of Part Four – Claims, of this Policy will apply.

Listing of Employees

All officers and Employees not subject to the Workers' Compensation Law of the State of their normal employment.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Attachment: City of Campbell - Current Policy (Excess Workers' Compensation Coverage Contract)



Endorsement Effective: 07/01/2022
 Policy No.: EWC008682
 Named Insured: City of Campbell

Endemic Disease and Repatriation Endorsement

It is hereby agreed and understood that Endemic Disease coverage is added to this Policy.

A. How This Coverage Applies

1. This coverage applies to bodily injury by disease because of exposure occurring during the Policy Period to a disease endemic to a region outside the United States of America. Bodily injury includes resulting death.
2. The bodily injury by disease must be sustained by an Employee included in the group of Employees described in the listing below that are normally employed by you in a State listed in Schedule Item 3.
3. The bodily injury by disease must occur in the course of employment necessary or incidental to work in a State listed in Schedule Item 3.
4. The bodily injury by disease must occur while the Employee is temporarily working outside of the United States of America for you for less than ninety (90) consecutive days.
5. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The Employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the Policy Period.

B. Our Specific Indemnity

We will indemnify you for Loss paid by you in excess of your Specific Retention for benefits that would be required of you if you and your Employees described in the listing were subject to the Workers' Compensation Law of a State listed in Schedule Item 3.

Loss under this endorsement also shall include those transportation expenses you incur returning the Employee because of the bodily injury (or, in case of death, the Employee's body) to the location where normally employed which exceed the cost of returning the Employee if uninjured.

C. Exclusions

This Endemic Disease Endorsement does not cover:

1. Any obligation imposed by any Workers' Compensation Law or any similar law.
2. Any loss that would have been excluded under Part One of this Policy if your Employees shown under the listing below would have been subject to the Workers' Compensation Law for the applicable State named in Schedule Item 3.

D. Before We Indemnify

Before we indemnify you for Loss paid by you under the terms of this endorsement, the person(s) entitled to the benefits of this insurance must:



Endorsement Effective: 07/01/2022
Policy No.: EWC008682
Named Insured: City of Campbell

1. Release you and us, in writing, of all responsibility for the injury or death.
2. Transfer to you their right to Recovery from others who may be responsible for the injury or death.
3. Cooperate with you, and do everything necessary to enable you to enforce the right of Recovery from others.

If the person(s) entitled to the benefits of this insurance fail to do these things, our duty to indemnify you ends at once. If they claim damages from you or from us for the injury or death, our duty to indemnify you ends at once.

E. Recovery

All parts of Section K. Recovery of Part Four – Claims, of this Policy will apply.

Listing of Employees

All officers and Employees not subject to the Workers' Compensation Law of the State of their normal employment.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Attachment: City of Campbell - Current Policy (Excess Workers' Compensation Coverage Contract)



Endorsement No.:
Endorsement Effective: 07/01/2022
Policy No.: EWC008682
Named Insured: City of Campbell

California Endorsement

Section I. Cancellation of Part Six – Conditions of this Policy is amended to read as follows:

I. Cancellation

After the effective date of this Policy, you may cancel this Policy by giving us at least thirty (30) days advance written notice stating the cancellation date. We may cancel this Policy only upon the occurrence of one or more of the following:

1. Your failure to make any workers' compensation insurance premium payment when due.
2. Your failure to report payroll, to permit us to audit payroll as required by the terms of this Policy or of a previous Policy issued by us, or to pay any additional premium as a result of an audit of payroll as required by the terms of this Policy or of a previous Policy.
3. Your material failure to comply with federal or state safety orders, or comply with the written recommendations of our designated loss control representative.
4. A material change in your ownership or any change in your business or operations, or the business or operations of one or more of your Members, that materially increases the hazard for frequency or severity of loss, requires additional or different classifications for premium calculations, or contemplates an activity excluded by our reinsurance treaties.
5. Material misrepresentation by you or your agent.
6. Your failure to cooperate with us in our investigation of a Claim.

We may cancel this Policy by providing you and your broker 10 days' written notice in advance of the cancellation effective date for the conditions specified in paragraph (1), (2), (5), or (6) above. We may cancel this Policy by providing you and your broker 30 days' written notice in advance of the cancellation effective date for the conditions specified in paragraph (3) or (4) above, provided that no notice is required if you and we consent to the cancellation

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Attachment: City of Campbell - Current Policy (Excess Workers' Compensation Coverage Contract)



Endorsement No.:
Endorsement Effective: 07/01/2022
Policy No.: EWC008682
Named Insured: City of Campbell

and reissuance of a Policy effective upon a material change in your ownership or operations. If you remedy the condition to our satisfaction within the specified time period, this Policy shall not be canceled by us.

Nothing in this section shall preclude, while this Policy is in force, changes in the premium rate required or authorized by law, regulation, or order of the commissioner, or otherwise agreed to between you and us.

If this Policy is cancelled, the Policy Period shall end at 12:01 A.M. on the cancellation date. This Policy does not apply to loss or liability which arises out of bodily injury by accident or bodily injury by disease that occurs after the effective date of such cancellation.

In the event of cancellation of this Policy, Final Premium shall be calculated as set forth in Part Five – Premium, Section C. Final Premium of this Policy.

Countersigned

MIDWEST EMPLOYERS CASUALTY COMPANY

Authorized Representative

Secretary

President

This endorsement forms part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein. All other terms and conditions of the Policy remain unchanged.

Attachment: City of Campbell - Current Policy (Excess Workers' Compensation Coverage Contract)



Individual Self-Insured Excess Workers' Compensation and Employers Liability Indemnity Policy

In return for the payment of premium and subject to all of the terms of this Policy, we (Midwest Employers Casualty Company) agree to provide you (the Insured Named in Schedule Item 1) with the excess indemnity coverage stated on the Schedule and further agree with you as follows:

GENERAL SECTION

- A. Self-Insurance.** Our obligations under this Policy are subject to the condition that you are, at the inception of this Policy and shall remain until the end of the Policy Period, a duly qualified self-insurer in each State named in Schedule Item 3. If at any time during the Policy Period your status as a duly qualified self-insurer is suspended, cancelled, revoked, voluntarily surrendered, or terminated in any of the States named in Schedule Item 3, this Policy shall be immediately cancelled. The effective date of such cancellation shall be the date of said loss of your duly qualified self-insurer status.
- B. Insured.** The Insured is named in Schedule Item 1. The words “you” or “your” as used in this Policy refer to the Insured. If the Insured is a partnership or joint venture, each partner or member of the joint venture is insured only in the capacity as employer of employees of the partnership or joint venture.
- C. Insurer.** The Insurer is Midwest Employers Casualty Company. The words “we,” “us,” and “our” as used in this Policy refer to the Insurer.
- D. The Policy.** This Policy includes the Schedule and any attached endorsements. It is an indemnity agreement between you and us. The only provisions relating to this indemnity agreement are stated in this Policy. The terms of this Policy may not be changed or waived except by endorsement issued by us to be a part of this Policy. Endorsements amending Schedule Items 1, 3, 4, 6, 7 or 8 apply with respect to bodily injury by accident and bodily injury by disease occurring on or after 12:01 A.M. on the effective date of the applicable endorsement(s).
- E. Policy Period** means the period of time covered by this Policy as shown in Schedule Item 5. If this Policy is cancelled, the Policy Period shall end at 12:01 A.M. on the cancellation date.
- F. Workers' Compensation Law** means the workers' compensation law and occupational disease law of a State, including any amendments to such law which are in effect during the Policy Period. The definition of “Workers' Compensation Law” does not include the provisions of any law that provide nonoccupational disability benefits. The definition of “Workers' Compensation Law” also does not include any federal workers' compensation law, federal occupational disease law or any other federal law.
- G. State** means any state of the United States of America and the District of Columbia.
- H. Employee** means an individual that you hire and regularly pay, who normally performs work for you under your direction and control in a State listed in Schedule Item 3. The definition of “Employee” does not include an independent contractor, subcontractor or an agent of a third party. If the Workers' Compensation Law in a state listed in Schedule Item 3 deems an individual to be your employee for liability purposes, then the individual shall be considered an Employee under Part One of this Policy.
- I. Service Company** means the entity named in Schedule Item 14 that is retained by you to act on your behalf, as the third party administrator for Claims.

PART ONE – WORKERS' COMPENSATION EXCESS INDEMNITY

- A. How This Part Applies.** Part One of this Policy applies to Loss paid by you because of liability imposed upon you by the Workers' Compensation Law of any State named in Schedule Item 3, which arises out of or results from bodily injury by accident or bodily injury by disease sustained by your Employee. Part One of this Policy also applies to Loss paid by you because of liability imposed upon you by the Workers' Compensation Law of any other State which is not named in Schedule Item 4, which arises out of or results from bodily injury by accident or bodily injury by disease sustained by your Employee, provided that the work giving rise to the bodily injury was temporary and incidental to your work in any State named in Schedule Item 3.

Bodily injury by accident must occur during the Policy Period.

Bodily injury by disease must be caused or aggravated by the conditions of your employment. Bodily injury by disease includes cumulative trauma. The Employee's last day of last exposure to the conditions of your employment causing or

aggravating such bodily injury by disease must occur during the Policy Period. Bodily injury by disease does not include disease that results directly from bodily injury by accident.

Bodily injury includes resulting death.

B. Specific Excess Indemnity Coverage.

THIS SECTION B SHALL NOT APPLY, AND THE COVERAGE AFFORDED UNDER THIS SECTION B SHALL NOT BE PROVIDED TO YOU, IF THE WORDS “NOT APPLICABLE” ARE STATED IN SCHEDULE ITEMS 7(a) AND 8(a).

1. **Your Specific Retention.** You must retain Loss as shown in Schedule Item 6. Your Specific Retention applies to Part One Loss and to Part Two Loss combined. IT IS IMPORTANT FOR YOU TO UNDERSTAND THAT YOUR SPECIFIC RETENTION FOR DISEASE APPLIES SEPARATELY TO EACH EMPLOYEE. Naming more than one Insured in Schedule Item 1 does not increase your Specific Retention.
2. **Our Specific Indemnity.** We shall indemnify you under Part One of this Policy only for Loss paid by you in excess of your Specific Retention.
3. **Our Specific Limit.** The maximum Loss we shall indemnify you for under Part One of this Policy with respect to each accident is shown in Schedule Item 7(a). The maximum Loss we shall indemnify you for under Part One of this Policy with respect to each Employee for disease is shown in Schedule Item 8(a). Naming more than one Insured in Schedule Item 1 does not increase our Specific Limit under Part One of this Policy.

C. Loss under Part One of this Policy means the amount actually paid by you, after deduction of any Recovery, for regular benefits provided under the Workers’ Compensation Law in effect on the date the accident or exposure to disease occurs. Loss shall include, but is limited to:

1. The amount paid by you in reasonable settlement of claims for regular benefits under the Workers’ Compensation Law;
2. The amount paid by you in satisfaction of awards or judgments for regular benefits under the Workers’ Compensation Law; and
3. Reimbursable Claim Handling Expense as defined in Part Four – Claims, Section L. of this Policy.

D. Exclusions From Loss. Part One of this Policy does not cover:

1. Any Service Company fees, costs and expenses;
2. Fees, costs and expenses (including salaries, wages and other compensation paid to your Employees and independent contractors) of self-administration of Claims;
3. Loss insured by any other workers’ compensation or employers liability insurance policy;
4. Loss payable under the Workers’ Compensation Law of any State which is not named in Schedule Item 3, if you are insured for such loss by any other insurance;
5. Any loss arising out of operations for which you have rejected or elected to opt out of any Workers’ Compensation Law;
6. Fines, penalties, sanctions, interest, costs, or attorney’s fees assessed against you for any violation of any Workers’ Compensation Law or other applicable statute, rule or regulation. (This exclusion does not apply to attorney’s fees and costs you are ordered to pay to the prevailing party in a Claim in which you contested, in good faith, your liability to pay benefits under the Workers’ Compensation Law);
7. Punitive or exemplary damages because of bodily injury sustained by any Employee;
8. Punitive, exemplary or compensatory damages because of your conduct, or the conduct of anyone acting for you:
 - a. In the investigation, trial or settlement of any claim under the Workers’ Compensation Law; or
 - b. In failing to pay or in delaying payment of benefits under the Workers’ Compensation Law;
9. Any assessment, tax or surcharge made upon employers or self-insurers, whether imposed by statute, regulation or otherwise; or
10. Any payments in excess of the benefits regularly provided by any Workers’ Compensation Law, including those required because:
 - a. Of your serious, gross and willful misconduct;

- b. You knowingly employed an Employee in violation of applicable law;
- c. You failed to comply with an applicable health or safety law or regulation;
- d. You discharged, coerced or otherwise discriminated against any Employee in violation of the Workers' Compensation Law; or
- e. You violated or failed to comply with any applicable Workers' Compensation Law.

PART TWO – EMPLOYERS LIABILITY EXCESS INDEMNITY

- A. How This Part Applies.** Part Two of this Policy applies to Loss paid by you for Damages imposed upon you by the laws of any State shown in Schedule Item 3, which arises out of or results from bodily injury by accident or bodily injury by disease sustained by your Employee. Part Two of this Policy also applies to Loss paid by you for Damages imposed upon you by the law of any other State which is not shown in Schedule Item 4, which arises out of or results from bodily injury by accident or bodily injury by disease sustained by your Employee, provided that the work giving rise to the bodily injury was temporary and incidental to your work in any State named in Schedule Item 3.

Bodily injury must arise out of and in the course of the injured Employee's employment by you.

Bodily injury by accident must occur during the Policy Period.

Bodily injury by disease must be caused or aggravated by the conditions of your employment. Bodily injury by disease includes cumulative trauma. The Employee's last day of last exposure to the conditions of your employment causing or aggravating such bodily injury by disease must occur during the Policy Period. Bodily injury by disease does not include disease that results directly from bodily injury by accident.

Bodily injury includes resulting death.

- B. Specific Excess Indemnity Coverage.**

THIS SECTION B SHALL NOT APPLY, AND THE COVERAGE AFFORDED UNDER THIS SECTION B SHALL NOT BE PROVIDED TO YOU, IF THE WORDS "NOT APPLICABLE" ARE STATED IN SCHEDULE ITEMS 7(b) AND 8(b).

1. **Your Specific Retention.** You must retain Loss as shown in Schedule Item 6. This Specific Retention applies to Part One Loss and to Part Two Loss combined. IT IS IMPORTANT FOR YOU TO UNDERSTAND THAT YOUR SPECIFIC RETENTION FOR DISEASE APPLIES SEPARATELY TO EACH EMPLOYEE. Naming more than one Insured in Schedule Item 1 does not increase your Specific Retention.
2. **Our Specific Indemnity.** We shall indemnify you under Part Two of this Policy only for Loss paid by you in excess of your Specific Retention.
3. **Our Specific Limit.** The maximum Loss we shall indemnify you for under Part Two of this Policy with respect to each accident is shown in Schedule Item 7(b). The maximum Loss we shall indemnify you for under Part Two of this Policy with respect to each Employee for disease is shown in Schedule Item 8(b). Naming more than one Insured in Schedule Item 1 does not increase our Specific Limit under Part Two of this Policy.

- C. Loss** under Part Two of this Policy means the amount actually paid by you, after deduction of any Recovery, for Damages imposed upon you by law. Loss shall include, but is limited to:

1. The amount paid by you in reasonable settlement of claims or suits for Damages;
2. The amount paid by you in satisfaction of awards or judgments for Damages; and
3. Reimbursable Claim Handling Expense as defined in Part Four – Claims, Section L. of this Policy.

- D. Damages** includes, and is limited to:

1. Damages for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your Employee;
2. Damages for care and loss of services;
3. Damages for consequential bodily injury to a spouse, child, parent, brother or sister of the injured Employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured Employee's employment by you; and
4. Damages because of bodily injury to your Employee that arise out of and in the course of employment, claimed against you in a capacity other than as employer.

E. Exclusions From Loss. Part Two does not cover:

1. Any Service Company fees, costs and expenses;
2. Fees, costs and expenses (including salaries, wages and other compensation paid to your Employees and independent contractors) of self-administration of Claims;
3. Loss or liability assumed under a contract or agreement;
4. Loss or liability voluntarily assumed by you;
5. Loss payable under the laws of any State which is not named in Schedule Item 3, if you are protected from the loss by any other insurance;
6. Punitive or exemplary damages;
7. Bodily injury to an Employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers or managers;
8. Any obligation imposed by any Workers' Compensation Law, unemployment compensation law, disability benefits law, or any similar law;
9. Bodily injury intentionally caused or aggravated by you;
10. Bodily injury resulting from your conduct which is determined to be malicious, deliberate, willful, with reckless disregard, substantially certain to cause injury, the equivalent to an intentional tort (regardless of how that term is defined or interpreted), or otherwise tortuous, such that you lose your immunity from civil liability under any Workers' Compensation Law;
11. Bodily injury to an Employee when you are deprived of common law defenses or are subject to a penalty because of your failure to secure your obligations under the applicable Workers' Compensation Law or otherwise fail to comply with that law;
12. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any Employee, or any personnel practices, policies, acts or omissions;
13. Bodily injury occurring outside the United States of America. This exclusion does not apply to bodily injury to an Employee who is a citizen or resident of the State(s) listed in Schedule Item 3 who is temporarily working outside the United States of America for you;
14. Damages arising out of operations for which you have:
 - (a) Violated or failed to comply with any Workers' Compensation Law; or
 - (b) Rejected or elected to opt out of any Workers' Compensation Law;
15. Bodily injury to any Employee in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901–950), the Non-appropriated Fund Instrumentalities Act (5 USC Sections 8171–8173), the Outer Continental Shelf Lands Act (43 USC Sections 1331–1356a), the Defense Base Act (42 USC Sections 1651–1654), the Federal Mine Health and Safety Act of 1969 (30 USC Sections 801–945), the Federal Employers' Liability Act (45 USC Sections 51–60), the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801–1872), the Merchant Marine Act of 1920 also known as the Jones Act (46 USC Section 688) and any other federal workers' compensation law or other federal occupational disease law, or any amendments to these laws, obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment;
16. Bodily injury to a master or member of the crew of any vessel; or
17. Fines or penalties imposed for violation of any federal or State law.

PART THREE – AGGREGATE EXCESS INDEMNITY

THIS PART THREE SHALL NOT APPLY, AND THE COVERAGE AFFORDED UNDER THIS PART THREE SHALL NOT BE PROVIDED TO YOU, IF THE WORDS “NOT APPLICABLE” ARE STATED IN SCHEDULE ITEMS 9(a), 9(b), 9(c), 9(d) AND 10.

A. Your Aggregate Retention. The amount of Loss you must retain as a result of all accidents and disease exposures occurring during the Policy Period shall be computed as shown in Schedule Item 9(a). This Aggregate Retention applies to Part One Loss and to Part Two Loss combined. In calculating your Aggregate Retention, Loss pertaining to each accident or disease shall be limited to the respective amount shown in Schedule Item 9(d). Unless we cancel this Policy,

your Aggregate Retention shall not be less than the Minimum Retention shown in Schedule Item 9(c). If we cancel this Policy, your Aggregate Retention shall not be less than the pro rata portion of the Minimum Retention shown in Schedule Item 9(c) based upon the number of days from the effective date of this Policy to (and including) the date of cancellation. Naming more than one Insured in Schedule Item 1 does not increase your Aggregate Retention.

Normal Premium is defined in Part Five – Premium, Section C. Final Premium of this Policy.

- B. Our Aggregate Indemnity.** We shall indemnify you under Part Three of this Policy for Loss paid by you in excess of your Aggregate Retention as a result of all accidents and disease exposures occurring during the Policy Period. In calculating our indemnity, Loss pertaining to each accident or disease shall be limited to the respective amount shown in Schedule Item 9(d).
- C. Our Aggregate Limit.** The maximum Loss we shall indemnify you for under Part Three of this Policy as a result of all accidents and disease exposures occurring during the Policy Period is shown in Schedule Item 10. This limit applies to Part One Loss and to Part Two Loss combined. Naming more than one Insured in Schedule Item 1 does not increase our Aggregate Limit under Part Three of this Policy.

PART FOUR – CLAIMS

- A. Claim** means any administrative filing, cause of action, demand, suit, legal action, proceeding or liability asserted against or imposed upon you for which you have paid Loss or may be liable to pay Loss under Part One, Part Two or Part Three of this Policy.
- B. Claims Information** means any information collected, maintained, analyzed or generated by you, your Service Company, claims consultant, attorney, pharmacy benefits manager, bill reviewer and any other outside vendors or entities retained on your behalf, that relates to any Claim, injury or Loss occurring during the Policy Period.
- C. Electronic Data Interchange** means the secure transmission of Claims Information from you to us by electronic means, in a specific form and manner that is approved by us.
- D. First Notice of Loss** means a written form acceptable to us that provides the complete details of the injury, disease, death or Claim. Providing a loss run, or Claims Information as required by Section H. Your Duty to Send Claims Information, does not constitute a First Notice of Loss.
- E. Full and Final Settlement** means a settlement that extinguishes and releases you from liability to make any future monetary payments on a Claim by your payment of a sum certain amount, which may include a lump sum, annuity premium, seed money, attorney fees, costs, lien waiver and/or other consideration.
- F. Your Claims Handling Duties.** It is your duty and responsibility to investigate, handle, settle, defend and appeal all Claims.
- G. Your Specific Claims Reporting Duties.** To the extent that this Policy provides Specific Excess Indemnity coverage as stated in the Schedule, it is your duty and responsibility to provide us with a First Notice of Loss for each injury or Claim as specified by this Section.
1. **Catastrophic and Serious Injury Claims – Requiring First Notice of Loss Within Five (5) Days.** You must send us a First Notice of Loss within five (5) days after the occurrence of any accident or disease exposure involving an Employee who sustained any of the following injuries, even if you are contesting your liability:
 - a. Fatality;
 - b. Brain injury;
 - c. Spinal cord injury;
 - d. Paralysis of any part of the body;
 - e. Serious burn injury (burns over 25% or more of the body);
 - f. Amputation of a major extremity;
 - g. Crushing or massive internal injury; or
 - h. Partial or total loss of vision in one or both eyes.
 2. **Employer Liability Claims – First Notice of Loss Within Thirty (30) Days.** You must send us a First Notice of Loss within thirty (30) days of your notice of a Claim that may fall under Part Two – Employers Liability of this Policy.
 3. **Other Claims Requiring Reporting by First Notice of Loss Within Thirty (30) Days.** You must send us a First Notice of Loss within thirty (30) days after the occurrence of any of the following events on an individual Claim:
 - a. The total paid Loss exceeds \$250,000 or the total incurred amount of Loss (paid and reserves) exceeds 50% of your Specific Retention, whichever event occurs first;

- b. An injured Employee misses fifty-two (52) weeks of work as a result of the injury, even if the Claim is being contested by you;
- c. An injured Employee has petitioned to be deemed, is accepted as, awarded, or found to be catastrophically or permanently and totally disabled under the Workers' Compensation Law;
- d. An accident or disease exposure involving injury to two or more Employees; or
- e. An Employee is diagnosed with cancer, heart disease, lung disease, infectious disease or other disease that is presumed to be, or found to be, compensable under the Workers' Compensation Law.

4. **Consequence of Your Failure to Send Us A Timely First Notice of Loss.** If you do not send us a First Notice of Loss of an injury or Claim within the time specified in this Section and we are prejudiced as a result, we may deny you indemnification under this Policy for Loss that arises out of or results from that injury or Claim.

H. Your Duty to Send Claims Information. You agree to provide us with any Claims Information that we may request, which may include, but is not limited to:

- 1. Providing detailed Claims Information on a specific individual Claim;
- 2. Sending us specified Claims Information on a periodic and recurring basis for all Claims within the Policy Period;
- 3. Transmitting Claims Information through Electronic Data Interchange; and
- 4. Granting us on-line read-only access to your Service Company's or, if you are self-administered, your computerized Claims system, so that we may view Claims Information.

You authorize the release and disclosure of requested Claims Information directly to us from your Service Company or any other third party that possesses such Claims Information.

I. Claims Participation by Us. At our own election and expense, we have the right and shall be given the opportunity to participate with you in the investigation, handling, settlement, defense or appeal of any Claim which might involve a Loss to us, and you agree to fully cooperate with us if we so elect to participate. We have no duty to investigate, handle, settle, defend or appeal any Claim.

J. Good Faith Claims Handling and Settlements. It is your duty and responsibility to use diligence, prudence and good faith in the investigation, handling, defense, settlement and appeal of all Claims. Your duty and responsibility include, but are not limited to, the following:

- 1. **Investigation and Defense.** You shall diligently and competently investigate, handle and defend all Claims. You shall not engage in frivolous litigation or conduct that is unreasonable, sanctionable or in bad faith. You shall comply with all applicable Workers' Compensation Laws and court rules that govern the investigation, handling and defense of Claims.
- 2. **Pursuit of Settlement.** You shall pursue settlement of each Claim when it is reasonable to do so. You shall engage in settlement discussions and participate in good faith in settlement conferences and voluntary mediation when available.
- 3. **Settlement Within Your Retention.** If you are presented with a reasonable opportunity to reach a Full and Final Settlement of a Claim within your Retention, you shall settle it. If a Claim is filed in a State that will not allow a Full and Final Settlement, and you are presented with a reasonable opportunity to reach a partial settlement of the Claim within your Retention, you shall settle it.
- 4. **Settlement Involving Loss to Us.** You shall not agree to any voluntary settlement or make a voluntary lump sum settlement payment involving Loss to us under this Policy without our written consent. If we give you our written consent to a reasonable settlement which involves Loss to us, you shall not refuse to accept the settlement. You shall do what is necessary to consummate such settlement, including executing all necessary settlement documents and remitting the settlement payment in a timely fashion.

K. Recovery.

- 1. **Recovery** means any amount recovered which may mitigate Loss covered by this Policy, including, but not limited to amounts paid:
 - a. On behalf of any third party, person or entity that may be liable for any injury, Loss or Claim covered by this Policy;
 - b. By the applicable State second injury fund, special disability fund or similar fund or trust existing under the Workers' Compensation Law or other State law, which entitle you to reimbursement for past payments or benefits made by you and/or reduce your liability to make future payments or benefits;
 - c. In satisfaction of your statutory lien rights; or
 - d. On account of overpayments, offsets, deductions or credits against your obligations to make payments or provide benefits under the Workers' Compensation Law or other State law.

2. **Your Duty to Pursue Recovery.** It is your duty and responsibility to diligently, prudently and in good faith, investigate and prosecute your rights to Recovery.
 3. **Subrogation of Your Rights.** To the extent that we have paid Loss or we believe that we may incur Loss under this Policy, we shall be subrogated to your rights to Recovery. You shall do everything necessary to protect those rights for us and to help us enforce them. At our election, we may take over your rights to Recovery and you agree to fully assist us, including assigning or transferring your rights to us or allowing us to pursue the prosecution in your name.
 4. **Allocation of Amounts Recovered.** Any Recovery received by you or us shall first be used to pay reasonable expenses of collection and then to reimburse us for any amount we have paid to you under this Policy. The balance of Recovery, if any, shall be payable to you and shall reduce the Loss paid by you under your Specific Retention for this Policy.
 5. **Non-Waiver of Your Recovery Rights.** You agree not to waive, settle or compromise your right to Recovery without our written consent if we have paid Loss or may incur Loss under this Policy.
 6. **Good Faith Settlement of Recovery Actions.** You agree not to refuse to settle any right to Recovery which, in the exercise of good faith and sound judgment, should be settled.
- L. Reimbursable Claim Handling Expense.** Reimbursable Claim Handling Expense means and is limited to the following expenses, but only if they are reasonable and directly allocated to a particular Claim covered by this Policy:
1. Fees for attorneys or their authorized representatives that are directly involved in litigation of the Claim;
 2. Litigation expenses including court costs, deposition costs, witness fees, subpoena and summons service fees;
 3. Alternative dispute expenses such as mediation and arbitration fees and expenses;
 4. Appeal bonds and appeal fees;
 5. Surveillance and investigation fees;
 6. Expert witness fees;
 7. Independent medical and forensic examination fees;
 8. Independent nurse case management and rehabilitation consultant fees;
 9. Fees for medical treatment utilization reviews if performed by a nurse or doctor;
 10. Medical bill review, auditing or re-pricing costs;
 11. Medical preferred provider network/organization (PPN/PPO) fees;
 12. Medical fee review panel expenses; and
 13. Expenses which are required by the applicable Workers' Compensation Law.
- If any other expense that is not listed above and is not otherwise excluded from Loss is nevertheless directly related to a specific covered Claim, it shall be considered a Reimbursable Claim Handling Expense only if we give you written consent prior to the expense being incurred.
- M. Proof of Loss.** You must provide us with a Proof of Loss acceptable to us to receive prompt indemnification under this Policy for the particular excess indemnity coverage provided to you as stated on the Schedule. A Proof of Loss shall contain the following information:
1. **Specific Proof of Loss.** You must provide us with a payment register listing all payments made on the Claim and any supporting documentation that we request, in a form acceptable to us.
 2. **Aggregate Proof of Loss.** You must provide us with a detailed loss run listing each Claim in the Policy Period, the date of Loss of each Claim, the amount paid, any remaining reserves, and any supporting documentation that we request, in a form acceptable to us.
- N. Commutation by Mutual Agreement.** With regard to any outstanding or unsettled Claims reported hereunder, either party may request that our liability for incurred Loss that exceeds the Specific Retention in Schedule Item 6 of this Policy be commuted. If there is mutual agreement between you and us that a commutation should be considered with regard to a Claim or Claims, then the following shall apply:
1. Within sixty (60) days after such mutual agreement to commute, you shall submit a statement of valuation for the outstanding Claim or Claims showing the elements considered reasonable to establish the commuted value of Loss.

2. The commuted value of Loss shall be calculated as the discounted present value of the Loss that exceeds the Specific Retention in Schedule Item 6, subject to the limits of liability shown in Schedule Items 7 and 8.
3. If the commuted value submitted by you is not acceptable to us, we may submit a counterproposal to you for commutation. If both parties are unable to reach an agreement on the commuted value, then the parties shall either abandon the commutation effort or agree to mutually appoint an actuary or appraiser to investigate and determine the commuted value. If both parties then agree to the commuted value arrived at by the actuary/appraiser, we shall pay the amount determined to be the commuted value of the Claim or Claims under this Policy.
4. If the commuted value determined by the appraiser above is not acceptable to both parties, they shall either abandon the commutation effort or agree to settle any difference using a panel of three actuaries, one to be chosen by each party, and a third chosen by the two so chosen. If the two actuaries fail to agree on the selection of a third actuary within sixty (60) days of their appointment, each of them shall name two, of whom the other shall decline one and the decision shall be made by drawing lots. All the actuaries shall be regularly engaged in the valuation of workers' compensation claims and shall be Fellows or Associates in the Casualty Actuarial Society. None of the actuaries shall have a financial interest in nor be a current or former employee of the parties, and all of the actuaries shall be disinterested in the outcome of the commutation.

Each party shall submit its case to its actuary within sixty (60) days of the appointment of the third actuary. The decision in writing of any two actuaries (from the panel of three), when filed with the parties hereto shall be final and binding on both parties and we shall pay the amount so determined to be the commuted value of the Claim or Claims. The expense of the actuaries and of the commutation shall be equally divided between both parties. Said commutation shall take place in St. Louis County, Missouri, unless some other location is mutually agreed upon by the parties.

5. Payment by us of the commuted value of the Claim or Claims shall constitute full and final release of our liability for such Claim or Claims and your receipt of such payment shall constitute a full and final release of any and all obligations we have under this Policy.
- O. Claims Audit and Computer Access.** You shall let us or our representatives examine and audit Claims files upon our request. You shall also let us or our representatives examine and audit your Service Company's or, if you are self-administered, your Claims practices, procedures, and records relating to Claims handling, disability and medical management, reserving, Claims reporting compliance and file conclusion. You agree to grant us access to your Service Company's or, if you are self-administered, your computerized Claims system, including on-line read-only access.
- P. Inspection.** You shall let us or our representatives inspect your premises, workplaces and equipment upon our request. Any such inspection is not a safety inspection. If we communicate any findings or issues to you after an inspection, it shall be for general purposes only. By performing an inspection we are not undertaking any duty to assure that your premises, workplaces and equipment are safe and in compliance with applicable laws or industry standards.

PART FIVE – PREMIUM

- A. Deposit and Adjustment Premiums.** At the beginning of the Policy Period, you must pay us the Deposit Premium and any flat charges shown in the Schedule.

At the end of the Policy Period:

1. You shall owe us the amount by which the Final Premium is greater than the Deposit Premium; or
2. We shall owe you the amount by which the Deposit Premium is greater than the Final Premium.

- B. Payroll Report.** Within forty-five (45) days after the end of the Policy Period, you must send us a report showing the amount of Payroll earned by your Employees during the Policy Period. The report must show Payroll separately for each classification identified in Schedule Item 11.

- C. Final Premium.** The Final Premium due to us for the Policy Period shall be computed as shown in Schedule Item 12(a).

Normal Premium means the sum of the products of your audited Payroll within each classification shown in Schedule Item 11 for each State named in Schedule Item 3 multiplied by the rate shown in Schedule Item 11 for the respective classification, the product of which shall be further multiplied by the Experience Modification Factor shown in Schedule Item 11(a) and/or any Other Modification Factor shown in Schedule Item 11(b).

Unless this Policy is cancelled, Final Premium shall be at least the Minimum Premium shown in the Schedule.

When determining Final Premium, any flat charges shown in the Schedule are not subject to additional computations or modification factors.

If we cancel this Policy, Final Premium shall be calculated pro rata based on the time this Policy was in force. Final Premium shall not be less than the pro rata share of the Minimum Premium shown in the Schedule.

If you cancel this Policy, Final Premium shall be more than pro rata; it shall be based on the time this Policy was in force, and increased by the customary short rate table and procedure. Final Premium shall not be less than the Minimum Premium shown in the Schedule.

If this Policy is automatically cancelled because of the loss of your duly qualified self-insurer status as stated in Section A. Self-Insurance of the General Section of this Policy, Final Premium shall be more than pro rata; it shall be based on the time this Policy was in force, and increased by the customary short rate table and procedure. Final Premium shall not be less than the Minimum Premium shown in the Schedule.

The Final Premium due to us shall not be reduced by the existence of any other insurance, reinsurance, indemnity agreement or other reimbursement agreement protecting you against Loss covered by this Policy.

D. Payroll means the gross pay of your Employees for the Policy Period plus other amounts and items earned by your Employees as part of their pay for the Policy Period. Payroll also includes:

1. Gross pay plus other amounts and items earned by your officers if covered under this Policy;
2. The contract price for materials and services performed by any individual deemed to be your Employee for liability purposes under the Workers' Compensation Law, if you do not have Payroll records for this individual; and
3. Assigned Payroll attributed to volunteers for whom you are legally obligated to provide benefits under the Workers' Compensation Law. Assigned Payroll means:
 - a. For volunteers other than volunteer firefighters and volunteer police officers, the federal minimum hourly wage as of the effective date of this Policy multiplied by the hours worked by the volunteers, unless the work performed by the volunteers is similar to work performed by a paid Employee who is receiving more than the federal minimum hourly wage, in which event the wage reported for the volunteer worker shall be the same as the wage reported for the paid Employee; and
 - b. For volunteer firefighters or volunteer police officers, the greater of \$12,500 per year or the same wage as reported for a paid Employee performing similar work shall be included in Payroll for each such volunteer firefighter or volunteer police officer.

Duties performed by volunteers shall be assigned to the classification code which the duties would be assigned to if performed by regular Employees.

No amount is included in Assigned Payroll for any volunteer worker who is not covered under the Workers' Compensation Law because Part One of this Policy does not apply with respect to that worker.

- E. Records.** You shall keep records of information needed to compute premium. You shall provide us with copies of those records when we ask for them.
- F. Audit.** Upon our request, you shall let us or our representatives examine and audit all your Payroll records. Payroll records include, but are not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, Payroll and disbursement records, and programs for storing and retrieving data. The audits may be conducted during your regular business hours.

PART SIX – CONDITIONS

- A. Agreement Upon Terms.** Your acceptance of this Policy means that you agree with us upon the terms of this Policy, the Schedule and any attached endorsements. You warrant that the statements you made in the application, and in any supplemental materials or information you submitted to us, are true and accurate, and understand that we have issued this Policy in reliance upon those representations. You agree that your full compliance with all of the terms and conditions of this Policy is a condition precedent to our indemnity obligations under this Policy. You shall have no right of action against us unless you have complied with all of the terms and conditions of this Policy.
- B. Sole Representative.** The Insured first named in Schedule Item 1 shall act on behalf of all Insureds to accept any agreed upon change to this Policy, to accept Loss payments, to receive return premium and to give or receive notice of cancellation.
- C. Bankruptcy or Insolvency.** Your bankruptcy or insolvency shall not relieve us from the payment of any Loss covered by this Policy. After the Retention shown on the Schedule has been paid, payments shall be made by us as if you had not become bankrupt or insolvent but not in excess of the Specific Limit or the Aggregate Limit shown on the Schedule. Payment shall be made to the Trustee in Bankruptcy or as directed by an appropriate court. We shall never make payments below the Retention shown on the Schedule, nor shall our indemnity obligations under this Policy ever be increased or broaden because of your bankruptcy or insolvency.

- D. Other Insurance.** If any other insurance, reinsurance, indemnity agreement or other reimbursement agreement exists protecting you against Loss covered by this Policy, the indemnity coverage afforded under this Policy shall apply in excess of such other insurance, reinsurance, indemnity agreement or other reimbursement agreement.
- E. Offset.** We have the right to offset any balance or amount you owe us, whether such balance is on account of premium due, Recovery due, expenses, or other amount owed, against any indemnification for Loss, premium refund or other amount we owe you under this Policy or under any other policy or agreement entered into between you and us.
- F. Transfer or Assignment of Your Rights and Duties.** Your rights or duties under this Policy shall not be transferred without our express written consent.
- G. No Third-Party Rights.** This Policy is solely between you and us. Nothing in this Policy shall in any manner create any obligations or establish any rights of action against us in favor of any third parties, or persons not a party to this Policy, including but not limited to any Employees or claimants.
- H. Service and Administration.** This Policy contemplates the concurrent and continued existence of a separate service agreement between you and the Service Company named in Schedule Item 14 relating to the administration of Claims. You agree to provide us a copy of such service agreement at our request. You further agree to immediately notify us in the event that the service agreement is amended, cancelled or terminated. We must agree to any change in the Service Company.

If Schedule Item 14 states "Approved for Self-Administration," then we have agreed to your self-administration of Claims covered by this Policy. If you have been approved for self-administration, you must obtain our consent prior to moving your administration of Claims to a Service Company.

The obligations under this Section shall survive the expiration of the Policy Period and any subsequent renewal of this Policy.

- I. Cancellation.** You may cancel this Policy by giving us at least sixty (60) days advance written notice stating the cancellation date. We may cancel this Policy by giving you at least sixty (60) days advance written notice stating the cancellation date. Our delivery of notice to your address shown in Schedule Item 2 shall be sufficient proof that we cancelled this Policy.

If this Policy is cancelled, the Policy Period shall end at 12:01 A.M. on the cancellation date. This Policy does not apply to loss or liability which arises out of bodily injury by accident or bodily injury by disease that occurs after the effective date of such cancellation.

If you fail to pay premium due to us by the due date, we have the right to cancel with ten (10) days written notice to you.

In the event of cancellation of this Policy, Final Premium shall be calculated as set forth in Part Five – Premium, Section C. Final Premium of this Policy.

- J. Non-Conformance.** If the terms of this Policy are in conflict with any law applicable to this Policy, this statement amends this Policy to conform to such law.

We have executed this Policy by printing below the facsimile signatures of our President and Secretary and by the actual signature of our authorized representative on the Schedule if required by law.

MIDWEST EMPLOYERS CASUALTY COMPANY




Signature
Secretary

Signature
President

Attachment: City of Campbell - Current Policy - Excess Workers' Compensation Coverage Contract



Midwest Employers Casualty Company (the "Company"), a member company of the W. R. Berkley Corporation ("Berkley") group of companies and each other member of the Berkley group of companies ("Affiliates") understands our customers' concern about privacy of their information collected by the Company. Our Company is dedicated to protecting the confidentiality and security of nonpublic personal information we collect about our customers in accordance with applicable laws and regulations. This notice refers to the Company by using the terms "us," "we," or "our." This notice describes our privacy policy and describes how we treat the nonpublic personal information about our customers that we receive from them ("Information").

Why We Collect and How We Use Information

We collect and use Information for business purposes with respect to our insurance products and services and other business relations involving our customers. We gather this Information to evaluate your request for insurance, to evaluate your insurance claims, to administer, maintain or review your insurance policy, and to process your insurance transactions. We also accumulate certain information about you as may be required or permitted by law.

Your insurance agent or broker also collects this Information and may use it to help with your overall insurance program or to market additional products and services to you. We may also use Information to offer you other products or services that we or our Affiliates provide.

How We Collect Information

Most Information collected by us is provided by you or your insurance agent or broker to us. We obtain Information from (i) applications or other forms submitted by you, your insurance agent or broker or your authorized representatives to us and our Affiliates, and (ii) your transactions with us or our Affiliates. We may also obtain Information from other sources such as (i) consumer reporting agencies, (ii) other institutions or information services providers (third party administrators), (iii) employers, (iv) other insurers, or (v) your family members.

Information We Disclose

We disclose any Information which we believe is necessary to conduct our business as permitted by applicable law or where required by applicable law. This disclosure may include (i) Information we receive from you on applications or other forms provided to us and our Affiliates, such as names, addresses, social security numbers, assets, employer information, salaries, etc. (ii) Information about your transactions with us and our Affiliates, such as policy coverages, premiums, payment history, etc., and (iii) Information we receive from a consumer reporting agency, such as credit worthiness and credit history.

To Whom We Disclose Information

We may, as permitted or required by applicable law, disclose your Information to nonaffiliated third parties, such as (i) your insurance agent or broker, (ii) independent claims adjusters, (iii) insurance support organizations, (iv) processing companies, (v) actuarial organizations, (vi) law firms, (vii) other insurance companies involved in an insurance transaction with you, (viii) law enforcement, regulatory, or governmental agencies, (ix) courts or parties therein pursuant to a subpoena or court order, (x) businesses with whom we have a marketing agreement, or (xi) our Affiliates.

We may share Information with our Affiliates so that they may offer you products and services from the Berkley group of companies or to analyze our book of business and to consolidate necessary information. We do not disclose Information to other companies or organizations not affiliated with us for the purpose of using Information to sell their products or services to you. For example, we do not sell your name to unaffiliated mail order or direct marketing companies.

How We Protect Information

We require our employees to protect the confidentiality of Information as required by applicable law. Access to Information by our employees is limited to administering, offering, servicing, processing or maintaining of our products and services. We also maintain physical, electronic and procedural safeguards designed to protect Information. When we share or provide Information to other persons or organizations, we contractually obligate them, if required by law, to treat Information as confidential and conform to our privacy policy and applicable laws and regulations.

Correction and Access to Information

Upon our receipt of your written request to us at Midwest Employers Casualty Company, 14755 North Outer Forty Drive, Suite 300, Chesterfield, MO 63017 (Attn: Thomas E. Lentz, Assistant Secretary), we will, generally, make available Information for your review. If you believe the Information we have about you is incorrect or inaccurate, you may request that we make any necessary corrections, additions or deletions. If we agree with your belief, we will correct our records if required by applicable law. If we do not agree, you may submit to us a short statement of dispute, which we will include in any future disclosure by us of such Information if required by applicable law.

Requirements for Privacy Notice

This privacy notice is being provided due to recently enacted federal and state laws and regulations establishing new privacy standards and requires us to provide this privacy policy. For additional information regarding our privacy policy, please write to us at Midwest Employers Casualty Company, 14755 North Outer Forty Drive, Suite 300, Chesterfield, MO 63017 (Attn: Thomas E. Lentz, Assistant Secretary).

Adopted: July 1, 2001



*City
Council
Report*

Item: 8
 Category: PUBLIC HEARINGS AND
 INTRODUCTION OF
 ORDINANCES
 Meeting Date: June 20, 2023

TITLE: Adoption of Fiscal Year (FY) 2024 Operating Budget and 2024 - 2028 Five-Year Capital Improvement Plan (CIP) and Establishment of the Appropriations Limit for FY 2024 (Resolutions/Roll Call Vote)

RECOMMENDED ACTION

That the City Council adopt a Resolution adopting the Fiscal Year (FY) 2024 City Operating and Capital budgets, including transfers, in the amounts of \$92,271,038 and \$13,556,073, for a combined total budget of \$105,827,111; and adopt a Resolution adopting findings that the proposed FY 2024-2028 Capital Improvement Plan (CIP) projects are categorically exempt under the California Environmental Quality Act (CEQA) and are consistent with the City's General Plan; approving the five-year Capital Improvement Plan with projects totaling \$94,594,079; including new capital projects of \$7,621,700 and \$8,983,028 as the amount necessary to meet the capital requirements of the City in FY 2024; directing staff to incorporate within the final adopted and published FY 2024 budget document any changes or adjustments pursuant to this public hearing and any other minor corrections prior to the budget's final publication; and adopt a Resolution establishing the Appropriations Limit for FY 2024 at \$90,285,220 pursuant to Article XIIB of the California State Constitution.

BACKGROUND

The ***Proposed Fiscal Year (FY) 2024 Operating Budget and 2024 - 2028 Five-Year Capital Improvement Plan (CIP)*** has been posted on the City's website at <https://www.ci.campbell.ca.us/151/Budget> . Also posted at this location is the complete ***Second Update of the Seven-Year Financial Forecast*** which covers FY 2024 through FY 2030. The purpose of this agenda item is to formally adopt the proposed operating budget and CIP.

DISCUSSION

For ease of viewing, staff has attached to this report the following items which are also included within the Budget and CIP book. These items have been updated, as needed, based on Council feedback received during the June 6, 2023 Budget introduction as well as other recommended staff revisions detailed within:

- City Manager Transmittal Letter
- Proposed Approving Resolutions

- FY 2024 Operating and Capital Budget
- FY 2024 CIP Conformance to General Plan (*conformance affirmed by the Planning Commission on May 9, 2023*)
- FY 2024 Appropriation Limit

Thank you for your review and consideration of the Proposed Fiscal Year (FY) 2024 Operating Budget and 2024 - 2028 Five-Year Capital Improvement Plan (CIP). Staff looks forward to speaking with you further.

FISCAL IMPACT

Complete fiscal impacts are provided with the City Manager's Transmittal Letter and the Budget and CIP documents.

Prepared by:



Will Fuentes, Finance Director

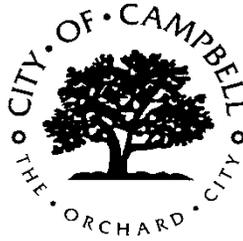
Approved by:



Brian Loventhal, City Manager

Attachment:

- a. City Manager's Transmittal Letter
- b. Resolution - FY 2024 Operating and Capital Budget
- c. Resolution - FY 2024 Conformance to General Plan
- d. Resolution - FY 2024 Appropriations Limit



June 20, 2023

Honorable Mayor, Vice-Mayor, and City Councilmembers:

I am pleased to present to you for formal consideration and adoption the **Proposed Fiscal Year (FY) 2024 Operating Budget and 2024 - 2028 Five-Year Capital Improvement Plan (CIP)**. The Operating Budget and CIP serve as a policy document, a financial plan, a communication's device, and an operation's guide; reflecting the policies, goals, programs, and service priorities and values of the City Council and the Campbell community. Specifically, the current budget and CIP process emphasizes a **Priority-based Budgeting** approach to link City resources with the strategic priorities of the City Council and community. To accomplish this, several discussions, study sessions, and regular meetings with the City Council and the community were held on the following dates:

- [February 16th Special Meeting](#) – Strategic Priorities Discussion
- [March 21st Regular Meeting](#) – Strategic Priorities Adoption
- [April 25th Budget Study Session](#) – Preliminary Workplans, Operating Budget, and CIP
- [June 6th Regular Meeting](#) – Introduction of Budget and CIP

The budget development process though continues to be an iterative process and there will be additional opportunities for Council feedback as well as community input on June 20 (**Budget Adoption**). Any further Council feedback that reaches majority consensus at the June 20 Budget Adoption meeting will be incorporated into the final Budget and CIP if it is fiscally feasible. In preparation for that meeting and so as to provide a high-level overview of the proposed budget and CIP, this transmittal letter addresses the following items:

- **A – Significant Changes since June 6th Introduction**
- **B – Financial Summary**
- **C – FY 2024 Budget Requests Update Fiscal Summary**
- **D – Proposed American Rescue Plan Act (ARPA) Usage**
- **E – Economic Update and Outlook**
- **F – Long-Range Forecast**
- **G – Federal, State, and Other Aid**
- **H – Budget Awards**
- **I – Next Steps**
- **J – Conclusions and Acknowledgements**
- **Exhibit A - FY 2024 Adopted City Council Priorities**
- **Exhibit B – FY 2024 Proposed Workplans**
- **Exhibit C – FY 2024 Budget Requests Update Detailed Listing**

A – SIGNIFICANT CHANGES SINCE JUNE 6th INTRODUCTION

The following section details significant changes to the Proposed FY 2024 Operating Budget and 2024 – 2028 CIP since the June 6th Budget Introduction. **All changes shown below are built into** the proposed budget numbers and schedules before Council:

Per Council direction received at June 6th Budget Introduction and majority consensus

- **Parks and Recreation Master Plan** – Added to the Proposed FY 2024 Operating Budget at an estimated cost of **\$200,000**; with funding coming from the ARPA Fund. This item had been recommended by staff to be deferred due to non-award of a grant to pay for 50% of the costs.
- **Climate Action Plan** – Added to the Proposed FY 2024 Operating Budget at an estimated cost of **\$300,000**; with funding coming from the ARPA Fund. This item had been recommended by staff to be deferred due to non-award of a grant to pay for 50% of the costs.
- **City Hall Public Counters and Accessibility Improvements** – Added project to Proposed 2024 – 2028 CIP at an estimated cost of **\$220,000**; with funding coming from the ARPA Fund. This was previously part of a larger \$1.5 million unfunded project for City Hall Accessibility and Council Chamber Improvements. \$1.28 million of the larger project remains on the CIP Unfunded List pending possible award of a State grant to support \$1.5 million of costs. If the City is awarded the grant, staff will bring back a budget adjustment to Council to pay for the entire \$1.5 million project from the State grant and return \$220,000 to the ARPA Fund.

Other staff recommended changes needing Council direction and approval

- **National League of Cities (NLC) Membership** – The City has had and paid for a membership with the NLC for a number of years at a cost of approximately **\$3,500** annually. This was inadvertently left out of the Proposed FY 2024 Operating Budget introduced on June 6th and has now been added; with funding coming from the General Fund.
- **HR Temporary Contractual Support** – Due to a large volume of recruitments, onboardings, and other operational needs that were difficult to accomplish with current capacity, the Human Resources (HR) Division utilized temporary contractual staffing at a cost of approximately \$65,000 in FY 2023. The Proposed FY 2024 Operating Budget introduced on June 6th reduced this to \$15,000 due to an additional HR Analyst that was previously requested at the April 25th Budget Study Session, but later deferred. Thus, the HR Division still has need for a greater level of temporary contractual support. As such, staff has added **\$20,000** for these services to the Proposed FY 2024 Operating Budget; bringing the total requested amount to \$35,000 and with funding coming from the General Fund.
- **Project Manager (One-Time Projects) 0.50 FTEs** – Due to several high priority projects in the Maintenance Administration Division (101.745), which has limited staff

capacity to manage and complete, staff requests that this previous deferral costing **\$39,000** be added back to the Proposed FY 2024 Operating Budget. Based on skill set and capacity over the next year, the temporary Project Manager may work on or support the following projects: City Hall Public Counters and Accessibility Improvements, City Hall Boiler and HVAC replacement, CCC Heritage Theater Boiler, CCC Building A HVAC Controls, CCC Sewer Line Replacement, Building M Roof Replacement, and City Facilities Roof Replacement. This would be a temporary part-time position and its on-going need would be re-evaluated in FY 2025.

B - FINANCIAL SUMMARY

General Fund – Financial Summary

Table 1 – Fund Balance Report (Condensed): All Funds Summary

FUND BALANCE REPORT					
101 GENERAL FUND	FY 21 Actual	FY 22 Actual	FY 23 Est.	FY 24 Prop.	%Chg*
Beginning Fund Balance July 1^c	\$ 16,760,622	\$ 15,404,562	\$ 16,414,905	\$ 16,957,592	
<i>(A) - Econ Flucuations + Emergency + Unassigned + PERS</i>					
Revenues					
Total Revenues	\$ 53,968,736	\$ 57,298,806	\$ 66,659,517	\$ 69,261,824	3.9%
Expenditures					
Total Expenditures by Type	\$ 55,324,796	\$ 56,288,463	\$ 66,116,829	\$ 69,110,503	4.5%
Revenues vs Expenditures	\$ (1,356,060)	\$ 1,010,342	\$ 542,688	\$ 151,321	
Ending Fund Balance June 30	\$ 15,404,562	\$ 16,414,905	\$ 16,957,592	\$ 17,108,913	
<i>*% Change from FY 2023 Estimated to FY 2024 Proposed Budget</i>					

For a more detailed Fund Balance Report, please see the [Fund Summaries](#) section of the Budget book

Currently Proposed FY 2024 Operating and Capital expenditures for the **General Fund** equal **\$69.1 million** and include:

- \$3.2 million in interfund operating transfers out to support operations in other funds; including \$767,000 to pay for 2016 Lease Revenue Bond (LRB) debt service,
- \$2.1 million in interfund capital transfers out to support Capital Improvement Plan Reserve (CIPR) projects; with \$1.7 million proposed to be offset by a transfer in from the ARPA fund and to be discussed in **Section D**,
- \$300,000 in interfund capital transfers out to support Construction Tax projects; with the entire amount proposed to be offset by a drawdown of Construction Tax reserves,
- 4% assumed salary growth for employees due to approved bargaining agreements,
- Other compensation special adjustments to bring certain positions to median,
- 8% assumed healthcare premium growth based on historical trends,
- Assumption that all vacancies will be filled in FY 2024, except for Economic Development Specialist and Arborist; pending studies and further review on each,
- Assumption that filling of remaining vacancies will be staggered based on priority,
- \$483,000 in one-time requests,

- \$775,000 in recurring requests, and
- \$789,000 in staffing requests

Related General Fund revenue sources total **\$69.3 million** and include:

- \$3.1 million in interfund operating transfers in to support General Fund operations; including an approximately \$1.2 million proposed transfer from the ARPA fund in addition to the \$1.7 million capital transfer in noted above and to be discussed in Section B, and
- \$300,000 fund balance draw from Construction Tax reserve to support capital projects

This results in estimated General Fund expenditures being fully balanced against estimated General Fund revenues in FY 2024; with a slight estimated surplus of approximately **\$151,000**. In summary, in the General Fund, expenditures for FY 2024 show a 4.5% increase when compared to FY 2023 Year-End Estimates. Conversely, General Fund revenues for FY 2024 show a 3.9% increase when compared to FY 2023 Year-End Estimates.

All City Funds – Financial Summary

Table 2 – Fund Balance Report (Condensed): All Funds Summary

FUND BALANCE REPORT					
ALL FUNDS SUMMARY					
	FY 21 Actual	FY 22 Actual	FY 23 Est.	FY 24 Prop.	%Chg*
Beginning Fund Balance July	\$ 41,418,709	\$ 60,979,369	\$ 95,914,749	\$ 34,630,961	
Revenues					
Total Revenues	\$ 137,899,587	\$ 158,266,634	\$ 103,366,564	\$ 102,145,945	-1.2%
Expenditures					
Total Expenditures by Type	\$ 118,338,927	\$ 123,331,254	\$ 164,650,352	\$ 105,827,111	-35.7%
Revenues vs Expenditures	\$ 19,560,660	\$ 34,935,380	\$ (61,283,788)	\$ (3,681,166)	
Ending Fund Balance June 30	\$ 60,979,369	\$ 95,914,749	\$ 34,630,961	\$ 30,949,795	
*% Change from FY 2023 Estimated to FY 2024 Proposed Budget					

For a more detailed Fund Balance Report, please see the [Fund Summaries](#) section of the Budget book

Currently Proposed FY 2024 Operating and Capital expenditures across ***all City funds*** equal **\$105.8 million** and include:

- \$6.7 million in interfund operating transfers out to support operations,
- \$6.2 million in interfund capital transfers out to support capital projects,
- \$4.4 million in scheduled Measure O debt service payments,
- 4% assumed salary growth for employees due to approved bargaining agreements,
- Other compensation special adjustments to bring certain positions to median,
- 8% assumed healthcare premium growth based on historical trends,
- Assumption that all vacancies will be filled in FY 2024, except for Economic Development Specialist and Arborist; pending studies and further review on each,
- Assumption that filling of remaining vacancies will be staggered based on priority,

- \$3.1 million in one-time requests,
- \$1.1 million in recurring requests,
- \$1.2 million in staffing requests, with staggered hiring based on priority,
- ***Correction of CIP Fund (#435) since June 6th Introduction to properly reflect all FY 2024 project expenditures; thereby increasing expenditures by \$1.6 million***

Related revenue sources total **\$102.1 million** and include:

- \$6.7 million in interfund operating transfers in to support operations,
- \$6.2 million in interfund capital transfers in to support capital projects, and
- \$300,000 fund balance draw from Construction Tax reserve to support capital projects

This results in an annual deficit of approximately **\$3.7 million** across all City funds. However, this deficit is largely due to proposed spending down of some of the City's one-time remaining ARPA funds by \$3.2 million (also to be discussed in **Section C** and **Section D**) and the draw down of \$1.4 million in accumulated Measure O bond premiums to partially pay for the aforementioned \$4.4 million in scheduled Measure O debt service payments; with the remaining \$3.0 million in debt service expected to be supported by estimated Measure O special property tax assessments in FY 2024. Please note that similar to prior years, staff will return to Council by early August 2023 to seek approval of Measure O tax rates for FY 2024 that are sufficient to support the remaining annual debt service payments.

In summary, across all City funds, expenditures for FY 2024 show a 35.7% decrease when compared to FY 2023 Year-End Estimates. This variance is largely due to the appropriation of the majority of Measure O bond funds in FY 2023 to support multi-year projects for a new police station and remodeled library. Additionally, across all City funds, revenues for FY 2024 show a 1.2% decrease when compared to FY 2023 Year-End Estimates. This slight decrease in FY 2024 estimated revenues is due in part to a large one-time back payment made by a top Sales Tax producer in FY 2023 that will not occur again in FY 2024 as well as a high amount of interfund capital transfers in for FY 2023 that are planned to be less in FY 2024. However, these annual decreases in revenue are almost entirely offset by significant improvements in Property Tax, Transient Occupancy Tax, and potential Intergovernmental grant awards (to be discussed in **Section G** of this report).

General Fund and Citywide revenue estimates and proposed expenditures by type and department are shown in the [Fund Summaries](#) and [Departments](#) sections of the Budget Book. And for more information on the assumptions used to estimate key revenues and other significant items of note, please see the [Funding Sources](#) sections of the Budget Book.

C – FY 2024 Budget Requests Update Fiscal Summary

Summarized below is a listing of one-time, recurring, and staffing requests that are incorporated into the Proposed Budget and CIP and those which are recommended be deferred to future fiscal years, pending necessary fiscal resources to support them. These requests account for changes presented in **Section A** above. Staff has also provided a detailed listing of each incorporated and deferred request in **Exhibit C**. Staff will be available at the June 20th Budget Adoption to discuss the items in more detail and answer any questions. Please note that proposed sources of funding are shown below and any proposed

uses of the City's remaining ARPA allocations will be explained in more detail in **Section D** of this transmittal letter.

All Request Types - Summary

Summary - All Request Types INCLUDED	FTEs	
101-General Fund	5.08	\$2,047,726
221-ARPA	2.00	\$3,277,097
233-Housing	0.50	\$40,000
TOTALS	7.58	\$5,364,373

Summary - All Request Types DEFERRED	FTEs	
101-General Fund	4.00	\$514,392
221-ARPA	0.00	\$0
233-Housing	0.50	\$77,238
TOTALS	4.50	\$591,630

Summary – All Request Types (Included & Deferred)	FTEs	
101-General Fund	9.08	\$2,561,669
221-ARPA	2.00	\$3,177,097
233-Housing	1.00	\$117,238
TOTALS	12.08	\$5,956,004

One-Time Requests - Summary

Summary - One-Time Requests INCLUDED	
101-General Fund	\$482,963
221-ARPA	\$2,652,000
TOTALS	\$3,134,963

Summary - One-Time Requests DEFERRED	
101-General Fund	\$40,000
221-ARPA	\$0
TOTALS	\$40,000

TOTAL – All One-Time Requests (Included & Deferred)	
101-General Fund	\$522,963
221-ARPA	\$2,652,000
TOTALS	\$3,174,963

Recurring Requests - Summary

Summary - Recurring Requests INCLUDED	
101-General Fund	\$774,865
221-ARPA	\$280,000

TOTALS	\$1,054,865
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Summary - Recurring Requests DEFERRED	
101-General Fund	\$47,000
221-ARPA	\$0
TOTALS	\$47,000

TOTAL – All Recurring Requests (Included & Deferred)	
101-General Fund	\$821,865
221-ARPA	\$280,000
TOTALS	\$1,101,865

Staffing Requests - Summary

Summary - Staffing Requests INCLUDED		FTEs
101-General Fund	5.08	\$789,448
221-ARPA	2.00	\$345,097
233-Housing	0.50	\$40,000
TOTALS	7.58	\$1,174,545

Summary - Staffing Requests DEFERRED		FTEs
101-General Fund	4.00	\$427,392
221-ARPA	0.00	\$0
233-Housing	0.50	\$77,238
TOTALS	4.50	\$504,630

Summary – All Staffing Requests (Included & Deferred)		FTEs
101-General Fund	9.08	\$1,216,840
221-ARPA	2.00	\$345,097
233-Housing	1.00	\$117,238
TOTALS	12.08	\$1,679,175

D – PROPOSED AMERICAN RESCUE PLAN ACT (ARPA) USAGE

The City was allocated **\$9.997 million** in ARPA funds; with equal payments of **\$4.999 million** each received in FY 2021 and FY 2022. Per ARPA guidelines, the City must obligate (appropriate and/or encumber through contractual agreements) these funds **by December 31, 2024** and spend them down fully **by December 31, 2026**. Any uncommitted or unspent funds after these deadlines are subject to be returned to the federal government. Also, while there was discussion at the Federal level of “clawing back” unspent and uncommitted ARPA funds as part of the debt ceiling negotiations, such a proposal was not included in the final approved bill and the City’s ARPA funds are safe for now.

Additionally, per US Treasury guidance, ARPA funds may be used for the following purposes in order to support recovery from the pandemic and fiscal stability and resiliency:

1. **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
2. **Support public health expenditures**, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
3. **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector
4. **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors
5. **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

Using ARPA funds to replace lost public sector revenue provides cities the most flexibility in how they can use the funds; with little prohibitions on use ***other than*** reserve replenishment, debt payments, pension paydowns, or tax deferrals. Initially though, when the US Treasury released its ***Interim Final Rule*** on ARPA, a very complex formula and set of factors were required to calculate a city's level of pandemic related revenue loss. However, in the ***Final Rule*** released in late January 2022, cities may now claim a standard revenue loss of up to **\$10.0 million** (without calculation) and use its ARPA allocations up to that amount to provide **any service traditionally provided by local governments**. This is analogous to the Standard Deduction on one's personal taxes and reduces compliance reporting significantly. As such, it is welcome news to smaller agencies with limited staffing as it relieves them from having to perform the complex revenue loss calculation. And it is especially beneficial to the City of Campbell, which received just under the \$10.0 million minimum revenue loss allowance. Thus, this affords the City the greatest flexibility in broadly using its ARPA funds to provide government services. The City may still chose to fully or partially use its ARPA allocations in the other allowable areas shown above, but there is now **no** federal requirement to do so.

As shown in **Table 3** below, as of the end of FY 2024, the City is estimated to have **\$3.17 million** remaining from its ARPA allocations, **after** the one-time, recurring, and staffing uses recommended by staff in the Proposed Budget and CIP:

Table 3 – ARPA Fund Status

ARPA Fund (#221) Status - Current as of 06-20-2023				
	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2024 Proposed
Beginning Balance	\$ -	\$2,784,217	\$7,798,450	\$6,444,983
REVENUES				
ARPA Payment from US Treasury	4,998,887	4,998,887	-	-
Interest Income	-	15,346	-	-
<i>Sub-Total: Revenues</i>	4,998,887	5,014,233	-	-
EXPENDITURES				
General Fund - Operational Support	2,214,670	-	725,467	-
Campbell Community Center (CCC) Wi-Fi Project	-	-	125,000	-
PPE & Misc. COVID Supplies	-	-	14,000	-
Downtown Barrier Monthly Rental	-	-	36,000	-
Parklet Grant Program	-	-	288,000	-
HRIS Implementation Support	-	-	165,000	60,000
Hamilton Avenue Precise Plan	-	-	-	208,000
Employee Health Screenings	-	-	-	56,000
Boiler & HVAC Replacement	-	-	-	31,000
Replacement Storage Area Network System	-	-	-	132,000
2300 Campbell Water Tower Light Replacement	-	-	-	50,000
24HH ADA Transition Plan - FY24	-	-	-	50,000
24NN Citywide ITS Enhancement Phase 2	-	-	-	100,000
2400 CCC - Heritage Theatre Boiler	-	-	-	90,000
CCC - Building A HVAC Controls	-	-	-	85,000
CCC - Building A Sewer Line Replacement	-	-	-	45,000
CCC - Building M Roof Replacement	-	-	-	400,000
City Facilities Roof Replacement	-	-	-	475,000
City Hall - HVAC Chiller Replacement	-	-	-	150,000
Contracted Mental Health Clinician	-	-	-	100,000
Contracted PERT Clinician	-	-	-	180,000
Housing Manager	-	-	-	210,585
Limited-Term Environmental Programs Specialist	-	-	-	134,512
Parks and Recreation Master Plan	-	-	-	200,000
Climate Action Plan	-	-	-	300,000
City Hall Public Counters & Accessibility Improvements	-	-	-	220,000
<i>Sub-Total: Expenditures</i>	2,214,670	-	1,353,467	3,277,097
Ending Balance	\$2,784,217	\$7,798,450	\$6,444,983	\$3,167,886

Please note that the last three items were added per Council direction received at the June 6th Budget Introduction and majority consensus. In addition, the Contracted Mental Health Clinician (\$100,000), Contracted PERT Clinician (\$180,000), Housing Manager (\$210,585), and Limited-Term Environmental Programs Specialist (\$134,512) are also recommended to be supported by the ARPA Fund in their second year (FY 2025) at a total annual cost of \$625,097; thereby leaving the ARPA fund with an estimated fund balance of approximately **\$2.54 million** by the end of FY 2025. After FY 2025, these costs will return to the General Fund (Mental Health and PERT Clinicians), Housing Fund (Housing Manager), or end (Environmental Programs Specialist). However, the City is likely to receive a full grant for the Hamilton Avenue Precise and if so, any APRA funds planned as a match for the project (\$208,000) will not be needed. Staff will update Council on that grant once a final award

decision is made (estimated late June 2023). And lastly, if the City is awarded a grant for City Hall Public Counters and Accessibility Improvements, staff will bring back a budget adjustment to Council to pay for the entire \$1.5 million project from the State grant and return \$220,000 to the ARPA Fund. Should the City receive both grants noted above, the ARPA fund will have an estimated fund balance of approximately **\$2.97 million** by the end of FY 2025.

E - ECONOMIC UPDATE AND OUTLOOK

Markets breathed a collective sigh of relief the week of June 9th following the passing and signing of the Fiscal Responsibility Act of 2023, which effectively suspends the federal debt ceiling through January 1, 2025 and averted a potentially catastrophic US government default. The S&P Global US Services Purchasing Managers' Index (PMI) came in at 54.9 for May, which was slightly lower than expected but was the fourth consecutive month of expansion and the highest level in over a year. The Institute for Supply Management (ISM) Services Index fell to 50.3 in May from 51.9 in the prior month, indicating that demand for services is slowing down which could cause inflation to ease. The index remains slightly above 50 in expansionary territory.

US consumer confidence fell to a six-month low in May, reflecting concerns about the current state of the labor market and business conditions. The confidence gauge remains below pre-pandemic levels, and respondents' expectations of more employment opportunities in the next six months have decreased. Manufacturing activity, as indicated by the Dallas Fed Manufacturing and MNI Chicago PMI Report, showed contraction and declined at a faster pace in May. US factory activity has now shrunk for the seventh consecutive month, with orders contracting and material costs experiencing the largest decline in nearly a year. These indicators suggest ongoing challenges in manufacturing actively while inflationary pressures continue to trend lower. Nevertheless, the Personal Consumption Expenditures (PCE) Index rose faster than expected at 4.4% year-over-year in April, higher than expectations of 4.3%. Excluding food and energy, the core PCE price index, the Federal Reserve's (Fed) preferred inflation gauge, climbed 4.7%, surpassing expectations of 4.6% and higher from the prior month read of 4.6%. Additional data released the week of May 26th included an estimate for first quarter US GDP growth which was revised up to 1.3% from 1.1%. Personal spending added 2.52 percentage points revised up from 2.48 and government consumption was revised to 0.89 from 0.81. The Chicago Fed National Activity index (CFNAI) climbed slightly higher than trendline growth on a monthly basis in April at 0.07, but the 3-month average remains stubbornly under trendline at -0.22. Improvement was seen across major components such as production, employment, and personal consumption, and fifty-two out of the eighty-five indicators improved from the prior month. And lastly, the University of Michigan Consumer Sentiment index came in at 59.2 for May, down from 63.5 in April. Consumers' inflation expectations are 4.2% for the coming year, down from 4.6% last month, and the 5-year measure, a closely watched indicator for the Fed moved slightly higher to 3.1% from the prior months read of 3.0%. Durable Goods Orders increased 1.1%, beating survey expectations of -1.0%. Inclusive of the 3.3% seen in March, Durable Goods Orders are up two consecutive months.

In March, the US housing market experienced a decline in prices compared to the previous year, as indicated by the S&P/Case-Shiller 20-City Home Price Index. The index showed a year-over-year decrease of 1.15%, marking the first decline since May 2012. Among the 20

cities surveyed, Seattle (-12.4%), San Francisco (-11.2%), and San Diego (-5.3%) reported the largest declines in housing prices. Conversely, Miami (7.7%), Tampa (4.8%), and Charlotte (4.7%) saw the highest annual gains in housing prices. Challenges such as higher mortgage rates and overall affordability continue to impact the housing market. Nevertheless, the housing market got some positive news the week of May 26th with new home sales rising unexpectedly by 4.1% to an annualized pace of 683,000 units in April from a downwardly revised 656,000 in March. The median sales price of a new home dropped 8.2% from the prior year to \$420,800. According to the National Association of Homebuilders new home construction currently accounts for approximately a third of housing inventory but averages about 10% of total sales. According to Freddie Mac, the U.S. weekly average for a 30-year fixed rate mortgage was 6.57% up from a 6.39% average last week. In Santa Clara County, the average home price increased slightly to \$1.84 million in Q1 of calendar year 2023 when compared to an average home price of \$1.83 million in Q4 of calendar year 2022; with home sales equaling 1,454 units and 1,823 units in the respective quarters. And in Campbell, the average home price decreased slightly to \$1.84 million in Q1 of calendar year 2023 when compared to an average home price of \$1.93 million in Q4 of calendar year 2022; with home sales equaling 25 units and 53 units in the respective quarters.

The latest US jobs report showed mixed signals regarding the state of the labor market. On one hand, there were stronger-than-expected payroll gains in May, with nonfarm payrolls increasing by 339,000, following an upwardly revised gain of 294,000 in April. The job gains were observed in various sectors, including skilled services, construction, transportation, warehousing, and social assistance. However, there was also a decline in household employment, which led to a higher unemployment rate of 3.7% in May compared to 3.5% in April. Additionally, hourly earnings moderated, and average hours worked per week slightly decreased. These conflicting data points suggest some uncertainty in assessing the overall health of the labor market. In addition, initial jobless claims for the week ended June 10 came in unexpectedly high at 261,000, exceeding consensus estimates calling for 235,000. The jobless claims number is historically volatile and could have been impacted by the shortened Memorial Day week and the Hollywood writers' strike. Sustained jobless claims over 250,000 can be indicative of labor market weakness and higher unemployment, and could be supportive of a Fed pause at their June 13-14 meeting. Although the bond market has one more 0.25% rate hike mostly priced in for one of the next two upcoming meetings, staff's view is that the Fed is close to pausing rate hikes. The market will be watching for this weeks' initial jobless claims report, along with CPI inflation, the FOMC meeting, and advance retail sales.

In California, total nonfarm employment in the state increased by 67,000 jobs over the month of April 2023. Additionally, statewide unemployment equaled 4.5% in April 2023; up from a rate of 4.4% in March 2023 and a rate of 4.1% in April 2022. In Santa Clara County, the rate decreased to 2.9% in April 2023; down from 3.2% in March 2023, but up from 2.5% in April 2022. And in Campbell, the rate decreased to 2.6% in April 2023; down from 2.7% in March 2023, but up from 2.3% in April 2023. Thus, the County and City have seen some slight impacts due to recent layoffs in the technology sector, but it has not been a significant impact to unemployment numbers. At its pandemic high point in April 2020, the Campbell unemployment rate had reached 11.7%.

Staff continues to forecast positive but below trend growth over the course of calendar year 2023. Financial conditions have clearly tightened and are having the desired Treasury impact of slowing down the velocity of the economy. We believe inflation will move lower but not with

a pace and magnitude to justify a quick pivot by the Federal Reserve to lower policy rates early in the second half of 2023. Many economists continue to look for the Federal Reserve to pause and hold its policy rate at the current range of 5.00% to 5.25% for the balance of 2023, putting downward pressure on economic growth and inflation. Thus, Campbell will likely see some revenue growth in FY 2024, but it will be limited.

F - LONG-RANGE FORECAST

The Second Update of the Seven-Year Financial Forecast is shown and discussed in more detail in a separate section of this Budget book called “[Long-Range Financial Forecast](#)”. The forecast is meant to assist Council and staff in determining whether current expenditure decisions made in FY 2024 can be supported long-term over through FY 2030. While several new costs were added to FY 2024 since the June 6th Budget Introduction, staff also corrected out years of the forecast to remove any one-time expenses beyond FY 2024. As a result, all years of the forecast are now balanced.

G – FEDERAL, STATE, AND OTHER AID

As previously noted, the City is received **\$9.997 million** total in one-time American Rescue Plan Act (ARPA) funding; with the first payment of \$4.999 million received in FY 2021 and the second payment of \$4.999 million received in FY 2022. These are one-time monies and must again be obligated (appropriated and/or encumbered through contractual agreements) **by December 31, 2024** and spent down fully **by December 31, 2026**.

In addition to ARPA, staff has submitted a **\$7.2 million** federal budget request to Representative Eshoo’s office for a Community Center Accessibility Enhancements project (\$1.2 million) and a Hamilton Avenue Rehabilitation and Complete Streets Improvements project (\$6.0 million). Staff is cautiously optimistic about being awarded these funds, but has not received notice as of yet.

At the State level, staff has also submitted a \$1.5 million request for ADA and other associated improvements at City Hall. In light of the State’s budget issues, staff is not optimistic about being awarded these funds, but has not received notice as of yet.

And lastly, the current Proposed Budget and CIP assume the following grants will be awarded to the City for the following projects. Staff hopes to receive notice on these grants shortly, but has not as of yet. If the City is not awarded these grants, the Council may wish to continue funding the projects entirely with City funds or defer the projects to a later date when necessary funding is available:

- **Unhoused Coordinator (Destination Home)** – Total Annual Cost - **\$150,000**; Grant - \$150,000; City Match - **\$0** (Housing Fund); Probability of grant success: **HIGH**; *Note – Staff received Council approval to apply for this grant on May 16, 2023 and if awarded, it would pay for three years of costs at \$150,000 per year / \$450,000 total.*
- **Citywide Multimodal Transportation Plan** – Total Project Cost - **\$650,000**; Grant - \$572,000; City Match - **\$78,000** (General Fund); Probability of grant success: **MEDIUM**; *Note – Staff recommends deferring if not awarded*

- **Hamilton Avenue/Highway 17 Bicycle Overcrossing Planning Study** – Total Project Cost - **\$380,000**; Grant - \$266,000; City Match - **\$114,000** (General Fund); Probability of grant success: **MEDIUM**
- **Hamilton Avenue Precise Plan** – Total Project Cost - **\$400,000**; Grant - \$192,000; City Match - **\$208,000** (ARPA Fund); Probability of grant success: **HIGH**

H - BUDGET AND FINANCIAL AWARDS

For the 30th consecutive year, the City's FY 2023 budget received national recognition by earning the Government Finance Officers Association (GFOA) "Distinguished Budget Award." To receive the Distinguished Budget Presentation Award, a city must publish a budget document that serves as a policy document, a financial plan, a communications device, and an operations guide. We believe the FY 2024 budget conforms to GFOA program requirements. Additionally, FY 2023 is the 25th year an award of "Excellence in Budgeting" has been received from the California Society of Municipal Finance Officers (CSMFO). Copies of both awards appear in the "[Budget Reference Materials](#)" section of this document. It also should be noted that the City's Annual Financial Report has also been an award-winning document for excellence in financial reporting at both the State and national levels for many years.

I - NEXT STEPS

- June 20: Adoption of Operating Budget, CIP, and Gann Limit

J - CONCLUSION AND ACKNOWLEDGEMENTS

The development of the Proposed Fiscal Year (FY) 2024 Operating Budget and 2024 - 2028 Five-Year Capital Improvement Plan (CIP) was made possible through the knowledge and contribution of the City's employees, input and support from our community, and direction of the City Council. Despite the economic pressures of the past few years, the City has done well to preserve core services and is benefitting from a recovering economy. Nevertheless, we continue to remain cautious, conservative, and strategic in our operational growth to ensure long-term fiscal sustainability.

I wish to thank everyone who participated in the budget process this year including the City Council and members of the Executive Team. Finally, I would like to recognize the staff within the Finance Department for their dedication and hard work that went into coordinating, developing, and publishing this budget document.

Respectfully submitted,



Brian Loventhal
City Manager

**Exhibit A
FY 2024 Adopted City Council Priorities**

Strategic Objectives	Council Priorities	Comments by Council Members
Land Use	Long-Term Land Use Planning and Housing	<ul style="list-style-type: none"> • Approve and begin implementation of the General Plan, Housing Element and Objective Standards • Comprehensive Bike/Ped Safety Plan • Hamilton Avenue Precise Plan • Develop objective standards for residential single-family neighborhoods • Address homelessness • Consider tenant rights such as rent control • Park deficiencies: Meet the needs of residents • Evaluate Cannabis Program
	Measure O	<ul style="list-style-type: none"> • Next steps for Measure O, approving bids and specs, going to bid, start construction • Continue to support Oversight Committee • Would like to see some money for ADA improvements at City Hall
Financial Health	Financial Stability	<ul style="list-style-type: none"> • Be strategic about seeking funding from other public agencies • Make sure we have enough resources to support housing programs • Support software and technology for organizational and community resiliency (HRIS, Permitting, etc.) • Support development of short-term and long-term Economic Development Plan • Consider ARPA funding allocations • Support periodic and routine financial reporting • Review unfunded pension liability • Support asset valuation study and assessment of maintenance costs • Explore potential revenue sources • Look strategically for funding to implement Housing Element • Continue to pursue grant funding opportunities • Support personnel recruiting efforts

Strategic Objectives	Council Priorities	Comments by Council Members
Environment	Sustainability	<ul style="list-style-type: none"> • Support development of Climate Action Plan • SB 1383 implementation, equity for all housing types • Support resiliency of City facilities • Consider efforts to preserve City tree canopy
Community	Community Health and Safety	<ul style="list-style-type: none"> • Support traffic calming program • Support small businesses • Promote mental health through first responders and partnerships • Promote 988 program • Inclusivity: consider ways to be more inclusive, for example: ADA access, sign language translation, etc. • Support Gun Safety public information campaign • Promote Council and City initiatives: Promote what we do • Consider Governance policies • Boards and Commissions structure • Support crossing guard program: Look to school districts for cost sharing • Support Emergency Management development and training

Exhibit B FY 2024 Proposed Workplans

City Manager

- Provide staff support to the City Council's evaluation of cannabis ordinance **[Council Priority - Long-Term Land Use Planning and Housing]**
- Provide staff support to the Civic Improvement Commission **[Operational Need]**
- Coordinate, plan and provide staff support for the State of the City event and All Hands Meeting **[Operational Need]**
- Coordinate tracking of state legislation (that may impact City) with Legislative Subcommittee **[Operational Need]**
- Continue to provide guidance and support for labor related issues **[Operational Need]**
- Promote City Council initiatives through various forms of media **[Operational Need]**

Measure O

- Provide overall coordination of Measure O Police, Library, and related projects **[Council Priority – Measure O]**
- Conduct public bid process to construct both the Library and Police Building projects **[Council Priority – Measure O]**
- Begin the construction of both the Library and Police Building projects **[Council Priority – Measure O]**
- Provide support to the Measure O Citizens' Oversight Committee **[Council Priority – Measure O]**

Human Resources

- In collaboration with the Finance Department and Information Technology (IT) Division as well as other key stakeholders, complete the implementation, testing, and training for a new Human Resources Information and Payroll System **LEAD DEPARTMENT - IT [Council Priority – Financial Stability]**
- Coordinate and plan Benefits Fair and Volunteer Program for City staff **[Operational Need]**
- Work with Liebert Cassidy Whitmore on meet and confer items with CMEA, CPCEA, CPOA, and CARP **[Operational Need]**
- Develop plan to fill key leadership and vacant positions with a strategic approach **[Operational Need]**
- Launch Citywide Mandatory Training Series to cover essential topics such as Harassment Prevention, Ethics, Anti-bias, Front Counter Security Training, and Active Shooter Training **[Operational Need]**
- Conduct a needs assessment to determine which policies and procedures require updating and prioritize them based on their level of importance and impact on the organization **[Operational Need]**

Information Technology

- Provide IT consultation regarding Measure O projects **[Council Priority – Measure O]**

- Adapt Zero-Trust security stance for all enterprise technology platforms **[Financial Stability]**
- Deploy a new Human Resource Information System **[Financial Stability]**
- Deploy electronic Payroll System **[Financial Stability]**
- Assist in the purchase of a new Finance System **[Operational Need]**
- Purchase and deploy replacement of Storage Area Network **[Operational Need]**
- Purchase and deploy replacement Network Firewall system **[Financial Stability]**
- Extend publicly accessible Wi-Fi at Community Center **[Operational Need]**
- Replace 25% of antiquated desktop computers **[Operational Need]**
- Deployment of new PRA automation **[Operational Need]**
- Continue public meeting recording and management **[Operational Need]**
- Replace public meeting video and recording systems **[Operational Need]**
- PD - Upgrades related to DOJ mandates (NIBRS) **[Operational Need]**

Economic Development

- Evaluate the provision of Economic Development services and consider alternatives **[Council Priority – Financial Stability]**
- Implement short-term development strategy to minimize sales tax leakage and fill commercial vacancies **[Council Priority – Financial Stability]**
- Continue to work on update to the City’s long-term Economic Development Plan **[Council Priority – Financial Stability]**
- Develop programs to support small business **[Council Priority – Financial Stability]**

City Clerk

- Conduct Boards and Commissions Brown Act Trainings **[Council Priority – Community Health and Safety]**
- Implement automated public records request system **[Operational Need]**
- Comprehensive review of citywide records, coordinate and implement a revised records retention schedule and procedures **[Operational Need]**

Community Development

Administration

- In coordination with the Finance Department, City Council, key stakeholders, and outside consultants (as needed), develop funding strategies and options to support Housing Element programs. **CO-LEAD DEPARTMENTS - Finance and Community Development [Council Priorities – Financial Stability and Long-Term and Land Use Planning and Housing]**
- Upgrade permit tracking system to create greater efficiencies and increase performance in permit processing. **[Operational Need]**

Policy Development

- Prepare a Citywide Climate Action Plan (Spring 2023) **[Council Priority – Sustainability]**
- Complete update to Zoning Ordinance and objective standards for single family residential in conformance with state laws. **[Council Priority – Long - Term Land Use Planning and Housing]**

- In coordination with the Public Works Department, start preparation of Hamilton Avenue Precise Plan **[Council Priority – Long - Term Land Use Planning and Housing]**
- In coordination with the Recreation and Community Services and Public Works Departments, prepare a Citywide Parks and Recreation Facilities Master Plan **[Council Priority – Long - Term Land Use Planning and Housing]**
- In coordination with the Public Works Department, preparation of a Citywide Multimodal plan with bicycle and pedestrian improvements **[Council Priority – Long - Term Land Use Planning and Housing]**

Building

- Expand capacity to provide plan check and inspection services to support volume of existing and future permit applications **[Operational Need]**

Housing Assistance

- Implement BMR Housing program improvements as identified in Housing Program audit in association with Housing Element implementation **[Council Priority – Long - Term Land Use Planning and Housing]**
- Prepare nexus studies to consider modifications to the City's Inclusionary Housing Ordinance and creation of a Commercial Linkage Housing Fee to support Affordable Housing production **[Council Priority – Long - Term Land Use Planning and Housing]**
- Prepare Affordable Housing Overlay Zone to support affordable housing development **[Council Priority – Long -Term Land Use Planning and Housing]**
- Conduct feasibility studies for potential development of corporation yard for affordable housing **[Council Priority – Long Term Land Use Planning and Housing]**
- Expand homelessness programs including development of a Homekey project and hiring of an unhoused coordinator **[Council Priority – Long - Term Land Use Planning and Housing]**

Economic Development

- Complete Update to Economic Development Plan & Short-Term Strategic Plan **[Council Priority – Financial Stability]**
- In coordination with the Public Works Department, complete implementation of downtown Semi-Permanent Parklet Program **[Operational Need]**

Finance

- Develop strategies to systematically address Unfunded Pension Liabilities in the short- and long-term **[Council Priority – Financial Stability]**
- In collaboration with the Human Resources and Information Technology (IT) Divisions as well as other key stakeholders, complete the implementation, testing, and training for a new Human Resources Information and Payroll System **LEAD DEPARTMENT - IT [Council Priority – Financial Stability]**
- Where feasible, implement recommendations regarding modifications and improvements to the City's purchasing policies, procedures, operations, and systems **[Council Priority – Financial Stability]**

- Using results of completed facilities condition assessment, collaborate with the Public Works and Recreation and Community Services Departments to prepare capital projects to address Citywide deferred maintenance issues in future Capital Improvement Plans (CIP) **LEAD DEPARTMENT - Public Works [Council Priority – Financial Stability]**
- In coordination with an outside consultant, the City Manager’s Office, all members of the Executive Team, and other key stakeholders, explore potential new revenue sources to add to the FY 2025 Master Fee Schedule and/or place on the 2024 General Election ballot **LEAD DEPARTMENTS – City Manager’s Office and Finance Department [Council Priority – Financial Stability]**
- In coordination with the City Manager’s Office and all members of the Executive Team, consider how to most effectively, appropriately, and timely use the City’s remaining American Rescue Plan Act (ARPA) allocations **LEAD DEPARTMENTS – City Manager’s Office and Finance Department [Council Priority – Financial Stability]**
- In coordination with the Community Development Department, City Council, key stakeholders, and outside consultants (as needed), develop funding strategies and options to support Housing Element programs. **CO-LEAD DEPARTMENTS - Finance and Community Development [Council Priorities – Financial Stability and Long-Term and Land Use Planning and Housing]**

Legal Services

- Work with Community Development and Public Works to finish update of Subdivision Ordinance **[Council Priority - Long-Term Land Use Planning and Housing]**
- Assist in City Council’s evaluation of cannabis ordinance **[Council Priority - Long-Term Land Use Planning and Housing]**
- Provide support on implementation of Measure O **[Council Priority – Measure O]**
- Assist City Clerk with revised records retention schedule and procedures **[Operational Need]**
- Assist Community Development with/review Citywide Climate Action Plan **[Council Priority – Sustainability]**
- Assist Community Development with completing update to Zoning Ordinance and objective standards for single family residential in conformance with state laws. **[Council Priority – Long - Term Land Use Planning and Housing]**
- Review Hamilton Avenue Precise Plan **[Council Priority – Long - Term Land Use Planning and Housing]**
- Assist Community Development with/review nexus studies to consider modifications to the City’s Inclusionary Housing Ordinance and creation of a Commercial Linkage Housing Fee to support Affordable Housing production **[Council Priority – Long - Term Land Use Planning and Housing]**
- Assist Community Development with/review Affordable Housing Overlay Zone to support affordable housing development **[Council Priority – Long -Term Land Use Planning and Housing]**

Police

- Support and provide feedback regarding the design of new Police Station funded by Measure O bonds **[Council Priority - Measure O]**
- Work jointly with the City Manager's office, Public Works, and Finance to confirm Furniture, Fixture, and Equipment (FFE) needs for the new Public Safety building and sufficiency of state grant finding **LEAD Department – Public Works [Council Priority – Measure O]**
- Implement new technologies including Axon Computer Aided Dispatch (CAD) system and Next Generation 911 **[Council Priority – Community Health and Safety]**
- Work with Campbell Union School District and Moreland School District to enter into an MOU for contracted crossing guard services **[Council Priority – Community Health and Safety]**
- Coordinate with Santa Clara County Behavioral Health to enter into an MOU to obtain a PERT clinician to provide alternative responses to mental health crises **[Council Priority – Community Health and Safety]**
- Recruit and hire qualified candidates for police officer and dispatch vacancies and upcoming retirements **[Council Priority – Community Health and Safety]**

Public Works

Administration

- Manage and implement Measure O design process; complete design of Library and Police building projects; conduct bid process; award construction contracts **[Council Priority - Measure O Implementation]**
- Represent Campbell in long range regional transportation planning efforts - Envision Silicon Valley and Plan Bay Area 2050 process **[Council Priority - Long-Term Land Use Planning and Housing]**

Transportation Engineering

- Review and consider revisions to the City's Traffic Calming Policy **[Council Priority – Community Health and Safety]**
- Manage, design, and implement traffic calming improvements **[Council Priority – Community Health and Safety]**
- In coordination with the Community Development Department, manage, design, and implement bicycle and pedestrian enhancements and safety improvements **[Council Priority - Long-Term Land Use Planning and Housing]**
- Manage Safe Routes to School Maps Project **[Council Priority – Community Health and Safety]**
- In coordination with the Community Development Department, manage Hamilton Avenue/State Route 17 Bicycle Overcrossing Planning Study (tentative, pending VTA scoring committee results) **[Council Priority - Long-Term Land Use Planning and Housing]**
- Apply for and manage grant funds as provided through VTA and other granting agencies **[Council Priority – Financial Stability]**
- Manage the construction of the Citywide ITS Enhancements Project **[CIP Support]**

Engineering

- Review development proposals for compliance with the reissued Storm Water Municipal Regional Permit (MRP 3.0), including necessary updates to the Green Infrastructure Plan **[Council Priority – Long-Term Land Use Planning and Housing]**
- Implement the Annual Street Maintenance Program **[Council Priority – Financial Stability]**
- Complete Camden Avenue Resurfacing project (Under bid/award and construction) **[Operational Need]**
- Manage and implement all other approved Capital Improvement Projects **[Operational Need]**
- Complete Standard Details and Technical Specifications for Public Works Construction **[Operational Need]**
- Review applications and issue permits for small-cell wireless projects **[Operational Need]**
- Maintain streetlight inventory and assist with street lighting needs for projects **[CIP Support]**
- Review and approve land development projects for compliance with City policies adopted plans, and City standard plans and details, and identify associated improvements on public rights-of-way **[Operational Need]**
- In coordination with the Community Development Department, facilitate construction of Semi-permanent Parklets in Downtown Campbell **[Operational Need]**
- In coordination with the Recreation and Community Services and Community Development Departments, prepare a Citywide Parks and Recreation Facilities Master Plan **[Council Priority – Long - Term Land Use Planning and Housing]**

Maintenance

- Complete a comprehensive Inventory and Condition Assessment of all City Facilities **[Council Priority - Financial Stability]**
- Complete all approved Capital Improvement Projects, including the John D Morgan Parking Lot Renovation and Virginia Park playground replacement **[Council Priority – Sustainability]**
- Complete Maintenance Zones 1 & 6 removal and replacement of City-owned displaced sidewalks, curb and gutter and structural tree trimming **[Council Priority – Community Health and Safety]**
- Complete installation of new Tesco Battery Backup Systems to all signalized intersections **[Council Priority – Community Health and Safety]**
- Implement water conservation strategies including turf and irrigation controller upgrades for the Community Center and sports fields **[Council Priority – Sustainability]**
- Support volunteer events such as Keep America Beautiful and Campbell Garage Sale **[Operational Need]**
- Complete the acquisition and installation of a new Traffic Signal and Lighting Modular Building at the Service Center **[CIP Support]**
- Complete replacement of the Ainsley House Garden Fencing along Grant Avenue **[Operational Need]**
- Complete the installation and implementation of the new Honeywell HVAC controls system supervisory software program in coordination with IT team **[Operational Need]**
- Coordinate with Recreation on the improvements to Building M room 50 [Grant Funding]
- Complete all approved vehicle and equipment purchases and lease acquisitions **[Operational Need]**

- Complete replacement of three diesel-powered heavy-duty trucks with gasoline powered vehicles to meet EPA Tier 4 motor requirements **[Operational Need]**
- Complete asphalt repairs, seal coating, and striping for the Los Gatos Creek Trail **[Operational Need]**
- Complete Annual Crack Seal Project **[Operational Need]**
- Complete installation of Calsense Irrigation Controller for John D Morgan Park **[Operational Need]**

Environmental

- Provide grant support for the turf conversion project at the Campbell Community Center **[Council Priority - Sustainability]**
- Provide solid waste, stormwater, and water conservation expertise for the Campbell Climate Action Adaptation Plan **[Council Priority - Sustainability]**
- Coordinate and support efforts to implement the requirements of SB 1383 **[Council Priority - Sustainability]**
- Coordinate and support the RFP process for the solid waste hauler rebranding effort **[Council Priority - Sustainability]**
- Provide support to the Solid Waste Management Authority when implementing the new solid waste hauler agreement and associated requirements **[Council Priority - Sustainability]**
- Provide support to the West Valley Clean Water Authority when implementing the regional stormwater MRP 3.0 **[Council Priority - Sustainability]**

Measure O – (City Manager’s Office)

- Complete design process for both Police and Library buildings **[Council Priority - Measure O]**
- Conduct Bid process and award construction contracts for both the Library and Police Building projects **[Council Priority - Measure O]**
- Begin the construction of both the Library and Police Building projects **[Council Priority - Measure O]**
- Implement Civic Center site staging plan to accommodate City Hall customers and employee parking **[Council Priority - Measure O]**
- Provide support to the Citizens’ Oversight Committee **[Council Priority - Measure O]**

Recreation and Community Services

- Collaborate with Public Works and Community Development for Parks and Recreation Master Plan if grant funded is awarded **[Council Priority – Long-Term Land Use Planning and Housing]**
- Develop strategies and engage the community on long term needs of the community center as community wellness hub **[Council Priority – Long-Term Land Use Planning and Housing]**
- Renew Age-Friendly Cities designation with World Health Organization (WHO) **[Operational Need]**
- Revise Recreation Youth Scholarship policy to be more inclusive and expand financial resources **[Operational Need]**

Museum

- Increase accessible searchable Museum collection records by 5% [**Operational Need**]

Exhibit C
FY 2024 Budget Requests Update Detailed Listing

All Request Types - Summary

Summary - All Request Types INCLUDED	FTEs	
101-General Fund	5.08	\$2,047,726
221-ARPA	2.00	\$3,277,097
233-Housing	0.50	\$40,000
TOTALS	7.58	\$5,364,373

Summary - All Request Types DEFERRED	FTEs	
101-General Fund	4.00	\$514,392
221-ARPA	0.00	\$0
233-Housing	0.50	\$77,238
TOTALS	4.50	\$591,630

Summary – All Request Types (Included & Deferred)	FTEs	
101-General Fund	9.08	\$2,561,669
221-ARPA	2.00	\$3,177,097
233-Housing	1.00	\$117,238
TOTALS	12.08	\$5,956,004

One-Time Requests - Summary

Summary - One-Time Requests INCLUDED	
101-General Fund	\$482,963
221-ARPA	\$2,652,000
TOTALS	\$3,134,963

Summary - One-Time Requests DEFERRED	
101-General Fund	\$40,000
221-ARPA	\$0
TOTALS	\$40,000

TOTAL – All One-Time Requests (Included & Deferred)	
101-General Fund	\$522,963
221-ARPA	\$2,652,000
TOTALS	\$3,174,963

Detail - One-Time Requests INCLUDED

- **Initial implementation of Economic Development Strategy - \$25,000**; Department: **CMO**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: One-time cost of implementing the economic development strategy after it has been approved and adopted.

- **Contractual Economic Development Staffing - \$48,505;** Department: **CMO**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: Linked to Council objective to "Support development of short-term and long-term Economic Development Plan." Contractual staffing costs not offset by full-year vacancy savings for Economic Development Specialist in FY 2024. Net costs between staffing savings and contractual costs shown.

- **Finish Implementation of HR/Payroll System - \$60,000;** Department: **Finance**; Funding Source – **ARPA Fund**; Council Priority – **Financial Stability**

Description/Notes: Linked to Council objective to "Support software and technology for organizational and community resiliency (HRIS, Permitting, etc.)." Remaining contractual staffing services needed in FY 2024 to finish testing, training, and implementation of system.

- **Contractual Finance Manager Support - \$37,158;** Department: **Finance**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: Contractual staffing costs not offset by partial-year vacancy savings for Finance Manager in FY 2024. FY 2023 costs approved by Council on April 18, 2023. Net costs between staffing savings and contractual costs shown.

- **20th Anniversary Show at Heritage Theatre - \$30,000;** Department: **Recreation**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: Net additional costs after ticket sales to add a 7th show at Heritage Theatre to celebrate the Theatre's 20th Anniversary.

- **Mobile Inspector Workstation - \$2,000;** Department: **CDD**; Funding Source – **General Fund**; Council Priority – **Long-Term Land Use Planning and Housing**

Description/Notes: Purchase and installation within the vehicles of inspectors so that they can print and review when they are in the field.

- **Misc. Office - Monitors and Equipment for Staff - \$11,000;** Department: **CDD**; Funding Source – **General Fund**; Council Priority – **Long-Term Land Use Planning and Housing**

Description/Notes: For routine refreshment of staff computing equipment every 3-5 years.

- **MGO Project Manager - \$60,000;** Department: **CDD**; Funding Source – **General Fund**; Council Priority – **Long-Term Land Use Planning and Housing**

Description/Notes: Special limited-term contractual Project Manager to assist with MGO permit system build outs for the department across all divisions.

- **Training on MFDDS / Objective Standards - \$10,000;** Department: **CDD**; Funding Source – **General Fund**; Council Priority – **Long-Term Land Use Planning and Housing**

Description/Notes: One-time training on new Multi-Family Development and Design Standards (MFDDS) and Objective Standards.

- **Citywide Multitmodal Transportation Plan - \$78,000;** Department: **CDD**; Funding Source – **General Fund**; Council Priority – **Long-Term Land Use Planning and Housing**; Note - City grant match shown. Full cost \$650,000. Will defer if not awarded.

Description/Notes: City grant match shown. Full cost \$650,000. Staff recommends to defer if not awarded. Grant may pay for 88% (to be announced late summer 2023). Probability of grant success: MEDIUM.

- **Hamilton Avenue/Highway 17 Bicycle Overcrossing Planning Study - \$114,000;** Department: **CDD**; Funding Source – **General Fund**; Council Priority – **Long-Term Land Use Planning and Housing**; Note - City grant match shown. Full cost \$380,000.

Description/Notes: City grant match shown. Full cost \$380,000. Staff recommends to defer if not awarded. The City will be receiving \$266,000 from VTA.

- **Hamilton Avenue Precise Plan - \$208,000;** Department: **CDD/PW**; Funding Source – **ARPA Fund**; Council Priority – **Long-Term Land Use Planning and Housing**

Description/Notes: City grant match shown. Full cost \$400,000. Grant to be announced summer 2023. Staff recommends City funding (ARPA or General Fund) if grant not approved. Probability of grant success: MEDIUM. Council previously approved use of ARPA to apply for OBAG Planning Grants for Hamilton Area Specific Plan (Resolution #12936) and Hamilton/Highway 17 Bicycle Overcrossing Study (Resolution #12935).

- **Employee Health Screenings - \$56,000;** Department: **Police**; Funding Source – **ARPA Fund**; Council Priority – **Community Health and Safety**

Description/Notes: One-time expense to evaluate potential long term health issues that impact public safety employees.

- **CopLogic Online Reporting Integration Fee - \$9,000;** Department: **Police**; Funding Source – **General Fund**; Council Priority – **Community Health and Safety**

Description/Notes: One-time implementation costs for online police reporting systems for automated crash and incident reporting.

- **Boiler & HVAC Replacement - \$31,000**; Department: **Public Works**; Funding Source – **ARPA Fund**; Council Priority – **Financial Stability**

Description/Notes: One-time Building Maintenance replacement cost. Addressing project now helps to reduce long-term repair costs as well as utility costs.

- **Refinish Hardwood Floor in CCC N76 - \$13,000**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: One-time Building Maintenance replacement cost. Addressing project now helps to make public space safer and reduce risk exposure.

- **Additional Track Lighting at Historical Museum - \$5,500**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: One-time Building Maintenance addition of lighting.

- **Install Water Fill Station in Theatre Lobby - \$7,500**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Sustainability**

Description/Notes: One-time Building Maintenance installation of bottle fill station.

- **Replace Carpet in CCC K59 - \$5,000**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: One-time Building Maintenance replacement cost. Addressing project now helps to make tenant space safer and reduce risk exposure.

- **Replace Carpet in CCC Q82 - \$5,000**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: One-time Building Maintenance replacement cost. Addressing project now helps to make tenant space safer and reduce risk exposure.

- **Backup Storage NAS w/ 10TB of External Storage - \$2,000**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: One-time Building Maintenance replacement cost for data storage.

- **Replace Carpet in CCC C35 w/ Vinyl Floor - \$20,000**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: One-time Building Maintenance cost. Addressing project now helps to make public space safer and reduce risk exposure.

- **Replacement Storage Area Network System - \$132,000**; Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Operational**

Description/Notes: Cloud based storage system.

- **2300 Campbell Water Tower Light Replacement - \$50,000;** Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Financial Stability**

Description/Notes: Existing project to be funded by CIPR in FY 2024, but CIPR doesn't have sufficient balance to support it. Addressing project now helps to reduce long-term repair costs.

- **24HH ADA Transition Plan - FY24 - \$50,000;** Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Community Health and Safety**

Description/Notes: Existing project to be funded by CIPR in FY 2024, but CIPR doesn't have sufficient balance to support it.

- **24NN Citywide ITS Enhancement Phase 2 - \$100,000;** Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Operational**

Description/Notes: Existing project to be funded by CIPR in FY 2024, but CIPR doesn't have sufficient balance to support it.

- **2400 CCC - Heritage Theatre Boiler - \$90,000;** Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Financial Stability**

Description/Notes: Existing project to be funded by CIPR in FY 2024, but CIPR doesn't have sufficient balance to support it. Addressing project now helps to reduce long-term repair costs as well as utility costs.

- **CCC - Building A HVAC Controls - \$85,000;** Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Financial Stability**

Description/Notes: NEW project proposed to be funded by CIPR (via a transfer from General Fund) in FY 2024. Addressing project now helps to reduce long-term repair costs as well as utility costs.

- **CCC - Building A Sewer Line Replacement - \$45,000;** Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Financial Stability**

Description/Notes: NEW project proposed to be funded by CIPR (via a transfer from General Fund) in FY 2024. Addressing project now helps to reduce long-term repair costs.

- **CCC - Building M Roof Replacement - \$400,000;** Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Financial Stability**

Description/Notes: NEW project proposed to be funded by CIPR (via a transfer from General Fund) in FY 2024. Addressing project now helps to reduce long-term repair costs.

- **City Facilities Replacements - \$475,000**; Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Financial Stability**

Description/Notes: NEW project proposed to be funded by CIPR (via a transfer from General Fund) in FY 2024. Addressing project now helps to reduce long-term repair costs.

- **City Hall - HVAC Chiller Replacement - \$150,000**; Department: **NonDept**; Funding Source – **ARPA Fund**; Council Priority – **Financial Stability**

Description/Notes: NEW project proposed to be funded by CIPR (via a transfer from General Fund) in FY 2024. Addressing project now helps to reduce long-term repair costs as well as utility costs.

- **Parks and Recreation Master Plan - \$200,000**; Department: **CDD**; Funding Source – **ARPA Fund**; Council Priority – **Long-Term Land Use Planning and Housing**

Description/Notes: City was not awarded grant to pay for 50% of costs. Nevertheless, added per Council direction received at the June 6th Budget Introduction and majority consensus.

- **Climate Adaptation Plan - \$300,000**; Department: **CDD**; Funding Source – **ARPA Fund**; Council Priority – **Sustainability**; Note - City grant match shown. Full cost \$300,000.

Description/Notes: City was not awarded grant to pay for 50% of costs. Nevertheless, added per Council direction received at the June 6th Budget Introduction and majority consensus.

- **City Hall Public Counters and Accessibility Impr - \$220,000**; Department: **CMO**; Funding Source – **ARPA Fund**; Council Priority – **Community Health and Safety**

Description/Notes: Added per Council direction received at the June 6th Budget Introduction and majority consensus. If the City is awarded a grant for City Hall Public Counters and Accessibility Improvements, staff will bring back a budget adjustment to Council to pay for the entire \$1.5 million project from the State grant and return \$220,000 to the ARPA Fund.

Detail - One-Time Requests DEFERRED

- **Digitizing Paper Records - \$20,000**; Department: **Finance**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: Using a vendor to scan payroll, AP, and other historical paper records to make them searchable and place on a set purge schedule.

- **Replace Carpet in Finance Dept - \$13,000**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: One-time Building Maintenance replacement cost. Addressing project now helps to make workplace safer and reduce risk exposure. If City receives a State grant for \$1.5 million, may wrap into a larger City Hall project.

- **Office Furniture for Payroll & Accounting - \$7,000**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: One-time ergonomic replacement of outdated furniture. Addressing project now helps to make workplace safer and reduce risk exposure. If City receives a State grant for \$1.5 million, may wrap into a larger City Hall project.

Recurring Requests - Summary

Summary - Recurring Requests INCLUDED	
101-General Fund	\$774,865
221-ARPA	\$280,000
TOTALS	\$1,054,865

Summary - Recurring Requests DEFERRED	
101-General Fund	\$47,000
221-ARPA	\$0
TOTALS	\$47,000

TOTAL – All Recurring Requests (Included & Deferred)	
101-General Fund	\$821,865
221-ARPA	\$280,000
TOTALS	\$1,101,865

Detail - Recurring Requests INCLUDED

- **Social Services Sub-grants - \$10,000**; Type - **Increase**; Department: **City Council**; Funding Source – **General Fund**; Council Priority – **Community Health and Safety**

Description/Notes: The annual funding amount requested for the two-year funding cycle is \$65,000 each year and is included in the City Council FY 2024 Proposed Budget under account 101.501.7427. This is a proposed \$10,000 increase in overall funding from FY 2022 and FY 2023. If approved, the CIC will meet in July 2023 to discuss the exact allocation of Social Services Sub-Grants amongst non-profit agencies that applied.

- **Consultant Services - \$20,000**; Type – **New**; Department: **City Council**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: Council and Executive Team Strategic Coordination Facilitation.

- **HR Staff Overtime - \$15,000**; Type – **Increase**; Department: **CMO**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: Linked to Council objective to "Support personnel recruiting efforts." Needed due to number of recruitments and workplan efforts.

- **Central Tuition Reimbursement - \$35,000**; Type – **Increase**; Department: **CMO**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: Allows for more professional training per personnel rules allowance.

- **Customer Service Clerks (RCS Admin) - \$33,020**; Type – **Increase**; Department: **Recreation**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: Offset with revenue.

- **Lifeguards & Class Ins (Sr. Citizens) - \$14,230**; Type – **Increase**; Department: **Recreation**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: Offset with revenue.

- **Various temp staff (Sports/Aquatics/Fitness) - \$85,200**; Type – **Increase**; Department: **Recreation**; Funding Source – **General Fund**; Council Priority **Operational**

Description/Notes: Offset with revenue.

- **Various temp staff (Trips/Tours/Classes) - \$40,975**; Type – **Increase**; Department: **Recreation**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: Offset with revenue.

- **Planning Overtime - \$20,000**; Type – **Increase**; Department: **CDD**; Funding Source – **General Fund**; Council Priority – **Long-Term Land Use Planning and Housing**

Description/Notes: 60 hours of OT per planner per year.

- **Significant Recruitment Efforts - \$150,000**; Type – **New**; Department: **Police**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: Linked to Council objective to "Support personnel recruiting efforts." Significant recruiting needs - current & future expected vacancies. Limited-term and will be reevaluated as to need in FY 2025.

- **Contracted Mental Health Clinician - \$100,000**; Type – **New**; Department: **Police**; Funding Source – **ARPA Fund**; Council Priority – **Community Health and Safety**

Description/Notes: Proposed in addition to Citywide Clinician. Proposed to be funded by ARPA for FY 2024 and FY 2025 and then placed into General Fund.

- **Public Safety Assistant for Property and Evidence - \$37,440;** Type – **New;** Department: **Police;** Funding Source – **General Fund;** Council Priority **Community Health and Safety**

Description/Notes: To offer additional staff support.

- **PERT Clinician - \$180,000;** Type – **New;** Department: **Police;** Funding Source – **ARPA Fund;** Council Priority – **Community Health and Safety**

Description/Notes: Psychiatric Emergency Response Team (PERT). Proposed to be funded by ARPA for FY 2024 and FY 2025 and then placed into General Fund.

- **CIPR Set Aside (New) - \$275,000;** Type – **Increase;** Department: **NonDept;** Funding Source – **General Fund;** Council Priority – **Financial Stability**

Description/Notes: Annual set aside planned to go up from \$275K to \$550K in FY 2024. Projects are to address a number of deferred maintenance needs. Addressing them now helps to reduce long-term repair and replacement costs.

- **Proj. Mgr. (One-Time Projects) 0.50 FTEs - \$39,000;** Type – **New;** Department: **Public Works;** Funding Source – **General Fund;** Council Priority – **Financial Stability**

Description/Notes: Temporary staffing request in Maint. Admin. 101.745; possibly funded by CIP projects. Request allows City to better take care of its capital assets and reduce long-term repair and replacement costs.

Detail - Recurring Requests DEFERRED

- **Mgmt. Intern (Eng. Assistant) 0.25 FTEs - \$12,000;** Type – **New;** Department: **Public Works;** Funding Source – **General Fund;** Council Priority – **Operational**

Description/Notes: Temporary staffing request in PW Admin 101.701.

- **0.25 FTE for Office Intern - \$10,000;** Type – **New;** Department: **Public Works;** Funding Source – **General Fund;** Council Priority – **Operational**

Description/Notes: Temporary staffing request in Maint Admin 101.745.

- **Temp. Building Maint. Worker 0.50 FTE - \$25,000;** Type – **New;** Department: **Public Works;** Funding Source – **General Fund;** Council Priority – **Financial Stability**

Description/Notes: Temporary staffing request in Building Maint 101.780. Request allows City to better take care of its capital assets and reduce long-term repair and replacement costs.

Staffing Requests - Summary

Summary - Staffing Requests INCLUDED	FTEs	
101-General Fund	5.08	\$789,448
221-ARPA	2.00	\$345,097
233-Housing	0.50	\$40,000
TOTALS	7.58	\$1,174,545

Summary - Staffing Requests DEFERRED	FTEs	
101-General Fund	4.00	\$427,392
221-ARPA	0.00	\$0
233-Housing	0.50	\$77,238
TOTALS	4.50	\$504,630

Summary – All Staffing Requests (Included & Deferred)	FTEs	
101-General Fund	9.08	\$1,216,840
221-ARPA	2.00	\$345,097
233-Housing	1.00	\$117,238
TOTALS	12.08	\$1,679,175

Detail - Staffing Requests INCLUDED

- **PLAN CHECK ENGINEER - \$187,805; FTE – 1.00; Type - Add; Hire by Date – 7/1/2023; Department: CDD; Funding Source – General Fund; Council Priority – Long-Term Land Use Planning and Housing**
 - **SR. BLDG. INSPECTOR – (\$193,596); FTE – (1.00); Type - Reduce; Hire by Date – N/A; Department: CDD; Funding Source – General Fund; Council Priority – Long-Term Land Use Planning and Housing**
 - **NET COST: (\$5,791)**

Description/Notes: Vacancy reclass from Sr. Bldg. Inspector based on operational needs. Current plan check volume is high and is expected to grow with development build out under the Housing Element. Currently performed by Building Official and the Inspection team - which prevents them from focusing on their primary job duties.

- **SR. BLDG. INSPECTOR - \$199,187; FTE – 1.00; Type - Add; Hire by Date – 7/1/2023; Department: CDD; Funding Source – General Fund; Council Priority – Long-Term Land Use Planning and Housing**

- **BLDG. INSPECTOR – (\$185,143); FTE – (1.00); Type - Reduce; Hire by Date – N/A; Department: CDD; Funding Source – General Fund; Council Priority – Long-Term Land Use Planning and Housing**
- **NET COST: \$14,044**

Description/Notes: Proposed reclass of current employee based on operational need for a Sr. Bldg. Inspector that oversees and manages special projects in the Inspection section of the Building Office, including oversight of the stop work program assistance with plan checking, and other special duties.

- **PRINCIPAL PLANNER - \$227,393; FTE – 1.00; Type - Add; Hire by Date – 7/1/2023; Department: CDD; Funding Source – General Fund; Council Priority – Long-Term Land Use Planning and Housing**
 - **SR. PLANNER – (\$215,681); FTE – (1.00); Type - Reduce; Hire by Date – N/A; Department: CDD; Funding Source – General Fund; Council Priority – Long-Term Land Use Planning and Housing**
 - **NET COST: \$11,712**

Description/Notes: Proposed reclass of current employee based on operational needs. Currently there is no mid-level manager that manages the Planning Division and the Community Development Director is directly managing five Planning staff.

- **HOUSING MANAGER - \$210,585; FTE – 1.00; Type - Add; Hire by Date – 7/1/2023; Department: CDD; Funding Source – ARPA Fund; Council Priority – Long-Term Land Use Planning and Housing**

Description/Notes: Request as a result of recently completed Housing Program Audit Recommendation to be presented in near future. Needed to oversee implementation of 6th cycle of Housing Element and ongoing housing program. ARPA funding proposed for two fiscal years with costs shifted back to Housing Fund in FY 2026

- **PT. OFFICE ASSISTANT - \$40,000; FTE – 0.50; Type - Add; Hire by Date – 7/1/2023; Department: CDD; Funding Source – Housing Fund; Council Priority – Long-Term Land Use Planning and Housing**

Description/Notes: To support expanded Housing Program under Housing Manager above. Temporary employee with previously requested permanent part-time employee deferred below.

- **ENVIRONMENTAL PROGRAMS SPECIALIST - \$134,512; FTE – 1.00; Type - Add; Hire by Date – 7/1/2023; Department: CDD; Funding Source – ARPA Fund; Council Priority – Sustainability**

Description/Notes: Will manage the preparation and subsequently implementation of the Climate Action Plan; anticipated to take 1-2 years to prepare. The Plan will likely identify subsequent programs that require implementation following the Plan adoption.

No existing staff capacity to support. Limited-term for two fiscal years to develop Climate Action Plan. **Previously shown as an Administrative Analyst I at a cost of \$168,829.**

- **IT ADMINISTRATOR - \$151,338**; FTE – 1.00; Type - **Add**; Hire by Date – **10/1/2023**; Department: **CMO**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: Linked to Council objective to "Support software and technology for organizational and community resiliency." Needed to support increasing IT demands in foundational investments, enterprise application deployments, and proactive threat aversion to reduce risk exposure and potential costs. Employing an IT administrator will allow the IT manager to focus on long-term Technical Project management duties. Also helps other departmental staff to better utilize technology investments; thereby allowing them to be more cost effective and efficient and spend time on higher priority items.

- **PERMIT TECHNICIAN - \$65,329**; FTE – 1.00; Type - **Add**; Hire by Date – **1/1/2024**; Department: **CDD**; Funding Source – **General Fund**; Council Priority – **Long-Term Land Use Planning and Housing**

Description/Notes: To support existing/increased permit volume and expected growth with development build out under the Housing Element.

- **ADMIN ANALYST I - \$133,911**; FTE – 1.00; Type - **Add**; Hire by Date – **10/1/2023**; Department: **Finance**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: Addition of analytical capacity to support workplans and other needs requiring a high degree of analysis. Position could help with budget/CIP analysis, pension funding plan, developing new revenue sources, ARPA spending plan, funding housing programs, and analyzing grant opportunities; thereby helping to reduce long-term costs and generate additional revenue.

- **EXECUTIVE ASSISTANT - \$139,194**; FTE – 1.00; Type - **Add**; Hire by Date – **7/1/2023**; Department: **Finance**; Funding Source – **General Fund**; Council Priority – **Financial Stability**
 - **PT EXECUTIVE ASSISTANT – (\$111,736)**; FTE – **(0.80)**; Type - **Reduce**; Hire by Date – **N/A**; Department: **Finance**; Funding Source – **General Fund**; Council Priority – **Financial Stability**
 - NET COST: **\$27,458**

Description/Notes: Reclass of current PT employee to FT based on workload in the areas of departmental organization and communication, risk management, meeting coordination, website updates, budget preparation, and audit preparation. Helping the Finance Director to better manage claims and risk exposure should also reduce long-term costs.

- **ASSISTANT FINANCE DIRECTOR - \$218,457**; FTE – **1.00**; Type - **Add**; Hire by Date – **9/1/2023**; Department: **Finance**; Funding Source – **General Fund**; Council Priority – **Financial Stability**
 - **FINANCE MANAGER – (\$188,810)**; FTE – **(1.00)**; Type - **Reduce**; Hire by Date – **N/A**; Department: **Finance**; Funding Source – **General Fund**; Council Priority – **Financial Stability**
 - NET COST: **\$29,647**

Description/Notes: Vacancy reclass from Finance Manager based on Succession Plan and continuing need for quality leadership in Finance. Reclassification will attract better candidates in the recruitment. The selected individual may also be better suited to transition to Finance Director in the future and allow the City to remain on solid financial footing. Based on experience, the selected individual may also be able to lead the Purchasing Division and the Purchasing Agent and Buyer positions under it..

- **PT EMERGENCY SERVICES COORDINATOR - \$110,610**; FTE – **0.50**; Type - **Add**; Hire by Date – **7/1/2023**; Department: **Police**; Funding Source – **General Fund**; Council Priority – **Community Health and Safety**

Description/Notes: Special Enforcement Division Captain fills the role of Emergency Manager as one of their collateral duties with no supporting staff. Adding a temporary, PT position would assist and enhance the City's Emergency Management program.

- **ASSISTANT ENGINEER - \$187,648**; FTE – **1.00**; Type - **Add**; Hire by Date – **10/1/2023**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Community Health and Safety**
 - **PT ASSISTANT ENGINEER – (\$98,974)**; FTE – **(0.50)**; Type - **Reduce**; Hire by Date – **N/A**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Community Health and Safety**
 - NET COST: **\$88,674**

Description/Notes: Reclass of current PT employee to FT based on increasing workload. Tasks include preparing RFP documents for traffic studies, interpreting results of traffic studies, performing parking analyses/studies, reviewing walking and biking routes in relation to local schools and community facilities, etc. Also, will be a need to develop a City-wide multi-modal plan and then implement some of the recommendations.

- **PT SR CIVIL ENGINEER - \$141,839**; FTE – **0.75**; Type - **Add**; Hire by Date – **9/1/2023**; Department: **Public Works**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes: Based on workload in the department given Measure O projects and a large CIP. Possible CIP Project funding candidate. Request allows City to

better take care of its capital assets and reduce long-term repair and replacement costs.

- **PT RECREATION SPVSR - \$152,864**; FTE – **0.88**; Type - **Add**; Hire by Date – **7/1/2023**; Department: **Recreation**; Funding Source – **General Fund**; Council Priority – **Operational**
 - **PT RECREATION SPVSR – (\$132,187)**; FTE – **(0.75)**; Type - **Reduce**; Hire by Date – **N/A**; Department: **Recreation**; Funding Source – **General Fund**; Council Priority – **Operational**

Description/Notes: Reclass of current PT employee to FT based on workload and increasing demand for services at the Historical Museum. Position would still remain at part-time though.

Detail - Staffing Requests DEFERRED

- **PT. OFFICE ASSISTANT - \$77,238**; FTE – 0.50; Type – **Add**; Previously Requested Hire by Date – **7/1/2023**; Department: **CDD**; Funding Source – **Housing Fund**; Council Priority – – **Long-Term Land Use Planning and Housing**;

Description/Notes: Replaced in staffing requests by Temporary employee above.

- **HR ANALYST - \$87,914**; FTE – **1.00**; Type – **Add**; Previously Requested Hire by Date – **1/1/2024**; Department: **CMO**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes (From April 25th Budget Study Session): Linked to Council objective to "Support personnel recruiting efforts." Based on the Human Resources Division's current workload, hiring an additional HR analyst is recommended to ensure that the division operates efficiently and effectively. Operating leaner than benchmark cities.

- **PURCHASING AGENT/CONTRACTS ADMIN. - \$148,822**; FTE – **1.00**; Type - **Add**; Previously Requested Hire by Date – **10/1/2023**; Department: **Finance**; Funding Source – **General Fund**; Council Priority – **Financial Stability**

Description/Notes (From April 25th Budget Study Session): Request as a result of recently completed Purchasing Study to be presented in near future. Study identified two key staffing needs. One for Purchasing Agent and another for Buyer. Latter may be requested in FY 2025. Personnel adds could reduce costs by making purchases more competitive, standardizing some purchases, better analyzing purchases and contracts, and reducing purchasing process time.

- **POLICE OFFICER - \$95,328**; FTE – **1.00**; Type – **Add**; Previously Requested Hire by Date – **1/1/2024**; Department: **Police**; Funding Source – **General Fund**; Council Priority – **Community Health and Safety**

Description/Notes (From April 25th Budget Study Session): To meet anticipated increases in population over the next eight years, the increased crime City is experiencing, and the need to be flexible in the ability to hire qualified applicants. Allows the Police Department to hire, recruit, and train to fill these positions over the next several years keeping us on pace to staff for the anticipated population increase and helping address rising crime levels.

- **POLICE OFFICER - \$95,328**; FTE – **1.00**; Type – **Add**; Previously Requested Hire by Date – **1/1/2024**; Department: **Police**; Funding Source – **General Fund**; Council Priority – **Community Health and Safety**

Description/Notes (From April 25th Budget Study Session): To meet anticipated increases in population over the next eight years, the increased crime City is experiencing, and the need to be flexible in the ability to hire qualified applicants. Allows the Police Department to hire, recruit, and train to fill these positions over the next several years keeping us on pace to staff for the anticipated population increase and helping address rising crime levels.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
ADOPTING THE CITY'S OPERATING AND CAPITAL BUDGET
FOR FISCAL YEAR 2024**

WHEREAS, there has been submitted to the City Council a proposed budget for the operation of all departments and facilities of the City of Campbell for FY 2024, and there has been submitted to the City Council a proposed budget for the capital expenditures related to City projects, and

WHEREAS, the City Council held meetings to review the proposed operating and capital budget; and the City Council took action to adopt the proposed budget;

NOW, THEREFORE, BE IT RESOLVED, by the City Council that as of July 1, 2023 the amount of **\$92,271,038** be fixed as the amount necessary to meet all municipal operating requirements (excluding any further changes resulting from this public hearing and/or any miscellaneous corrections), and that the amount of **\$13,556,073** be fixed as the amount necessary to meet the capital requirements of the City and that the same is hereby approved, confirmed and adopted at the combined total of **\$105,827,111**; and

BE IT FURTHER RESOLVED that the Finance Director is hereby authorized to make any changes resulting from the public hearing to adopt the FY 2024 operating and capital budget or any miscellaneous corrections due to more refined estimates and incorporate these changes into the final published FY 2024 operating and capital budget document.

PASSED AND ADOPTED this day 20th of June, 2023, by the following roll call vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Attachment: Resolution - FY 2024 Operating and Capital Budget (Adoption of Fiscal Year (FY) 2024 Operating & Capital Budgets)

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
APPROVING THE PROPOSED FISCAL YEARS 2024-2028 5-YEAR CAPITAL
IMPROVEMENT PLAN (CIP) AND FINDING THE CIP TO BE CONSISTENT WITH
THE CAMPBELL GENERAL PLAN PURSUANT TO § 65103(c) and § 65403(c) OF
THE STATE OF CALIFORNIA GOVERNMENT CODE AND EXEMPT FROM REVIEW
UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

WHEREAS, after due consideration of all evidence presented, the City Council does find as follows with respect to the FY 2024-2028 CIP:

1. The proposed CIP is consistent with the Campbell General Plan, pursuant to § 65103(c) and § 65403(c) of the State of California Government Code;
2. The proposed CIP is exempt from review under the California Environmental Quality Act (CEQA) in that it is not a “project” as defined by Public Resources Code § 21065 being an administrative activity of the City that will not result in direct or indirect physical changes to the environment pursuant to CEQA Guidelines § 15378.

WHEREAS, based upon the foregoing findings of fact, the City Council further finds and concludes that:

1. The CIP is consistent with the Campbell General Plan; and
2. No substantial evidence has been presented from which a reasonable argument could be made that the CIP projects would have a significant adverse impact on the environment.

NOW, THEREFORE, BE IT RESOLVED that the City Council finds the proposed CIP to be consistent with the Campbell General Plan pursuant to 65103(c) and § 65403(c) of the State of California Government Code and exempt from review under the California Environmental Quality Act (CEQA); and,

BE IT FURTHER RESOLVED that the City Council approves the Fiscal Year 2024-2028 Capital Improvement Plan with projects totaling **\$94,594,079**; including new capital projects of **\$7,621,700** and **\$8,983,028** as the amount necessary to meet the capital requirements of the City in FY 2024.

PASSED AND ADOPTED this day 20th of June, 2023, by the following roll call vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2024
PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA STATE CONSTITUTION**

WHEREAS, Proposition 4 was adopted by the voters of the State of California on November 6, 1979, adding Article XIII B of the California State Constitution.; and

WHEREAS, Proposition. 111 was adopted by the voters of the State of California on June 5, 1990, amending Article XIII B of the California State Constitution; and

WHEREAS, pursuant to Section 8 of Article XIII B of the California State Constitution, the City Council determines that the change in the cost of living shall be measured by the percentage change in Per Capita Personal Income as provided by the State of California Department of Finance from the preceding year and the change in population shall be measured by the change in the County of Santa Clara’s population growth; and

WHEREAS, the City Council of the City of Campbell wishes to establish this appropriations limit for the Fiscal Year 2024 pursuant to Article XIII B of the California State Constitution;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell hereby finds and determines that the appropriations limit for Fiscal Year 2024 is **\$90,285,220.**

PASSED AND ADOPTED this day 20th of June, 2023, by the following roll call vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Attachment: Resolution - FY 2024 Appropriations Limit (Adoption of Fiscal Year (FY) 2024 Operating & Capital Budgets)



*City
Council
Report*

Item: 9
Category: NEW BUSINESS
Meeting Date: June 20, 2023

TITLE: Resolutions Approving Salary Schedule Adjustments for the Unrepresented Employee Groups Including Confidential Employees, Management Employees and Unclassified Management Employees (Resolution/Roll Call Vote)

RECOMMENDED ACTION

That the City Council take the following actions: (1) adopt a resolution updating the Annual Salary Schedule to reflect 2022 market adjustments for Confidential employees; (2) adopt a resolution updating the Annual Salary Schedule to reflect 2022 market adjustments for Classified Management employees; and (3) adopt a resolution updating the Annual Salary Schedule to reflect 2022 market adjustments for Unclassified Management employees, effective July 10, 2023.

BACKGROUND

On November 4, 2016, the California Public Employees' Retirement System (CalPERS) issued and distributed Circular Letter 200-050-16¹. The subject of the circular is the "STATUTORY AND REGULATORY REQUIREMENTS FOR COMPENSATION EARNABLE AND PUBLICLY AVAILABLE PAY SCHEDULES". This Circular Letter reinforces the requirement under California Government Code (GC) section 20636(d) that "Notwithstanding any other provision of law, payrate and special compensation schedules, ordinances, or similar documents shall be public records available for public scrutiny"². Additionally, the California Code of Regulations (CCR) 570.5 specifies the required elements necessary to meet the definitions of a publicly available pay schedule, and an overview of these requirements is as follows³:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

¹ CalPERS Circular Letter - <https://www.calpers.ca.gov/docs/circular-letters/2016/200-050-16.pdf>

² California GC -

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=20636

³ CCR -

[https://govt.westlaw.com/calregs/Document/I95DD93C0B3D411E09050C5E1F9C85A98?viewType=FullText&originationContext=documenttoc&transitionType=DocumentItem&contextData=\(sc.Default\)](https://govt.westlaw.com/calregs/Document/I95DD93C0B3D411E09050C5E1F9C85A98?viewType=FullText&originationContext=documenttoc&transitionType=DocumentItem&contextData=(sc.Default))

4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the payrate.

Total Compensation Study:

In order to retain our current workforce and attract new talent the City conducted a total compensation study for all represented employees and provided for market adjustments for all bargaining groups as part of the approved Memorandum of Understandings with all represented labor groups in the past year. Since that time the City conducted a comprehensive total compensation study for all other unrepresented employees. The study was facilitated by Bryce Consulting, Inc. (Bryce Consulting). These compensation studies aimed to align the City's total compensation packages with the labor market mean for represented groups, while also ensuring fairness and competitiveness for unrepresented groups.

The studies provided the City with valuable insights into the current compensation landscape, enabling a thorough understanding of any discrepancies that existed. The assessment covered various aspects of compensation, including salaries, benefits, and additional incentives, with the goal of evaluating the overall total compensation received by employees.

During the evaluation process, Bryce Consulting determined that the compensation for various positions within a number of unrepresented groups, including: Confidential employees, Classified Management employees (also referred to as "mid-management"), and Unclassified Management employees (also referred to as "Department Heads"), was below the labor market mean when compared to the same positions at eleven agencies it compared with. Specifically, the total compensation for several classifications fell anywhere between 1.5% and 18.21% below the market mean.

A complete list of the positions included in the Confidential employees, Classified Management, and Unclassified Management groups is as follows:

Confidential Employees:

- Accounting Technician
- Executive Assistant to the City Manager
- Human Resources Analyst
- Human Resources Representative

Classified Management Employees (Mid-Mangers):

- Administrative Analyst II
- Building Division Manager/Building Official
- Building Maintenance Supervisor
- City Clerk
- City Engineer
- Community Center Manager
- Finance Manager
- Human Resources Manager
- Information Technology Manager
- Parks Maintenance Supervisor
- Planning Manager
- Police Captain
- Police Lieutenant
- Public Works Superintendent
- Recreation Services Manager
- Senior Civil Engineer
- Senior Public Works Project Manager
- Street Maintenance Supervisor
- Support Services Manager
- Traffic Engineer

Unclassified Management Employees (Department Heads):

- Assistant City Manager
- Community Development Director
- Finance Director
- Police Chief
- Public Works Director
- Recreation and Community Services Director

The eleven survey agencies Bryce Consulting measured the City against include:

Survey Agencies:

1. Cupertino
2. Gilroy
3. Los Altos
4. Los Gatos
5. Milpitas
6. Morgan Hill
7. Mountain View
8. Palo Alto
9. Santa Clara
10. Saratoga
11. Sunnyvale

DISCUSSION

Based on the outcome of the total compensation survey, staff is recommending that the City Council adopt resolutions updating the Annual Salary Schedule for each of the positions identified below and within the following employee groups to allow for increases in salary between 1.5% and 10%. Given the actual disparity in total compensation for these positions when measured against the surveyed agencies ranges between 1.5% and 18.21%, staff believes this recommendation is appropriate as these adjustments would help to ensure that each position is at the market mean or approaching the market mean for their category, effective July 10, 2023.

Confidential Employees:

The unrepresented Confidential employee group plays a crucial role within the City providing vital support to management, handling labor negotiation matters, and offering expertise in labor-related issues. Their contributions, including administrative tasks and management of sensitive information, are essential for smooth operations and successful labor negotiations. While they cannot negotiate their own employment terms, their role as a bridge between management and represented employee groups ensures effective communication, valuable insights, and coordination of negotiation items.

Based on the total compensation study findings, staff recommends that the City Council adopt a resolution approving a 2.54% salary adjustment for the Executive Assistant to the City Manager position. The special adjustment of 2.54% will be applied to Steps 1 to 5 of the classification to incorporate the market adjustment. This adjustment will align the position's compensation with the labor market mean, ensuring fairness and competitiveness. Staff also suggests that the adjustment be retroactive to the first full pay period in July 2022, bringing the salary increase for this position in line with adjustments made for other represented positions within the City (non-management).

- Executive Assistant to the City Manager 2.54%

Classified Management Employees (Mid-Mangers):

To address the compensation disparities between the City and the eleven surveyed agencies for Classified Management positions, staff recommends that the City Council adopt a resolution adjusting the salary range for the following Classified Management positions: City Clerk, Police Captain, Support Services Manager, Recreation Manager, and Finance Manager, in the fiscal year 2023-2024. This adjustment would involve special increases in the salary ranges, effective from the first full pay period in July 2023 (July 10, 2023), based on a total compensation analysis. The proposed adjustment percentages are as follows:

- City Clerk 3.93%
- Police Captain 3.06%
- Support Services Manager 3.06%

- Recreation Manager 3.88%
- Finance Manager 3.88%

Unclassified Management Employees (Department Heads):

The salaries for the positions within the Unclassified Management employee group are individually determined by the City Manager, considering, among other factors, market conditions. In addition, the salary ranges for these positions were last adjusted in 2019 (Resolution 12454).

The total compensation analysis performed for this group of employees indicated that all positions were under the market mean, with some at 1.5% below the market mean and others at as high as 13.11% (Recreation and Community Services Director) and 18.21% (Assistant City Manager) below the market mean. To address the disparities identified in the Bryce Consulting report, staff recommends that City Council adopt a resolution approving increases in their respective salary bands ranging from between 1.5% and 10%, as noted below and consistent with Bryce Consultant's findings. These adjustments, reflected in the proposed Annual Salary Schedule, would be effective from the first full pay period in July 2023 (July 10, 2023).

- Community Development Director 9.27%
- Finance Director 8.69%
- Police Chief 3.06%
- Public Works Director 1.50%
- Recreation and Community Services Director 10.0%
- Assistant City Manager 10.0%

Moving forward, the City will continue to monitor and evaluate its compensation practices to ensure they remain competitive and aligned with market trends. This ongoing commitment to maintaining fair and attractive total compensation packages demonstrates the City's dedication to its employees and its mission of fostering a motivated and thriving workforce.

FISCAL IMPACT

If approved, the proposed compensation adjustments could have a cost impact of approximately **\$182,000** in FY 2024; dependent on the review and discretion of the City Manager in placing Unclassified Management Employees (Department Heads) at points within in their revised and respective salary bands. These costs are currently incorporated into the FY 2024 Proposed Budget also before Council at the June 20 meeting. In addition, if approved, salary adjustments to the Executive Assistant to the City Manager back to July 2022 will have a retroactive cost of approximately \$7,000 that will be absorbed in the FY 2023 Adopted Budget, with no need for further budgetary adjustments in FY 2023.

ALTERNATIVES

1. Do not approve the attached resolutions and salary schedules.
2. Only approve the Confidential resolution and salary schedule.
3. Only approve the Unclassified Management resolution and salary schedule.
4. Only approve the Classified Management resolution and salary schedule.
5. Provide other direction to staff.

Prepared by:



Jenny Le-Christensen, HR Manager

Approved by:



Brian Loventhal, City Manager**Attachment:**

- a. Resolution - Confidential Employees
- b. Exhibit A - Salary Schedule - Confidential Employees
- c. Resolution - Classified Management
- d. Exhibit A - Salary Schedule - Classified Management
- e. Resolution - Unclassified Management
- f. Exhibit A- Salary Schedule- Unclassified Management

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
UPDATING THE ANNUAL SALARY SCHEDULE TO REFLECT AN ADJUSTMENT TO
THE SALARY RANGE FOR THE CONFIDENTIAL EMPLOYEE GROUP POSITION OF
EXECUTIVE ASSISTANT TO THE CITY MANAGER**

WHEREAS, Title 2, Section 2.16.020 of the Campbell Municipal Code provides that the City Council may, from time to time, by resolution, change the compensation of employees of said City, and may, by resolution, adopt salary and wage scales; and

WHEREAS, California Public Employees' Retirement System (CalPERS) issued Circular Letter 200-050-16 dated November 4, 2016 as a reminder to employers of the requirements for compensation earnable and publicly available salary schedules; and

WHEREAS, all employers must comply with the compensation earnable and publicly available salary schedules provisions contained within California Government Code (GC) section 20636(d) and California Code of Regulations (CCR) 570.5; and

WHEREAS, Title 2, Section 2.12.030(7) of the Campbell Municipal Code requires the City Manager to prepare and submit an annual salary plan to the City Council for its approval; and

WHEREAS, in 2022, the City of Campbell retained the services of Bryce Consulting, Inc. to conduct a total compensation analysis for all positions within the City as measured against 11 other comparable agencies and to ensure employee retention and market competitiveness; and

WHEREAS, the study concluded that the Confidential employees (CONF.) position of Executive Assistant to the City Manager was below the market mean for total compensation by 2.54%; and

WHEREAS, the City Council desires to approve an adjustment of 2.54% to the Annual Salary Schedule for this position, effective the first full pay period in July 2022, to account for the disparity between this position and other positions benchmarked at this classification at other comparable agencies.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell does hereby approve an amendment to the Annual Salary Schedule to adjust the salary range for the classification of Executive Assistant to the City Manager by 2.54% and to make it effective retroactively to the first full pay period of July 2022, as more fully described in Exhibit A of this resolution.

PASSED AND ADOPTED this _____ day of _____ 2023, by the following roll call vote:

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

APPROVED:

ATTEST:

Andrea Sanders, City Clerk

Anne Bybee, Mayor

Attachment: Resolution - Confidential Employees (Revised Annual Salary Schedule for Market Adjustments)

**CITY OF CAMPBELL
 POSITION CLASSIFICATION - CONF. EA TO CM
 FY 23/24 - SALARY SCHEDULE**

Exhibit A -Confidential

Effective: **7/11/2022**



CLASS CD	JOB TITLE	STEP RANGES							
		Range			Step 1	Step 2	Step 3	Step 4	Step 5
2321	EXEC ASSIST TO CM (CONF)	CON05	CONF	Hourly	48.27	50.63	53.20	55.87	58.65
				Bi-Weekly	3,861.60	4,050.40	4,256.00	4,469.60	4,692.00
				Monthly	8,366.80	8,775.87	9,221.33	9,684.13	10,166.00
				Annual	100,401.60	105,310.40	110,656.00	116,209.60	121,992.00

Notes:

- 1) Salary increase per total compensation survey

Attachment: Exhibit A - Salary Schedule - Confidential Employees (Revised Annual Salary Schedule for

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
UPDATING THE ANNUAL SALARY SCHEDULE TO REFLECT AN ADJUSTMENT TO
THE SALARY RANGES FOR UNREPRESENTED CLASSIFIED MANAGEMENT
EMPLOYEES**

WHEREAS, Title 2, Section 2.16.020 of the Campbell Municipal Code provides that the City Council may, from time to time, by resolution, fix or change the compensation of all appointed officers and employees of the City, and may, by resolution, adopt salary and wage scales for the City appointed officers and employees; and

WHEREAS, California Public Employees' Retirement System (CalPERS) issued Circular Letter 200-050-16 dated November 4, 2016 as a reminder to employers of the requirements for compensation earnable and publicly available salary schedules; and

WHEREAS, all employers must comply with the compensation earnable and publicly available salary schedules provisions contained within California Government Code (GC) section 20636(d) and California Code of Regulations (CCR) 570.5; and

WHEREAS, it is necessary for the City Council to review and duly approve and adopt in accordance with requirements of applicable public meetings laws a publicly available salary schedule; and

WHEREAS, a total compensation study was performed for the benchmarked Classified Management positions; and

WHEREAS, it was determined that the positions were being compensated below the total market mean as shown in Table 1; and

WHEREAS, the City Council desires to approve an adjustment to the Annual Salary Schedule for these positions effective the first full pay period in July 2023 to account for the disparity between these position and other positions benchmarked at those classification to the other comparable agencies, as shown in Table 1;

Table 1

Classification	Unrepresented	Study Results % Below Market Mean	Proposed Market Adjustments
Police Captain	Classified Management	3.06%	3.06%
Support Service Manager	Classified Management	3.06%	3.06%
Recreation Manager	Classified Management	3.88%	3.88%
Finance Manager	Classified Management	3.88%	3.88%
City Clerk	Classified Management	3.93%	3.93%

Attachment: Resolution - Classified Management (Revised Annual Salary Schedule for Market Adjustments)

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell does hereby approve an amendment to the Annual Salary Schedule to increase the salary ranges to include the proposed special market adjustments for the positions indicated in Table 1, for the first full pay period of July 2023 as more fully described in the Salary Schedule provided as Exhibit A of this resolution.

PASSED AND ADOPTED this _____ day of _____ 2023, by the following roll call vote:

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

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Attachment: Resolution - Classified Management (Revised Annual Salary Schedule for Market Adjustments)

**CITY OF CAMPBELL
POSITION CLASSIFICATION - CLASSIFIED MGMT
FY 23/24 - SALARY SCHEDULE**

Exhibit A -Classified Management

Effective: **7/10/2023**



CLASS CD	JOB TITLE	STEP RANGES							
		Range			Step 1	Step 2	Step 3	Step 4	Step 5
1160	CITY CLERK	MGR13	MGMT	Hourly	70.43	73.92	77.65	81.51	85.60
				Bi-Weekly	5,634.40	5,913.60	6,212.00	6,520.80	6,848.00
				Monthly	12,207.87	12,812.80	13,459.33	14,128.40	14,837.33
				Annual	146,494.40	153,753.60	161,512.00	169,540.80	178,048.00
1105	FINANCE MGR	MGR09	MGMT	Hourly	75.92	79.70	83.72	87.90	92.30
				Bi-Weekly	6,073.60	6,376.00	6,697.60	7,032.00	7,384.00
				Monthly	13,159.47	13,814.67	14,511.47	15,236.00	15,998.67
				Annual	157,913.60	165,776.00	174,137.60	182,832.00	191,984.00
1045	POLICE CAPTAIN	MGR01	MGMT	Hourly	102.60	107.76	113.11	118.83	124.72
				Bi-Weekly	8,208.00	8,620.80	9,048.80	9,506.40	9,977.60
				Monthly	17,784.00	18,678.40	19,605.73	20,597.20	21,618.13
				Annual	213,408.00	224,140.80	235,268.80	247,166.40	259,417.60
1171	RECREATION SERVICE MGR	MGR22	MGMT	Hourly	71.41	75.03	78.77	82.69	86.84
				Bi-Weekly	5,712.80	6,002.40	6,301.60	6,615.20	6,947.20
				Monthly	12,377.73	13,005.20	13,653.47	14,332.93	15,052.27
				Annual	148,532.80	156,062.40	163,841.60	171,995.20	180,627.20
1046	SUPPORT SERVICE MANAGER	MGR21	MGMT	Hourly	80.18	84.21	88.46	92.87	97.53
				Bi-Weekly	6,414.40	6,736.80	7,076.80	7,429.60	7,802.40
				Monthly	13,897.87	14,596.40	15,333.07	16,097.47	16,905.20
				Annual	166,774.40	175,156.80	183,996.80	193,169.60	202,862.40

Notes:
1) Salary increases per total compensation survey

Attachment: Exhibit A - Salary Schedule - Classified Management (Revised Annual Salary Schedule for

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
 UPDATING THE ANNUAL SALARY SCHEDULE TO REFLECT AN ADJUSTMENT TO
 THE SALARY RANGE FOR THE UNCLASSIFIED MANAGEMENT EMPLOYEES**

WHEREAS, Title 2, Section 2.16.020 of the Campbell Municipal Code provides that the City Council may, from time to time, by resolution, fix or change the compensation of all appointed officers and employees of the City, and may, by resolution, adopt salary and wage scales for the City appointed officers and employees; and

WHEREAS, California Public Employees' Retirement System (CalPERS) issued Circular Letter 200-050-16 dated November 4, 2016 as a reminder to employers of the requirements for compensation earnable and publicly available salary schedules; and

WHEREAS, all employers must comply with the compensation earnable and publicly available salary schedules provisions contained within California Government Code (GC) section 20636(d) and California Code of Regulations (CCR) 570.5; and

WHEREAS, Title 2, Section 2.12.030(7) of the Campbell Municipal Code requires the City Manager to prepare and submit an annual salary plan to the City Council for its approval; and

WHEREAS, the City of Campbell retained the services of Bryce Consulting, Inc. to conduct a total compensation analysis for all positions within the City as measured against 11 other comparable agencies and to ensure employee retention and market competitiveness; and

WHEREAS, the study concluded that all Unclassified Management positions (Department Heads) had total compensation rates that were anywhere from 1.5% to 18.21% below the market mean when compared with the 11 other agencies as shown in Table 1; and

Table 1

Classification	Unrepresented	Study Results % Below the Market Mean	Proposed Market Adjustment
Community Development Director	Unclassified Management	9.27%	9.27%
Finance Director	Unclassified Management	8.69%	8.69%
Police Chief	Unclassified Management	3.06%	3.06%
Public Works Director	Unclassified Management	1.50%	1.50%
Recreation and Community Services Director	Unclassified Management	13.11%	10%
Assistant City Manager	Unclassified Management	18.21%	10%

WHEREAS, the City Council of the City of Campbell desires to increase the salary ranges to allow for salary increases between 1.5% and 10% for these Unclassified Management positions, as reflected in the attached Exhibit A, effective the first full pay period in July 2023, to account for the disparity between these positions and other positions benchmarked at these classifications at comparable agencies.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell does hereby approve an amendment to the Annual Salary Schedule to increase the salary ranges to include the special market adjustments for the Unclassified Management Employees, effective the first full pay period of July 2023 and as more fully described in Exhibit A of this resolution.

BE IT FURTHER RESOLVED that all other supplemental benefits and working conditions shall remain as established.

PASSED AND ADOPTED, this _____ day of _____, 2023 by the following roll call vote:

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

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Attachment: Resolution - Unclassified Management (Revised Annual Salary Schedule for Market Adjustments)

**CITY OF CAMPBELL
POSITION CLASSIFICATION - UNCLASSIFIED MANAGEMENT
FY 23/24 - SALARY SCHEDULE**

Exhibit A -Unclassified Management



Effective: **7/10/2023**

CLASS CD	JOB TITLE	STEP RANGES							
		Range			Step 1	Step 2	Step 3	Step 4	Step 5
1020	ASSISTANT CITY MANAGER	UNC07	UNCL	Hourly	100.42	-	-	-	131.33
				Bi-Weekly	8,033.60	-	-	-	10,506.40
				Monthly	17,406.13	-	-	-	22,763.87
				Annual	208,873.60	-	-	-	273,166.40
1030	COMM. DEV. DIRECTOR	UNC05	UNCL	Hourly	99.75	-	-	-	130.46
				Bi-Weekly	7,980.00	-	-	-	10,436.80
				Monthly	17,290.00	-	-	-	22,613.07
				Annual	207,480.00	-	-	-	271,356.80
1025	FINANCE DIRECTOR	UNC06	UNCL	Hourly	99.22	-	-	-	129.76
				Bi-Weekly	7,937.60	-	-	-	10,380.80
				Monthly	17,198.13	-	-	-	22,491.73
				Annual	206,377.60	-	-	-	269,900.80
1010	POLICE CHIEF	UNC02	UNCL	Hourly	94.75	-	-	-	137.19
				Bi-Weekly	7,580.00	-	-	-	10,975.20
				Monthly	16,423.33	-	-	-	23,779.60
				Annual	197,080.00	-	-	-	285,355.20
1015	PUBLIC WORK DIRECTOR	UNC03	UNCL	Hourly	92.66	-	-	-	134.16
				Bi-Weekly	7,412.80	-	-	-	10,732.80
				Monthly	16,061.07	-	-	-	23,254.40
				Annual	192,732.80	-	-	-	279,052.80
1035	REC/COMM. SVCS DIRECTOR	UNC04	UNCL	Hourly	100.42	-	-	-	131.33

Attachment: Exhibit A- Salary Schedule- Unclassified Management (Revised Annual Salary Schedule for

				Bi-Weekly	8,033.60	-	-	-	10,506.40
				Monthly	17,406.13	-	-	-	22,763.87
				Annual	208,873.60	-	-	-	273,166.40

Notes:

- 1) Salary increases per total compensation survey



*City
Council
Report*

Item: 10
Category: NEW BUSINESS
Meeting Date: June 20, 2023

TITLE: Resolution Approving an Adjustment in Salary for City Clerk Services (Resolution/Roll Call Vote)

RECOMMENDED ACTION

That the City Council adopt a Resolution adjusting the salary of the City Clerk to account for the market adjustments provided to certain positions for the Unrepresented Management Employees.

BACKGROUND

In August 2022, the City of Campbell entered into an Agreement for City Clerk Services with Andrea Sanders (Agreement). The Agreement allows for amendments to the City Clerk's salary by City Council resolution.

The City Council subsequently, by resolution, approved a cost of living adjustment, setting the current salary rate for the City Clerk at \$140,961.60 annually.

Total Compensation Study:

In order to retain our current workforce and attract new talent the City conducted a total compensation study for all represented employees and provided for market adjustments for all bargaining groups as part of the approved Memorandum of Understandings with the represented labor groups in the past year. Since that time the City conducted a comprehensive total compensation study for all other unrepresented employees, facilitated by Bryce Consulting, Inc. (Bryce Consulting). These studies encompassed both represented and unrepresented employee groups and aimed to align the City's total compensation packages with the labor market mean for represented groups, while also ensuring fairness and competitiveness for unrepresented groups, including the City Clerk's position.

These studies provided the City with valuable insights into the current compensation landscape, enabling a thorough understanding of any discrepancies that existed. The assessment covered various aspects of compensation, including salaries, benefits, and additional incentives, with the goal of evaluating the overall total compensation received by employees.

During the evaluation process, Bryce Consulting discovered that the total compensation for the City Clerk classification fell 3.93% below the labor market mean when compared to eleven other survey agencies.

The eleven survey agencies included:

Survey Agencies:

1. Cupertino
2. Gilroy
3. Los Altos
4. Los Gatos
5. Milpitas
6. Morgan Hill
7. Mountain View
8. Palo Alto
9. Santa Clara
10. Saratoga
11. Sunnyvale

DISCUSSION

To promote fairness and competitiveness within the City Clerk classification, staff proposes that the City Council adopt a resolution to set the City Clerk's salary, increasing it from \$140,961.60 to \$146,494.40. This action will reflect a market adjustment based on the results of Bryce Consulting's total compensation report for the City Clerk classification.

Specifically, based on the comprehensive total compensation study conducted, it was determined that the current salary for the City Clerk is 3.93% below the labor market mean.

Taking into account market-driven data and analysis provided by Bryce Consulting, staff recommended in a related City Council agenda item to increase the City Clerk's hourly salary steps 1 to 5 to account for the special adjustment of 3.93% to incorporate the market adjustment. The only action proposed for the City Council at this time is to adopt the proposed resolution amending the City Clerk's salary to be consistent with the market adjustments proposed for the Council under a separate agenda item.

The attached resolution includes authorization to set the City Clerk's compensation to \$146,494.40 annually, as reflected in the table below. This action will align the City Clerk's compensation with industry standards, recognizing the importance of attracting and retaining qualified individuals in this key leadership role.

CLASS CD	JOB TITLE	Range		STEP RANGES					
		MGR13	MGMT	Hourly	Step 1	Step 2	Step 3	Step 4	Step 5
1160	CITY CLERK			70.43	73.92	77.65	81.51	85.60	
				Bi-Weekly	5,634.40	5,913.60	6,212.00	6,520.80	6,848.00
				Monthly	12,207.87	12,812.80	13,459.33	14,128.40	14,837.33
				Annual	146,494.40	153,753.60	161,512.00	169,540.80	178,048.00

By approving this resolution setting the current salary, the City demonstrates its commitment to providing fair and competitive compensation to its City Clerk. This action acknowledges the challenging nature of the position and reflects the City's ongoing dedication to effective governance and the recruitment of talented individuals to lead and manage the City's affairs.

FISCAL IMPACT

The estimated cost of this adjustment in FY 2024 is approximately \$7,000 and has been incorporated in the FY 2024 Proposed Budget to be presented for adoption by City Council on June 20, 2023. There is sufficient funding to cover the cost associated with the proposed adjustment.

ALTERNATIVES

1. Do not adopt the attached resolution and provide direction on alternate changes to the Agreement for City Clerk Services.

Prepared by:



Jenny Le-Christensen, HR Manager

Approved by:



Brian Loventhal, City Manager

Attachment:

- a. Resolution - City Clerk Market Adjustment 2023

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL AUTHORIZING AN ADJUSTMENT TO THE SALARY OF THE CITY CLERK AS PROVIDED FOR IN THE EMPLOYMENT AGREEMENT WITH ANDREA SANDERS

WHEREAS, the City Council entered into a City Clerk Employment Agreement (Agreement) with Andrea Sanders, effective August 2, 2022; and

WHEREAS, Section 2.16.020 of the Campbell Municipal Code provides that compensation for all appointed officers and employees of the City shall be fixed by Resolution; and

WHEREAS, the City Council previously approved Resolution 12881, providing for a cost of living adjustment for the City Clerk position adjusting the salary to \$67.77 per hour, effective the first pay period in July 2022, consistent with the cost of living adjustments provided to the Classified Management employees; and

WHEREAS, it is necessary for the City Council to review and duly approve and adopt in accordance with requirements of applicable public meetings laws a publicly available salary schedule; and

WHEREAS, in keeping with Campbell Personnel Rules and Regulations section 4.3.C.1, the City Council desires to amend the City Clerk’s compensation to mitigate the City Clerk salary falling below the labor market mean; and

WHEREAS, in 2022, the City of Campbell retained the services of Bryce Consulting, Inc. to conduct a total compensation analysis for all positions within the City as measured against 11 other comparable agencies and to ensure employee retention and market competitiveness; and

WHEREAS, the study concluded that the City Clerk was below the market mean by 3.93%; and

WHEREAS, the City Council desires to approve an adjustment to the salary provided for in the Employment Agreement for City Clerk services to increase the City Clerk’s compensation 3.93% and account for the disparity between this position and other positions benchmarked at those classification to the other comparable agencies, effective the first full pay period in July 2023.

NOW, THEREFORE BE IT RESOLVED that the City Council hereby adjusts the salary of the City Clerk, to \$70.43 per hour to reflect the market adjustment, effective the first pay period of July 2023.

PASSED AND ADOPTED this ___ day of _____ 2023, by the following roll call vote:

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

Attachment: Resolution - City Clerk Market Adjustment 2023 (Resolution Amending Agreement for City Clerk Services)

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Attachment: Resolution - City Clerk Market Adjustment 2023 (Resolution Amending Agreement for City Clerk Services)



*City
Council
Report*

Item: 11
Category: NEW BUSINESS
Meeting Date: June 20, 2023

TITLE: Resolution Approving an Adjustment to the Salary for City Manager Services and Amending the City's Salary Schedule for the City Manager Classification (Resolution/Roll Call Vote)

RECOMMENDED ACTION

That the City Council adopt a Resolution authorizing an adjustment to the salary and approving the Annual Salary Schedule for the City Manager classification.

BACKGROUND

In December 2016, the City of Campbell entered into an Agreement for City Manager Services with Brian Loventhal (Agreement). The Agreement allowed for adjustments to the City Manager's compensation through City Council resolutions.

Since the execution of the Agreement, there have been two amendments made to adjust the compensation for City Manager Services. On June 16, 2020, Resolution 12599 was adopted, and on December 6, 2022, the Council adopted Resolution 12924.

Total Compensation Study:

In order to retain our current workforce and attract new talent the City conducted a total compensation study for all represented employees and provided for market adjustments for all bargaining groups as part of the approved Memorandum of Understandings with the represented labor groups in the past year. Since that time the City conducted a comprehensive total compensation study for all other unrepresented employees, facilitated by Bryce Consulting, Inc. (Bryce Consulting). These studies encompassed both represented and unrepresented employee groups and aimed to align the City's total compensation packages with the labor market mean for represented groups, while also ensuring fairness and competitiveness for unrepresented groups, including the City Manager's position.

The studies provided the City with valuable insights into the current compensation landscape, enabling a thorough understanding of any discrepancies that existed. The assessment covered various aspects of compensation, including salaries, benefits, and additional incentives, with the goal of evaluating the overall total compensation received by employees.

During the evaluation process, Bryce Consulting discovered that the total compensation for the City Manager classification fell below the labor market mean by 17% when compared to eleven other survey agencies.

The eleven survey agencies included:

Survey Agencies:

1. Cupertino
2. Gilroy
3. Los Altos
4. Los Gatos
5. Milpitas
6. Morgan Hill
7. Mountain View
8. Palo Alto
9. Santa Clara
10. Saratoga
11. Sunnyvale

DISCUSSION

To promote fairness and competitiveness within the City Manager classification, staff is proposing that the City Council adopt a resolution to amend the Annual Salary Schedule and adjust the salary range for the City Manager position, effective the first pay period in July 2023. This salary adjustment will include a market adjustment based on the results of Bryce Consulting's total compensation report for the City Manager classification.

Specifically, based on the comprehensive total compensation study conducted in 2022, it was determined that the current salary for the City Manager is approximately 17% below the labor market mean. Taking into account market-driven data and analysis provided by Bryce Consulting, staff recommends an increase in the City Manager's hourly salary from \$146.43 to \$161.07. This adjustment incorporates a market adjustment of 10% to bridge the gap towards the labor market mean. This adjustment will bring the City Manager's salary closer to the labor market mean, further creating a more competitive salary for this executive-level position, which poses recruitment challenges.

The attached resolution reflects the adjustment of salary and the amendment to City's Annual Salary Schedule. It signifies an increase in the salary from \$304,574.40 to \$335,025.60 per year, or an hourly rate of \$161.07. This adjustment aims to align the City Manager's compensation with industry standards, recognizing the importance of attracting and retaining qualified individuals in this key leadership role.

By approving this salary adjustment, the City demonstrates its commitment to providing fair and competitive compensation to its City Manager. This action acknowledges the

challenging nature of the position and reflects the City's ongoing dedication to effective governance and the recruitment of talented individuals to lead and manage the City's affairs.

FISCAL IMPACT

The proposed adjustment will cost approximately \$41,000 in FY 2024. The FY 2024 Budget, if adopted as presented and proposed to City Council on June 20, 2023, is expected to contain sufficient funding to cover the costs associated with the proposed salary adjustment.

ALTERNATIVES

1. Do not adopt the attached resolution and provide alternate direction to staff.

Prepared by:



Jenny Le-Christensen, HR Manager

Reviewed by:



Brian Loventhal, City Manager

Approved by:



Andrea Sanders, City Clerk

Attachment:

- a. Resolution - City Manager Market Adjustment
- b. Exhibit A - Salary Schedule - City Manager

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
ADJUSTING THE SALARY FOR THE CITY MANAGER, AND AUTHORIZING AN
AMENDMENT TO THE CITY'S ANNUAL SALARY SCHEDULE FOR THE CITY
MANAGER CLASSIFICATION**

WHEREAS, the City Council appointed Brian Loventhal as City Manager, effective December 5, 2016; and

WHEREAS, Section 2.16.020 of the Campbell Municipal Code provides that compensation for all appointed officers and employees of the City shall be fixed by Resolution; and

WHEREAS, California Public Employees' Retirement System (CalPERS) issued Circular Letter 200-050-16 dated November 4, 2016 as a reminder to employers of the requirements for compensation earnable and publicly available salary schedules; and

WHEREAS, all employers must comply with the compensation earnable and publicly available salary schedules provisions contained within California Government Code (GC) section 20636(d) and California Code of Regulations (CCR) 570.5; and

WHEREAS, it is necessary for the City Council to review and duly approve and adopt in accordance with requirements of applicable public meetings laws a publicly available salary schedule; and

WHEREAS, in keeping with Campbell Personnel Rules and Regulations section 4.3.C.1, the City Council desires to adjust the City Manager's compensation to mitigate the City Manager salary falling below the labor market mean; and

WHEREAS, Since the execution of the agreement, there have been two amendments made to adjust the compensation for City Manager Services based on the Council's desires; and

WHEREAS, on June 16, 2020, Council adopted Resolution 12599 and on December 6, 2022, Council adopted Resolution 12924 adjusting the salary of the City Manager; and

WHEREAS, in 2022, the City of Campbell retained the services of Bryce Consulting, Inc. to conduct a total compensation analysis for all positions within the City as measured against 11 other comparable agencies and to ensure employee retention and market competitiveness; and

WHEREAS, the study concluded that the City Manager was below the market mean by approximately 17%; and

WHEREAS, the City Council desires to approve a 10% market adjustment to the Annual Salary Schedule and approve a salary adjustment for the City Manager position effective the first full pay period in July 2023 to account for the disparity between this

position and other positions benchmarked at those classification to the other comparable agencies;

NOW, THEREFORE BE IT RESOLVED that the City Council hereby approves an adjustment to the salary of the City Manager to \$335,025.60 per year to reflect the market adjustment; and

NOW, THEREFORE BE IT FURTHER RESOLVED that the City Council hereby approves an amendment to the City’s Annual Salary Schedule as included as Exhibit A for the City Manager Classification.

PASSED AND ADOPTED this __day of _____2023, by the following roll call vote:

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

APPROVED:

Anne Bybee, Mayor

ATTEST:

Andrea Sanders, City Clerk

Attachment: Resolution - City Manager Market Adjustment (Resolution Amending Agreement for City Manager Services)

**CITY OF CAMPBELL
 POSITION CLASSIFICATION - CITY MANAGER
 FY 23/24 - SALARY SCHEDULE**

Exhibit A - City Manager



Effective: **7/10/2023**

CLASS CD	JOB TITLE	STEP RANGES							
		Range			Step 1	Step 2	Step 3	Step 4	Step 5
1005	CITY MANAGER	UNC01	CMGR	Hourly	161.07	-	-	-	-
				Bi-Weekly	12,885.60	-	-	-	-
				Monthly	27,918.80	-	-	-	-
				Annual	335,025.60	-	-	-	-

Notes:
 1) Salary increase per total compensation survey



*City
Council
Report*

Item: 12
Category: NEW BUSINESS
Meeting Date: June 20, 2023

TITLE: Public Hearing to Provide an Update on the Below-Market Rate Housing Program Activities Over the Past Year and Consider the Adoption of a Resolution Dispensing with the Bidding Procedures, Approving a Consultant Services Agreement with HouseKeys, Inc and Authorizing the City Manager Execute the Agreement(Resolution/Roll Call Vote) (PLN-2023-83)

RECOMMENDED ACTION

Staff recommends that the City Council adopt a Resolution, dispensing with the bidding procedures specified in CMC Section 3.20.050, Approving a one-year Consultant Services Agreement (expiring June 30, 2024) with HouseKeys, Inc., to serve as the City's Below-Market Rate Program Administrator and authorizing the City Manager to execute the agreement .

BACKGROUND

In June 2016, the City of Campbell hired HouseKeys, Inc. to serve as the City's Below Market Rate (BMR) Housing Program Administrator. The contract has been renewed annually since that time and the current contract terminates on June 30, 2023.

DISCUSSION

The purpose of this meeting is to provide an update on the Below-Market Rate (BMR) housing program activities over the past year, consider the renewal of Housekeys, Inc. contract including an increase in the flat rate program administration fee (28% increase; \$160,000 to \$205,000), and proposed amendments to contract termination clause to provide for a six-month minimum notice.

BELOW-MARKET RATE HOUSING PROGRAM UPDATE

The City's Below-Market Rate (BMR) housing program oversees and manages housing units and loans that must be made affordable under various programs, including Campbell's Inclusionary Housing Ordinance and State Density Bonus Law. The program facilitates tenant placement, provides education on requirements, and ensures compliance with affordable housing regulations by owners, tenants, and developers.

For the BMR ownership and rental program, HouseKeys, Inc. continues to provide support for applicant service requests, conduct introductory homebuyer education/training workshops and orientation classes (conducted online), prepare

income qualifications, coordinate complete and accurate document transmittals, prepare and record agreements and other legal documents, and prepare and ensure timely delivery of all necessary escrow documents.

In support of the BMR program, HouseKeys, Inc. also continues to conduct annual BMR compliance monitoring, maintain a list of eligible and qualified BMR homebuyers, maintain a list of approved loan officers and lending operations, act as transaction coordinator for all real estate transactions, and provide annual updates to the County on the resale value of all BMR homes.

HouseKeys also investigates potential BMR compliance issues and processes enforcement procedures (e.g., timelines and legal actions) in accordance with the BMR Guidelines approved in November of 2018 (Attachment E – BMR Guidelines; established by Resolution No. 12375) and Council direction. An expanded discussion on enforcement efforts has been provided under the section entitled ‘Compliance Program’.

BMR Rental Program: The BMR rental program currently includes 51 rental units¹ spread across five (5) apartment developments: Alvin’s Corner (Hamilton Ave.), Merrill Gardens (Winchester Blvd.), Revere (Bascom Ave.), St. Anton (Railway Ave.), and Winchester Station (Winchester Blvd.).

Rental Opportunity Drawings: In FYE 2023, HouseKeys facilitated five opportunity drawings (lotteries) for the rental program which are summarized below:

#	Index	Project Name	Unit Type	# Of Applications
1	397	Alvin’s Corner	1 Bed; Low-Income	161
2	400	Railways	1 Bed; Very Low-Income	176
3	403	Merrill Gardens	Studio; Very Low-Income	16
4	430	Merrill Gardens	1 Bed; Very Low-Income	17
5	453	Merrill Gardens	2 Bed; Very Low-Income	33
Total Applications				403

No rental units were added or removed from the program in the past year.

Rental Program Summary:

- 5 vacancies that drew in 403 applications (80 applicants per opportunity drawing).
- Certified/Current – 51 units².
- One (1) active enforcement case.

¹ Campbell is also home to a number of affordable rental developments that do not have oversight by the City or the BMR Administrator (Avalon, Corinthian, El Parador, San Tomas Gardens, Rincon Gardens, Sharmon Palms, Wesley Manor), although HouseKeys does collect data on some of these programs (e.g., Avalon, San Tomas Gardens and Sharmon Palms).

² Recertifications for FYE 2023 are still ongoing; all units were found in compliance last year (FYE 2022).

BMR Homeowner Program: The BMR ownership program currently includes 83 units spread across 17 developments, including: Oak Tree Circle (2 new construction), Orchard Grove, Grant Street, Ainsley Place, Campbell Manor, Heritage Place, Park Town Place, Sonata Place, George Court, Hamilton Square, North Second Street, Maravilla, Penny Lane, Palomar, Cottage Place, Madison, and Town 38. Units included in the homeowner program either have resale restrictions³, City financing (loans), or a combination of resale restrictions and City financing. All units are annually certified by HouseKeys including six (6) that are managed by Habitat for Humanity. While no ownership units were added to the program in the past year, one unit was removed having fulfilled its loan obligation.

Ownership Opportunity Drawings: In FYE 2023, HouseKeys facilitated three drawings (lotteries) for the homeowner program which are summarized below:

#	Index	Project Name	Unit Type	# Of Applications
1	344	Oak Tree Circle (New)	4 Bed – Very Low	154
2	369	Oak Tree Circle (New)	4 Bed – Very Low	119
3	391	Orchard Grove (Resale)	3 Bed - Moderate	245
Total Applications				518

Service Requests: By FYE 2023, HouseKeys responded to seven (7) service requests from residents seeking general assistance, questions remodeling procedures, and the resale of units within the program.

	General	Remodel	Refinance	Resale	Total
Service Request Summary	2	3	0	2	7

Homeowner Program Summary:

- There was one resale that drew 245 applications.
- There are two pending projects (Union Townhouses, Parkview).
- Certified/Current – Pending; recertifications to be completed by August 2023.
- 3 active enforcement cases.

Loan Program: HouseKeys also manages the City’s affordable housing revolving loan program which once served to support eligible low-income housing residents (i.e., downpayment assistance) and buy-down the affordability and construction costs of new housing units to make units available to lower-income households.

Management of the loan program includes processing and underwriting refinance requests, calculating all pay-off demands, preparing, and processing all loan documents, issuing required disclosures and tax forms, and collecting pay-off of first-time homebuyer loans issued by the City when loans were actively being provided to Campbell residents. The loan program also includes coordination with the City Finance

³ Resale restrictions include term limits (i.e., 25, 30, 35, or 45-year term limits) and affordability limits (i.e., low, moderate).

Department to complete reports to the State for funds awarded to the City (e.g., BEGIN funds).

In 2023, the City of Campbell had \$7.7 million in outstanding loans consisting of \$3.5 million invested into the Maravilla development, \$2.3 million in BEGIN loans, \$1.4 million in the rehabilitation loans, and \$532,000 in first time home buyer loans. From these loans (as well as cash holdings) the City received approximately \$78,000 in annual interest payments and excess sales proceeds with an additional estimated \$98,000 payoff to be received by June 15, 2023. All loans in the portfolio are considered 'current' since there are no performing notes (notes with monthly amortizing payments made by the borrower). Principal and interest are generally due at time of sale or default and are not paid on a monthly or annual basis.

Compliance Program: When HouseKeys was hired to serve as the City's BMR Housing Program Administrator in 2016, the City did not have clearly established reporting or enforcement procedures. In November of 2018, the City Council approved BMR Guidelines which included actions and timelines for compliance (reference Attachment E – BMR Guidelines; established by CC Resolution 12375).

Rental Program Compliance: Compliance efforts for the rental program have been largely successful with all 51 units in the program being certified/current.

Homeownership Program Compliance: The homeownership program currently has 83 units, having added two units (Oak Tree Circle) and lost four units (one unit at Ainsley Square; and three loan portfolio units) in the past year. HouseKeys is actively working with homeowners to complete compliance recertifications and anticipates having results by the end of August 2023. In November of 2021, the City Council met to discuss the three (3) non-compliant homeownership program units. Three cases are active, with one in litigation initially in settlement stages, however, moving back into active litigation. The two remaining cases have been authorized for legal action and are pending startup. HouseKeys has engaged legal counsel to handle both pending cases.

FINDINGS TO CONTINUE CONTRACT SERVICES WITH HOUSEKEYS

The purchasing procedures outlined in the City's Municipal Code (CMC) Section 3.20.050 state that purchases and contract for 'supplies, services, and equipment of estimated fair market value greater than fifty thousand dollars' shall be made according to specified bidding procedures. CMC Section 3.20.030 provides that the bidding procedures may be dispensed with when any one of eight potential circumstances are found to exist. In consideration of the subject proposal, the Council may find the following circumstances in **bold** to apply to two of the required findings (staff comments in italics):

- (1) **The city seeks the special services, consultation or advice in financial, economic, accounting, engineering, legal, administrative or other matters from persons specially trained, experienced and competent to perform the special services required;**

As the City's current and long-term BMR Housing Program Administrator, HouseKeys has unique background and knowledge of City's BMR Housing Program, policy documents, agreements, and cases under active management. This experience makes them uniquely experienced and suited to perform the special services required.

(5) The City Council, by a majority vote, determines that it is in the best interest of the public to dispense with the requirements of Section 3.20.050, in which case the City Council shall prescribe the appropriate method of purchase.

In consideration of the unique background and knowledge HouseKeys has developed over the past seven years administering the City's BMR Program, and necessity to execute a contract in a timely manner to avoid a disruption in services, it may be found to be in the best interest of the public to dispense with the requirements of Section 3.20.050 and enter sole-source negotiation of services with HouseKeys.

As only one of eight potential circumstances need to apply to dispense with the bidding procedures, where two have been identified, the Council may dispense with the formal bidding procedures.

SERVICE AGREEMENT AMENDMENTS

As part of the 2023 service agreement, two amendments have been proposed.

The first reflects an increase in the program administration fee from \$160,000 to \$205,000 (28% increase). This increase is in alignment with recommendations of the Housing Program Audit, prepared by Rebecca Garcia (reference Attachment D), and serves to offset increased service costs and address a need to scale the program for anticipated housing unit production.

The second amendment would require the City to provide for a six-month minimum notice period prior to the termination of the contract, without cause. As staff anticipates it would take a minimum of six months to onboard a new service provider to ensure a seamless transition, staff are also supportive of this request.

FISCAL IMPACT

The \$205,000 Program Administration Fee included in the Proposed Scope of Services and Fee Schedule would be paid out of the Housing Assistance fund⁴ created after the dissolution of the City's Redevelopment Agency. \$205,000 is also shown in the Proposed FY 23/24 Budget under the Housing Assistance fund. The fund has adequate reserves to cover the cost of the contract and earns approximately \$80,000 a year from interest on loan payments and cash holdings as well from surplus payments/excess sale proceeds.

⁴ Created following the dissolution of the redevelopment agency, Fund 233 is a successor agency fund which has [restrictions](#) on its use. Generally, the fund may be used for monitoring and preserving affordability covenants, administrative costs, homeless prevention, and development of affordable housing. The services offered by HouseKeys is consistent with the fund restrictions.

HouseKeys also collects transaction fees which are paid for by new program applicants and existing program participants – at no cost to the City. Accounting for all fees collected in FY 22/23, and the proposed flat rate fee for FY23/24, the total value of the contract is approximately \$238,004⁵ as summarized in the table below:

Description	Fee	Billed To	Collected
Program Administration Fee	\$205,000	City	\$205,000
Loan Processing Transaction Fee	\$1,250 per transaction	Owner/Lender	\$0
New BMR Sales Transaction Fee (2)	3% of sales price	Buyer (via Sales Price)	\$10,222
BMR Resale (1 Transactions)	6% of new sales price	Buyer (via Sales Price)	\$22,782
Opportunity Drawing Entry Fee	\$25.00	Applicant	\$0
Application Fee	\$75.00	Applicant	\$0
Projects Outside Scope	\$250.00	City	\$0
Gross Total (including City share of loan processing fees)			\$238,004
<i>City Share of Loan Processing Transaction Fee</i>			\$0
Net Proceeds to HouseKeys (Estimated; Varies)			\$238,004

While program expenditures will be satisfied by existing funding sources for several more years, the program will eventually require use new revenue sources, as identified in the Housing Program Audit that was accepted by Council on May 16, 2023.

ALTERNATIVES

1. Request a modified BMR Administrator Service Agreement (e.g., scope of work, budget, duration) to be returned to the City Council. If this alternative is pursued, a temporary interruption in services will occur as the contract is set to expire on June 30, 2023 – prior to the next City Council meeting (July 18, 2023).
2. Do not renew the BMR Administrator contract and consider alternatives to how the City manages Campbell's housing programs, such as hiring in-house staff, a different consultant, or developing partnerships with other agencies.
3. Do not dispense with the bidding procedures, directing staff to return to Council with a Draft Request for Proposals for BMR Administration Services.

⁵ The City reported value of the contract to be closer to \$350,000 in 2020, and \$177,000 in 2021, and 244,800 in [2022](#) based on fees collected those years and proposed program administration fee.

Prepared by:



Stephen Rose, Senior Planner

Reviewed by:



Rob Eastwood, Community
Development Director

Approved by:



Brian Loventhal, City Manager

Attachment:

- a. Draft Resolution
- b. Exhibit A-Proposed Consultant Service Agreement (FY23-24)
- c. Consultant Service Agreement (Redlines)
- d. Campbell Housing Program Audit, Rebecca Garcia
- e. BMR Guidelines; established by CC Res. 12375

RESOLUTION NO. _____

BEING A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL DISPENSING WITH THE BIDDING PROCEDURES, APPROVING THE BELOW MARKET RATE HOUSING PROGRAM ADMINISTRATOR PROFESSIONAL SERVICES AGREEMENT WITH HOUSEKEYS, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT

WHEREAS, in June of 2016, the City Council selected HouseKeys to serve as the City's Below Market Rate (BMR) Housing Program Administrator and authorized the City Manager to execute a professional services agreement; and

WHEREAS, the professional services agreement with HouseKeys has been annually renewed since that time; and

WHEREAS, on June 7, 2022, the Council authorized the City Manager to execute a one-year contract with HouseKeys, Inc. to administer the City's Below Market Rate Program; and

WHEREAS, the current one-year contract is set to expire on June 30, 2023; and

WHEREAS, the cost of the Program is partially subsidized through the Administrator's collection of transaction fees charged to program participants (e.g., developers, applicants, homeowners, rental tenants, and lenders); and

WHEREAS, the City Council held a public meeting and approved the scope of work and proposed fee schedule included with this resolution as Exhibit A; and

WHEREAS, the purchasing procedures outlined in the City's Municipal Code (CMC) Section 3.20.050 state that purchases and contract for 'supplies, services, and equipment of estimated fair market value greater than fifty thousand dollars' shall be made according to specified bidding procedures; and

WHEREAS, the flat rate administration fee for services to be provided by HouseKeys are \$205,000 and HouseKeys also collects transition fees which are paid for by program participants; and

WHEREAS, CMC Section 3.20.030 provides that the bidding procedures may be dispensed with when any one of eight potential circumstances are found to exist; and

WHEREAS, the City Council has found the following two circumstances from CMC 3.20.030 to exist, thereby warranting the bidding procedures to be dispensed with:

- The city seeks the special services, consultation or advice in financial, economic, accounting, engineering, legal, administrative or other matters from persons specially trained, experienced and competent to perform the special services required;

- The City Council, by a majority vote, determines that it is in the best interest of the public to dispense with the requirements of Section 3.20.050, in which case the City Council shall prescribe the appropriate method of purchase.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell hereby dispenses with the bidding procedures specified in CMC Section 3.20.050, approves a 12 month (expiring June 30, 2024) professional service agreement with HouseKeys, Inc. as more fully detailed in Exhibit A of this resolution, and authorizes the City Manager to execute the agreement.

PASSED AND ADOPTED this ____ day of _____, 2023, by the following roll call vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

APPROVED: _____
Anne Bybee, Mayor

ATTEST: _____
Andrea Sanders, City Clerk

CITY OF CAMPBELL
CONSULTANT SERVICES AGREEMENT

This Agreement is entered into at Campbell, California on the 30th day of June, 2023, by and between the **CITY OF CAMPBELL** (hereinafter referred to as "City") and HouseKeys Inc., a California Corporation (hereinafter referred to as "Consultant").

WHEREAS, City desires to obtain consulting services for the purpose of Below Market Rate Housing Program Administration; and

WHEREAS, Consultant represents that it has the expertise, means, and ability to perform said Below Market Rate Housing Program Administration.

NOW, THEREFORE, in consideration of each other's mutual promises, Consultant and City agree as follows:

1. DUTIES OF CONSULTANT

1.1 Consultant agrees to perform services as set forth in Exhibit A - Scope of Services, attached hereto and incorporated herein by reference, and which shall be interpreted together and in harmony with this Agreement. In the event of any conflict between Exhibit A and this Agreement, this Agreement shall govern, control, and take precedence.

1.2 Consultant's project manager will meet with the City's project coordinator prior to commencement of the project to establish a clear understanding of the working relationships, authorities, and management philosophy of City as it relates to this Agreement.

1.3 Consultant, working with the City, will gather available existing information concerning the project, and shall review documents as necessary for compliance with the project's objectives.

1.4 In performance of this Agreement by Consultant, time will be of the essence.

1.5 Notwithstanding Section 1.4, Consultant shall not be responsible for delay caused by activities or factors beyond Consultant's reasonable control, including delays or by reason of strikes, work slow-downs or stoppages, or force majeure.

1.6 Consultant agrees to perform this Agreement in accordance with the highest degree of skill and expertise exercised by members of Consultant's profession working on similar projects under similar circumstances.

1.7 Consultant shall cooperate in good faith with City in all aspects of the performance of this Agreement.

1.8 In the course of the performance of this Agreement, Consultant shall act in the

City's best interest as it relates to the project.

1.9 The designated project manager for Consultant shall be Julius Nyanda. The Consultant's project manager shall have all the necessary authority to direct technical and professional work within the scope of the Agreement and shall serve as the principal point of contact with the City and the City's project coordinator. The authorized principal of Consultant executing this Agreement for the Consultant shall have authority to make decisions regarding changes in services, termination and other matters related to the performance of this agreement on behalf of Consultant.

1.10 The Consultant (and its employees, agents, representatives, and subconsultants), in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the City. The City shall not direct the work and means for accomplishment of the services and work to be performed hereunder. The City, however, retains the right to require that work performed by Consultant meet specific standards consistent with the requirements of this Agreement without regard to the manner and means of accomplishment thereof. Subcontractors shall assume all of the rights, obligations and liabilities, applicable to it as an independent contractor hereunder. Consultant represents and warrants that it (i) is fully experienced and properly qualified to perform the class of work and services provided for herein, (ii) has the financial capability and shall finance its own operations required for the performance of the work and services and (iii) is properly equipped and organized to perform the work and services in a competent, timely and proper manner in accordance with the requirements of this Agreement.

1.11 This Agreement contains provisions that permit mutually acceptable changes in the scope, character or complexity of the work if such changes become desirable or necessary as the work progresses. Adjustments to the basis of payment and to the time for performance of the work, if any, shall be established by a written contract amendment (approved and executed by the City) to accommodate the changes in work.

2. DUTIES OF CITY

2.1 City shall furnish to Consultant all available and pertinent data and information requested by Consultant to facilitate the preparation of the documents called for in this Agreement. Consultant shall be entitled to reasonably rely on all such information.

2.2 City shall provide contract administration services. City shall notify Consultant of required administrative procedures and shall name representatives, if any, authorized to act in its behalf.

2.3 City shall review documents submitted by Consultant and shall render decisions pertaining thereto as promptly as reasonably possible.

3. COMPENSATION

3.1 For the full performance of the services described herein by Consultant, City agrees to compensate Consultant for all services and direct costs associated with the performance

of the project in an amount not to exceed \$205,000 paid in monthly installments of 17,083.33 per month, as follows:

a. Once each month, Consultant shall submit for payment by City, an itemized invoice for services performed during the previous billing period. The invoice shall describe the services rendered and the title of the item of work, and shall list labor hours by personnel classification. Said invoice shall be based on all labor and direct expense charges made for work performed on the project. Labor charges shall be in accordance with the fee schedule found in Exhibit A of this Agreement. City shall pay Consultant for services rendered and approved by the City within 30 days from the date the itemized invoice is received by the City, subject to the maximum not to exceed amount specified above and the City's right to object.

b. Direct costs are those outside costs incurred on or directly for the project, and substantiated with invoices for the charges. Direct expenses include printing, reproduction, and delivery charges.

3.2 If Consultant incurs other costs which are not specifically covered by the terms of this Agreement, but which are necessary for performance of Consultant's duties, City may approve payment for said costs if authorized in writing by the City in advance. However, Consultant may retain outside legal counsel from time to time, without prior written consent by the City, to assist Consultant with legal matters within the scope of this Agreement, so long as outside legal fees are at the Consultant's sole.

3.3 City may order changes in the scope or character of services in writing, including decreasing the amount of Consultant's services. In the event that the work is decreased, Consultant is entitled to full compensation for all services performed and expenses incurred prior to receipt of notice of change. Under no conditions shall Consultant make any changes to the work, either as additions or deductions, without the prior written order of the City. In the event, that the City determines that a change to the work or services from that specified in this Agreement is required, the contract time and/or actual costs reimbursable by the City for the project may be adjusted by contract amendment or change order to accommodate the changed work. The maximum not to exceed total amount specified in this Article 3 (Compensation) shall not be exceeded, unless authorized by written contract amendment or change order, approved and executed by the City. Consultant shall obtain prior written approval for a revised fee schedule from the City before exceeding such fee schedule.

3.4 In no event, will the Consultant be reimbursed for any costs or expenses at any rates that exceed the rates for set forth in the fee schedule found in Exhibit B.

4. SUBCONSULTANTS

4.1 Consultant may not subcontract any services required under this Agreement without the prior written consent of the City.

4.2 Consultant shall be responsible to City for the performance of any and all

subconsultants who perform work under this contract, and any acts of negligence or misconduct on their part. Consultant is solely responsible for all payments due to subconsultants.

4.3 Nothing contained herein or otherwise shall require Consultant to obtain written approval by the City for the performance of certain duties under this Agreement by Consultant's related entities, including HouseKeys Services Corporation, a California corporation for brokerage and lending services and HouseKeys Resource and Education Center, Inc., a California public benefit corporation, for housing and property acquisition and redevelopment activity in connection with this Agreement. Furthermore, Consultant's related entities shall not be considered subconsultants under this Agreement.

5. OWNERSHIP OF DOCUMENTS AND MATERIALS

All original drawings, documents, papers, data, materials, photographs, negatives and other work products prepared by the Consultant and/or its subconsultants in the performance of the services encompassed in this Agreement (whether in printed or electronic format) ("project-related documents and materials") shall be the property of the City and may be used on this project without the consent of the Consultant or its subcontractors. City acknowledges that such drawings, documents, and other items are instruments of professional services intended for use only on the subject project. Consultant agrees that all copyrights which arise from creation of the Project-related documents and materials pursuant to this Agreement shall be vested in the City and waives and relinquishes all claims to copyright or other intellectual property rights in favor of the City. Upon the completion or termination of this Agreement for any reason, the City shall be entitled to receive, and Consultant shall promptly provide to the City upon request, all finished and unfinished project-related documents and materials, produced or gathered by or on behalf of Consultant that are in Consultant's possession, custody or control. Consultant may retain copies of said documents and materials for its files. In the event of termination, any dispute regarding compensation or damages shall not hinder, prevent, or otherwise impact the City's right to promptly receive and use such documents and materials which are the sole and exclusive property of the City.

6. TERMINATION

Notwithstanding any other provision of this Agreement, City may terminate this Agreement at any time, with or without cause, in its sole discretion, by giving notice in writing to Consultant of such termination. In the event of termination, the Consultant shall have the right and obligation to promptly assemble the work then in progress for the purpose of completing the work and delivering all materials and documents to the City.

6.1. Termination Without Cause. To ensure a seamless transition and facilitate the recovery of fees earned for services rendered, a minimum notice period of six months shall be observed for any termination without cause. The Consultant shall be entitled to receive compensation for the services rendered and fees earned up until the termination date in accordance with the payment provisions set forth in Section 3.1.

6.2 Termination With Cause. In the event of termination for cause, the Consultant need be compensated only to the extent required by law.

7. **AUDIT AND INSPECTION**

Consultant shall permit authorized representatives of City to inspect and audit all data and records relating to its performance under this Agreement for a period of three years following acceptance of the final study.

8. **EQUAL EMPLOYMENT OPPORTUNITY**

Consultant agrees to refrain from discriminatory employment practices on the basis of race, religious creed, color, sex, national origin, handicap, sexual orientation, or ancestry of any employee of, or applicant for employment with, such Consultant or subcontractor.

9. **INSURANCE AND INDEMNIFICATION**

9.1 The parties acknowledge that this Agreement does not involve any design professional services from the Consultant.

With respect to all matters, Consultant agrees to indemnify, defend (with counsel reasonably satisfactory to the CITY) and hold harmless the CITY, its officers, officials, directors, agents representatives, volunteers, and employees to the fullest extent allowed by law from any and all claims, actions, causes of action, losses, damages, liabilities and costs of every nature, including but not limited to all claims, actions, causes of action, losses, damages, liabilities for property damage, bodily injury, or death, and all costs of defending any claim, caused by or arising out of, or alleged to have been caused by or arise out of, in whole or in part, Consultant's performance under this Agreement, except for any claims, actions, causes of action, losses, damages, costs or liabilities proximately caused by:

- (a) Consultant ministerially carrying out the express written direction of the City involving no discretion on the part of the Consultant;
- (b) The sole negligence or willful misconduct of City.

City shall not be liable for acts of Consultant in performing services described herein.

In no event shall this section be construed to require indemnification by the Consultant to a greater extent than permitted under the public policy of the State of California; and in the event that this contract is subject to California Civil Code section 2782(b), the foregoing indemnity provisions shall not apply to any liability for the active negligence of the City.

Nothing contained in this provision shall be construed as relieving the Consultant from any obligation to provide indemnity or defense that was undertaken pursuant to any prior contract between the parties.

The defense and indemnity provisions obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by the insurance obligations contained in this Agreement. The foregoing indemnity provisions are intended to fully allocate the parties' risk of liability to third-parties; and there shall be no rights to indemnity or contribution, in law or equity or otherwise between the parties that are not set forth in this section. Consultant waives all rights to subrogation for any matters covered by the provisions of this section. Consultant's responsibility for such defense and indemnity obligations as set forth in this section shall survive the termination or completion of this Agreement for the full period of time allowed by law.

9.2 Consultant shall maintain insurance conforming to the following specifications to the fullest amount allowed by law for a minimum of two years following the termination or completion of this Agreement:

A. Types of Coverage

The policies shall afford the following types of coverage:

1. Commercial General Liability;
2. Automotive;
3. Workers' Compensation and Employer Liability; and
4. Professional Liability and/or Errors and Omissions

B. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. For Commercial General Liability: Insurance Services Office (ISO) CGL Form 00 01 11 85; and
2. For Automotive Liability: ISO CA 00 01 06 92 including symbol 1(any auto); and
3. For Workers' Compensation: insurance as required by the Labor Code of the State of California and Employer's Liability insurance; and
4. For Professional Liability and/or Errors and Omissions: insurance covering negligence committed by or on behalf of Consultant in rendering services to City.

C. Minimum Limits of Insurance

Consultant shall maintain limits no less than:

1. General Liability: \$1,000,000 combined single limit per occurrence for

bodily, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

3. Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the Labor Code of the State of California and Employer's Liability limits of \$1,000,000 per accident.

4. Professional Liability and/or Errors and Omissions: \$1,000,000 per claim and \$2,000,000 in the annual aggregate.

The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City (as agreed to in this Agreement) before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

D. Deductible and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by the City, and shall not reduce the limits of liability. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the City, its agents, officers, attorneys, employees, officials and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses related to investigations, claim administration, and defense expenses. Policies containing any self-insured retention provision shall provide or be endorsed to provide that the self-insured retention may be satisfied by either the named insured or the City.

E. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverage:

a. The City, its agents, officers, attorneys, employees, officials and volunteers are to be covered as additional insureds as respects: liability arising out of this Agreement performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. It is a requirement of this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth in this Agreement shall be available to the City as an

additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever affords greater coverage.

b. The Consultant's insurance coverage shall be primary insurance as respects the City, its agents, officers, attorneys, employees, officials and volunteers. Any insurance or self-insurance maintained by the City, its agents, officers, attorneys, employees, officials and volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its agents, officers, attorneys, employees, officials, and volunteers.

d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employer's Liability Coverage: The insurer shall agree to waive all rights of subrogation against the City, its agents, officers, attorneys, employees, officials, and volunteers for losses arising from work performed by the Consultant for the City.

3. All Coverages: Any unintentional failure to comply with reporting provisions of the policies shall not affect coverage provided to the City; and unless otherwise approved by the City, each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by regular mail has been given to the City, or ten (10) days for cancellation for non-payment of premium.

E. Suspension or Cancellation

If any of the coverages required by this Agreement should be suspended, voided, cancelled or reduced in coverage during the term of this Agreement, Consultant shall immediately notify City and replace such coverage with another policy meeting the requirements of this Agreement.

F. Subcontractors

Consultant agrees that any and all contracts with subcontractors for performance of any matter under this Agreement shall require the subcontractors to comply with the same indemnity and insurance requirements set forth in this Agreement to the extent that they apply to the scope of the subcontractors' work. Subcontractors are to be bound to contractor and to City in the same manner and to the same extent as the Consultant is bound to City under this Agreement. Subcontractors shall further agree to include these same provisions with any sub-

subcontractor. A copy of this Agreement will be furnished to the subcontractor on request. The Consultant shall require all subcontractors to provide a valid certificate of insurance and the required endorsements included in the Agreement prior to commencing any work, and will provide proof of compliance to the City.

G. Acceptability of Insurers

Without limiting Consultant's indemnification provided hereunder, the policies of insurance listed in Article 9.2 of this Agreement are to be issued by an issuer with a current A.M. Best Rating of A:V and who is authorized to transact business in the State of California, unless otherwise approved by the City.

H. Verification of Coverage

Consultant shall furnish the City with endorsements and certificates of insurance evidencing coverage required by this clause. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the City. Where required by statute, forms approved by the Insurance Commissioner are to be submitted. All certificates are to be received and approved by the City before work commences.

10. MISCELLANEOUS

10.1 This Agreement shall be binding on the heirs, executors, assigns and successors of Consultant.

10.2 Neither party may assign this Agreement, or any portion hereof, without the prior written consent of the other.

10.3 This Agreement shall not be construed to alter, affect, or waive any lien or stop notice rights, which Consultant may have for the performance of services pursuant to this Agreement.

10.4 Neither party's waiver of any term, condition or covenant, or breach of any term, condition or covenant shall be construed as the waiver of any other term, condition or covenant or waiver of the breach of any other term, condition or covenant.

10.5 This Agreement contains the entire Agreement between City and Consultant relating to the project and the provision of services to the project. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force or effect. Subsequent modifications to this Agreement shall be in writing and signed by both City and Consultant.

10.6 If any term, condition or covenant of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall be valid and binding on City and Consultant.

10.7 This Agreement shall be governed and construed in accordance with the laws of the State of California.

10.8 This Agreement may be executed in counterparts and will be binding as executed.

10.9 All changes or amendments to this Agreement must be in writing and approved by all parties.

10.10 The term of this Agreement shall commence upon execution of the Agreement and terminate on June 30, 2024. Any extension of the Agreement shall be mutually agreed upon in writing and shall require an amendment to the Agreement signed by both parties.

10.11 Consultant owes the City a duty of undivided loyalty in performing the work and services under this Agreement, including, but not limited to, the obligation to refrain from having economic interests and/or participating in activities that conflict with the City's interests in respect to the work and/or services and project. The Consultant shall list current clients who may have a financial interest in the outcome of this Agreement. The Consultant hereby certifies that it does not now have, nor shall it acquire any financial or business interest that would conflict with the performance of services under this agreement. Consultant shall not make or participate in making or in any way attempt to use Consultant's position to influence a governmental decision in which Consultant knows or has reason to know Consultant has a direct or indirect financial interest other than the compensation promised by this Agreement. Consultant will immediately advise the City if Consultant learns of a financial interest of Consultant's during the term of this Agreement.

10.12 This Agreement is entered into, and to be performed in Santa Clara County, California, and any action arising out of or related to this Agreement shall be maintained in a court of appropriate jurisdiction in Santa Clara County, California.

11. NOTICES

Notices required under this Agreement may be delivered by first class mail addressed to the appropriate party at one of the following addresses:

CITY: City of Campbell
Attention: City Manager
70 North First Street
Campbell, CA 95008

CONSULTANT: HouseKeys Inc.
Attn.: Julius Nyanda
409 Tennant Station Ste. 495
Morgan Hill, CA 95037

Having read and understood the foregoing Agreement, the undersigned parties agree to be bound hereby:

CONSULTANT

By: _____
Julius Nyanda
CEO, HouseKeys Inc.

CITY OF CAMPBELL

By: _____
Brian Loventhal
City Manager

Exhibit A – Scope of Services
Exhibit B – Fee Schedule

EXHIBIT A - SCOPE OF SERVICES 2023-2024 BMR ADMINISTRATOR - HOUSEKEYS

The Scope of Work details the roles and responsibilities of the City and Consultant. The Schedule starts from the date the contract is fully executed by both parties.

1. Consultant will administer the program and assure BMR Deed Restrictions are recorded and followed by all parties as applicable for each property.
2. Consultant will provide offsite support for service requests. Orientations and workshops will be held in the City of Campbell.
3. Consultant will regularly update BMR guidelines and program materials in conjunction with City staff to reflect the Consultant's administrative process for BMR Administration including, but not limited to: applications, program pamphlets, resale calculations, buyer selection process, sale and resale of units, refinancing requests, collection of City fees and other applicable fees, and default monitoring/resolution process.
4. Consultant shall prepare updates to the BMR Owner/Application Participation Guide (to add a reference to the pricing procedures, repair requirements, and clarify recertification requirements) and BMR Rental Application/Participation Guide (to clarify the maximum number of occupants allowed in a studio unit, clarify recertification requirements, and include options for participants to exceed-income limits) for future consideration by the Council.
5. Consultant will maintain a BMR program website presence that will link to the City's housing website.
6. Consultant will conduct annual recertification / monitoring of rental and ownership below market rate program units providing 30 days to submit recertification packages.
7. Consultant shall update pricing guides for below-market rate rental and homeownership units.
8. Consultant and the City have agreed to the following mutually acceptable performance measures for BMR program administration. These measures shall be included in the quarterly BMR summary report.
 - a. General Inquiries: Respond within 48 business hours.
 - b. Loan Requests: Respond within 48 business hours. Complete requests within reasonable time, with weekly status updates for outstanding requests.
 - c. Orientations: Minimum 6 per year, with more as needed for new opportunities.
 - d. Rental Vacancies: Fill vacancies within 60 days.

**EXHIBIT A - SCOPE OF SERVICES 2023-2024
BMR ADMINISTRATOR - HOUSEKEYS**

- e. Follow up letters sent at 60 and 90 days after the initial request for recertification packages before beginning enforcement procedures.
 - f. Eligibility List: Maintain a minimum buyer-to-property ratio of 5:1.
 - g. Application ID issuance: Issue upon receipt of request.
9. Consultant shall maintain the City's existing records, databases, and files through a file retention and management system for the program. All electronic records will be considered work products that are property of the City of Campbell. The Consultant shall update the City's records quarterly to ensure a coordinated seamless record keeping process. The database shall include the following at a minimum:
- a. For each BMR / RDA Development (new and existing):
 - 1) A list of all BMR / RDA units in the development
 - 2) The date of the BMR / RDA developer agreement
 - 3) BMR / RDA units lost, including date, reason for loss, initial sales price, resale price, and actions taken
 - b. For each owner unit (new and existing):
 - 1) The address for each ownership unit
 - 2) The level of affordability (e.g., Very Low, Low, Moderate)
 - 3) The current owner of record
 - 4) The expiration date of the owner agreement
 - 5) The last date of recertification
 - 6) The recertification status (updated annually)
 - 7) The original sales price
 - 8) The current resale restriction price
 - 9) Dates of owner turn-over, as applicable
 - c. For each renter unit (new and existing)
 - 1) The unit number for each rental unit
 - 2) The level of affordability (e.g., Very Low, Low, Moderate)
 - 3) The current tenant of record
 - 4) The last date of recertification
 - 5) The recertification status (updated annually)
 - d. For each affordable housing loan:
 - 1) The type of loan (e.g., RDA, BEGIN, FTHB, etc.)
 - 2) The address associated with the loan
 - 3) The current owner of record (this should be the loan recipient)
 - 4) The amount, term, and due date of the loan
 - 5) dates of payoff and interest collected, as applicable
 - 6) dates of refinance/subordination, as applicable
 - 7) dates of write-off and amount, as applicable

**EXHIBIT A - SCOPE OF SERVICES 2023-2024
BMR ADMINISTRATOR - HOUSEKEYS**

- e. Other information as requested and mutually agreed to.
10. Consultant shall provide a quarterly BMR summary report to the City on the following dates and with the following information, consistent with task #5 and #6:
- Q1 (July – Sept): End of October
 Q2 (Oct – Dec): End of January
 Q3 (Jan – March): End of April
 Q4 (April – June): End of July
- a. Performance Measures (see task #5)
 - b. For each owner unit (new and existing):
 - 1) The address for each ownership unit
 - 2) The level of affordability (e.g., Very Low, Low, Moderate)
 - 3) The current owner of record
 - 4) The last date of recertification and current recertification status
 - c. For each renter unit (new and existing)
 - 1) The unit number for each rental unit
 - 2) The level of affordability (e.g., Very Low, Low, Moderate)
 - 3) The current tenant of record
 - 4) The last date of recertification and current recertification status
 - d. For each affordable housing loan:
 - 1) The type of loan (e.g., RDA, BEGIN, FTHB, etc.)
 - 2) The address associated with the loan
 - 3) The current owner of record (this should be the loan recipient)
 - 4) The amount, term, and due date of the loan
 - 5) Dates of payoff and interest collected, as applicable
 - 6) Dates of refinance/subordination, as applicable
 - 7) Dates of write-off and amount, as applicable
 - e. Current list of defaults and pending defaults
 - 1) Actions taken to date
 - 2) Next steps, including dates
 - f. In-lieu fees collected, if applicable
 - g. Other information as requested and mutually agreed to
11. Consultant will provide the applicants with the following services:
- a. Conducting income qualifications including review of assets, income, verifications of employment and all other necessary approvals to ensure qualification for the City loans.

**EXHIBIT A - SCOPE OF SERVICES 2023-2024
BMR ADMINISTRATOR - HOUSEKEYS**

- b. Making minor revisions to the City's existing program materials and legal documents.
 - c. Underwriting loan applications in accordance with program requirements.
 - d. Preparing all loan documents, overseeing proper execution thereof, and conducting final loan approval reviews.
 - e. Ensuring timely delivery of all necessary documents into escrow, and preparing escrow demands and funding requests.
 - f. Overall management and implementation of specific program policies, including required reporting.
 - g. Preparation of program materials by revising the City's current documents.
 - h. Calculating all pay off demands and issuing any disclosures and tax forms as required by State and/or Federal Law.
 - i. Calculating the resale value of all BMR homes as requested annually by the County.
 - j. Work with City staff to ensure a seamless and coordinated development of documents as it relates to the BMR Program, including the RDO application process where BMR units are included, reviewing developer agreements, and ensuring that BMR requirements are outlined in an Affordable Housing Agreement and any subsequent amendments to the development documentation.
12. Consultant shall act as transaction coordinator for all real estate transactions and will provide the City with a fee schedule. Consultant will charge BMR re-sale transaction fees in line with applicable recorded Deed Restrictions. Consultant will charge the developer transaction coordination fees in accordance with the Affordable Housing Agreement pertaining to the subject development project.
13. Consultant will coordinate document transmittals between buyers, homeowners, developers, and City as needed. Consultant will be responsible for ensuring all documents submitted for City signatures are complete and accurate. Consultant will be responsible for making any necessary corrections to documents.
14. Consultant shall work alongside Staff to conduct monitoring to annually evaluate BMR owners' & renters' compliance with the terms and conditions of the BMR recorded deed restrictions and program guidelines including the following:
- a. Mailing monitoring letters to all the BMR units.
 - b. Reviewing in conjunction with City staff, City or County Assessor data to assist in the process (e.g., water utility bills, property records).
 - c. Review City's preliminary monitoring list to identify follow up actions required.
 - d. Meet with City staff to develop guidelines for acceptable default remedies (e.g.,

**EXHIBIT A - SCOPE OF SERVICES 2023-2024
BMR ADMINISTRATOR - HOUSEKEYS**

allowing rental of BMR units for hardship cases).

15. Consultant shall work alongside Staff to investigate and identify cure for potential BMR defaults including:
 - a. Conduct follow up of those BMR owners who do not submit their compliance documentation.
 - b. Reviewing information from calls from BMR neighbors and interested parties.
 - c. Conduct reasonable follow-up investigation to assess potential BMR defaults including unit site visits.
 - d. Scheduled appointments with BMR owners.
 - e. For confirmed defaults, provide owners with list of actions needed to remedy the default and conduct follow-up to monitoring compliance.
 - f. Maintaining log of actions taken to remedy the defaults.
 - g. For those defaults in which the owners choose to not remedy the situation within a reasonable amount of time, Consultant will meet with City staff to determine the course of action to pursue. City authorization will be sought for any legal action taken.
 - h. City will provide a list of any current BMR defaults and actions taken to date.
16. Consultant shall conduct introductory Home Buyer Education/Training classes – HomeBuyer Orientation Classes prior to BMR application
17. Consultant shall build and maintain a group of local (live or work in the City of Campbell) qualified and eligible BMR homebuyers at a minimum Buyer-to-Property ratio of 5:1
18. Consultant will partner with the City to create City legal templates for documents required for signature by the BMR participants. Consultant shall supply documents that are typically used in Santa Clara County for residential real estate transactions (e.g. purchase and sale, disclosure acknowledgements, addendums, etc.)
19. Consultant will maintain a list of approved loan officers and lending operations eligible to provide mortgage lending for purchase and refinance transactions
20. Consultant will review individual BMR restrictions for terms and requirements as needed including shared equity programs, down payment assistance loans and any resale restriction agreements.
21. Consultant will prepare City staff reports related to the BMR program, including the following:

**EXHIBIT A - SCOPE OF SERVICES 2023-2024
BMR ADMINISTRATOR - HOUSEKEYS**

- a. Contract Renewal and Program Update Report | Draft due to staff: End of March.
- b. Compliance Program Update Report | Draft due to staff: End of August.

**EXHIBIT B – FEE SCHEDULE 2023-2024
BMR ADMINISTRATOR - HOUSEKEYS**

<u>Description</u>	<u>Fee¹</u>	<u>Fee Cap / Max</u>	<u>Billed To</u>
Program Administration	\$205,000 / year (\$17,083.33 / month)		City
Loan Processing Transaction Fee	\$1,250.00 per transaction ²	\$1,250.00 per transaction	Owner / Lender
New BMR Sales Transaction Fee	3% of Sales Price	Maximum \$18,000.00	Buyer (via Sales Price)
BMR Resale (compliant) Transaction Fee	6% of New Sales Price	Maximum \$36,000.00	Buyer (via Sales Price)
Acquisition (default) and BMR Resale / Rehab Transaction Fee	5% of Resale Restriction Price plus 5% of New Sales Price	Maximum \$60,000.00	Buyer (via Sales Price)
Application I.D. Issuance	No fee	No fee	n/a
Participant I.D. Issuance	No fee	No fee	n/a
Opportunity Drawing (Lottery) Entry Fee	\$25.00	\$25.00	Applicant
Application Fee	\$75.00	\$75.00	Applicant
Billing Rate for Projects Outside of Contract Scope	\$250.00 / hour	\$250.00 / hour	City

¹ Fees may be lower pursuant to the relevant executed Agreement (e.g., developer agreement, owner resale restriction agreement, promissory note, etc.)

² 25% of the \$1,250 loan processing fee (\$312.50) paid by the owner/lender will be transferred to the City for administration and internal processing of the subordination / payoff request.

CITY OF CAMPBELL
CONSULTANT SERVICES AGREEMENT

This Agreement is entered into at Campbell, California on the 30th day of June, ~~2023~~2022, by and between the **CITY OF CAMPBELL** (hereinafter referred to as "City") and HouseKeys Inc., a California Corporation (hereinafter referred to as "Consultant").

WHEREAS, City desires to obtain consulting services for the purpose of Below Market Rate Housing Program Administration; and

WHEREAS, Consultant represents that it has the expertise, means, and ability to perform said Below Market Rate Housing Program Administration.

NOW, THEREFORE, in consideration of each other's mutual promises, Consultant and City agree as follows:

1. DUTIES OF CONSULTANT

1.1 Consultant agrees to perform services as set forth in Exhibit A - Scope of Services, attached hereto and incorporated herein by reference, and which shall be interpreted together and in harmony with this Agreement. In the event of any conflict between Exhibit A and this Agreement, this Agreement shall govern, control, and take precedence.

1.2 Consultant's project manager will meet with the City's project coordinator prior to commencement of the project to establish a clear understanding of the working relationships, authorities, and management philosophy of City as it relates to this Agreement.

1.3 Consultant, working with the City, will gather available existing information concerning the project, and shall review documents as necessary for compliance with the project's objectives.

1.4 In performance of this Agreement by Consultant, time will be of the essence.

1.5 Notwithstanding Section 1.4, Consultant shall not be responsible for delay caused by activities or factors beyond Consultant's reasonable control, including delays or by reason of strikes, work slow-downs or stoppages, or force majeure.

1.6 Consultant agrees to perform this Agreement in accordance with the highest degree of skill and expertise exercised by members of Consultant's profession working on similar projects under similar circumstances.

1.7 Consultant shall cooperate in good faith with City in all aspects of the performance of this Agreement.

1.8 In the course of the performance of this Agreement, Consultant shall act in the

City's best interest as it relates to the project.

1.9 The designated project manager for Consultant shall be Julius Nyanda. The Consultant's project manager shall have all the necessary authority to direct technical and professional work within the scope of the Agreement and shall serve as the principal point of contact with the City and the City's project coordinator. The authorized principal of Consultant executing this Agreement for the Consultant shall have authority to make decisions regarding changes in services, termination and other matters related to the performance of this agreement on behalf of Consultant.

1.10 The Consultant (and its employees, agents, representatives, and subconsultants), in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the City. The City shall not direct the work and means for accomplishment of the services and work to be performed hereunder. The City, however, retains the right to require that work performed by Consultant meet specific standards consistent with the requirements of this Agreement without regard to the manner and means of accomplishment thereof. Subcontractors shall assume all of the rights, obligations and liabilities, applicable to it as an independent contractor hereunder. Consultant represents and warrants that it (i) is fully experienced and properly qualified to perform the class of work and services provided for herein, (ii) has the financial capability and shall finance its own operations required for the performance of the work and services and (iii) is properly equipped and organized to perform the work and services in a competent, timely and proper manner in accordance with the requirements of this Agreement.

1.11 This Agreement contains provisions that permit mutually acceptable changes in the scope, character or complexity of the work if such changes become desirable or necessary as the work progresses. Adjustments to the basis of payment and to the time for performance of the work, if any, shall be established by a written contract amendment (approved and executed by the City) to accommodate the changes in work.

2. DUTIES OF CITY

2.1 City shall furnish to Consultant all available and pertinent data and information requested by Consultant to facilitate the preparation of the documents called for in this Agreement. Consultant shall be entitled to reasonably rely on all such information.

2.2 City shall provide contract administration services. City shall notify Consultant of required administrative procedures and shall name representatives, if any, authorized to act in its behalf.

2.3 City shall review documents submitted by Consultant and shall render decisions pertaining thereto as promptly as reasonably possible.

3. COMPENSATION

3.1 For the full performance of the services described herein by Consultant, City agrees to compensate Consultant for all services and direct costs associated with the performance

of the project in an amount not to exceed \$~~205,000~~~~160,000~~ paid in monthly installments of ~~17,083.333~~~~333.33~~ per month, as follows:

a. Once each month, Consultant shall submit for payment by City, an itemized invoice for services performed during the previous billing period. The invoice shall describe the services rendered and the title of the item of work, and shall list labor hours by personnel classification. Said invoice shall be based on all labor and direct expense charges made for work performed on the project. Labor charges shall be in accordance with the fee schedule found in Exhibit A of this Agreement. City shall pay Consultant for services rendered and approved by the City within 30 days from the date the itemized invoice is received by the City, subject to the maximum not to exceed amount specified above and the City's right to object.

b. Direct costs are those outside costs incurred on or directly for the project, and substantiated with invoices for the charges. Direct expenses include printing, reproduction, and delivery charges.

3.2 If Consultant incurs other costs which are not specifically covered by the terms of this Agreement, but which are necessary for performance of Consultant's duties, City may approve payment for said costs if authorized in writing by the City in advance. However, Consultant may retain outside legal counsel from time to time, without prior written consent by the City, to assist Consultant with legal matters within the scope of this Agreement, so long as outside legal fees are at the Consultant's sole.

3.3 City may order changes in the scope or character of services in writing, including decreasing the amount of Consultant's services. In the event that the work is decreased, Consultant is entitled to full compensation for all services performed and expenses incurred prior to receipt of notice of change. Under no conditions shall Consultant make any changes to the work, either as additions or deductions, without the prior written order of the City. In the event, that the City determines that a change to the work or services from that specified in this Agreement is required, the contract time and/or actual costs reimbursable by the City for the project may be adjusted by contract amendment or change order to accommodate the changed work. The maximum not to exceed total amount specified in this Article 3 (Compensation) shall not be exceeded, unless authorized by written contract amendment or change order, approved and executed by the City. Consultant shall obtain prior written approval for a revised fee schedule from the City before exceeding such fee schedule.

3.4 In no event, will the Consultant be reimbursed for any costs or expenses at any rates that exceed the rates for set forth in the fee schedule found in Exhibit B.

4. SUBCONSULTANTS

4.1 Consultant may not subcontract any services required under this Agreement without the prior written consent of the City.

4.2 Consultant shall be responsible to City for the performance of any and all

subconsultants who perform work under this contract, and any acts of negligence or misconduct on their part. Consultant is solely responsible for all payments due to subconsultants.

4.3 Nothing contained herein or otherwise shall require Consultant to obtain written approval by the City for the performance of certain duties under this Agreement by Consultant's related entities, including HouseKeys Services Corporation, a California corporation for brokerage and lending services and HouseKeys Resource and Education Center, Inc., a California public benefit corporation, for housing and property acquisition and redevelopment activity in connection with this Agreement. Furthermore, Consultant's related entities shall not be considered subconsultants under this Agreement.

5. OWNERSHIP OF DOCUMENTS AND MATERIALS

All original drawings, documents, papers, data, materials, photographs, negatives and other work products prepared by the Consultant and/or its subconsultants in the performance of the services encompassed in this Agreement (whether in printed or electronic format) ("project-related documents and materials") shall be the property of the City and may be used on this project without the consent of the Consultant or its subcontractors. City acknowledges that such drawings, documents, and other items are instruments of professional services intended for use only on the subject project. Consultant agrees that all copyrights which arise from creation of the Project-related documents and materials pursuant to this Agreement shall be vested in the City and waives and relinquishes all claims to copyright or other intellectual property rights in favor of the City. Upon the completion or termination of this Agreement for any reason, the City shall be entitled to receive, and Consultant shall promptly provide to the City upon request, all finished and unfinished project-related documents and materials, produced or gathered by or on behalf of Consultant that are in Consultant's possession, custody or control. Consultant may retain copies of said documents and materials for its files. In the event of termination, any dispute regarding compensation or damages shall not hinder, prevent, or otherwise impact the City's right to promptly receive and use such documents and materials which are the sole and exclusive property of the City.

6. TERMINATION

Notwithstanding any other provision of this Agreement, City may terminate this Agreement at any time, with or without cause, in its sole discretion, by giving notice in writing to Consultant of such termination. In the event of termination, the Consultant shall have the right and obligation to promptly assemble the work then in progress for the purpose of completing the work and delivering all materials and documents to the City.

6.1. Termination Without Cause. To ensure a seamless transition and facilitate the recovery of fees earned for services rendered, a minimum notice period of six months shall be observed for any termination without cause. The Consultant shall be entitled to receive compensation for the services rendered and fees earned up until the termination date in accordance with the payment provisions set forth in Section 3.1.

~~6.2 Termination With Cause. In the event of termination for cause, the Consultant need be compensated only to the extent required by law. In the event of such termination, Consultant shall have the right and obligation to immediately assemble the work then in progress for the purpose of completing the work and turning over all materials and documents to City. In the event of such termination, Consultant shall be compensated for all work and services performed to the point of termination in accordance with the payment provisions set forth in Section 3.1, unless the termination is for cause, in which event Consultant need be compensated only to the extent required by law.~~

7. AUDIT AND INSPECTION

Consultant shall permit authorized representatives of City to inspect and audit all data and records relating to its performance under this Agreement for a period of three years following acceptance of the final study.

8. EQUAL EMPLOYMENT OPPORTUNITY

Consultant agrees to refrain from discriminatory employment practices on the basis of race, religious creed, color, sex, national origin, handicap, sexual orientation, or ancestry of any employee of, or applicant for employment with, such Consultant or subcontractor.

9. INSURANCE AND INDEMNIFICATION

9.1 The parties acknowledge that this Agreement does not involve any design professional services from the Consultant.

With respect to all matters, Consultant agrees to indemnify, defend (with counsel reasonably satisfactory to the CITY) and hold harmless the CITY, its officers, officials, directors, agents representatives, volunteers, and employees to the fullest extent allowed by law from any and all claims, actions, causes of action, losses, damages, liabilities and costs of every nature, including but not limited to all claims, actions, causes of action, losses, damages, liabilities for property damage, bodily injury, or death, and all costs of defending any claim, caused by or arising out of, or alleged to have been caused by or arise out of, in whole or in part, Consultant's performance under this Agreement, except for any claims, actions, causes of action, losses, damages, costs or liabilities proximately caused by:

- (a) Consultant ministerially carrying out the express written direction of the City involving no discretion on the part of the Consultant;
- (b) The sole negligence or willful misconduct of City.

City shall not be liable for acts of Consultant in performing services described herein.

In no event shall this section be construed to require indemnification by the Consultant to a greater extent than permitted under the public policy of the State of California; and in the event

that this contract is subject to California Civil Code section 2782(b), the foregoing indemnity provisions shall not apply to any liability for the active negligence of the City.

Nothing contained in this provision shall be construed as relieving the Consultant from any obligation to provide indemnity or defense that was undertaken pursuant to any prior contract between the parties.

The defense and indemnity provisions obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by the insurance obligations contained in this Agreement. The foregoing indemnity provisions are intended to fully allocate the parties' risk of liability to third-parties; and there shall be no rights to indemnity or contribution, in law or equity or otherwise between the parties that are not set forth in this section. Consultant waives all rights to subrogation for any matters covered by the provisions of this section. Consultant's responsibility for such defense and indemnity obligations as set forth in this section shall survive the termination or completion of this Agreement for the full period of time allowed by law.

9.2 Consultant shall maintain insurance conforming to the following specifications to the fullest amount allowed by law for a minimum of two years following the termination or completion of this Agreement:

A. Types of Coverage

The policies shall afford the following types of coverage:

1. Commercial General Liability;
2. Automotive;
3. Workers' Compensation and Employer Liability; and
4. Professional Liability and/or Errors and Omissions

B. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. For Commercial General Liability: Insurance Services Office (ISO) CGL Form 00 01 11 85; and
2. For Automotive Liability: ISO CA 00 01 06 92 including symbol 1(any auto); and
3. For Workers' Compensation: insurance as required by the Labor Code of the State of California and Employer's Liability insurance; and

4. For Professional Liability and/or Errors and Omissions: insurance covering negligence committed by or on behalf of Consultant in rendering services to City.

C. Minimum Limits of Insurance

Consultant shall maintain limits no less than:

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

3. Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the Labor Code of the State of California and Employer's Liability limits of \$1,000,000 per accident.

4. Professional Liability and/or Errors and Omissions: \$1,000,000 per claim and \$2,000,000 in the annual aggregate.

The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City (as agreed to in this Agreement) before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

D. Deductible and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by the City, and shall not reduce the limits of liability. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the City, its agents, officers, attorneys, employees, officials and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses related to investigations, claim administration, and defense expenses. Policies containing any self-insured retention provision shall provide or be endorsed to provide that the self-insured retention may be satisfied by either the named insured or the City.

E. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverage:

a. The City, its agents, officers, attorneys, employees, officials and volunteers are to be covered as additional insureds as respects: liability arising out of this Agreement performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. It is a requirement of this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth in this Agreement shall be available to the City as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is affords greater coverage.

b. The Consultant's insurance coverage shall be primary insurance as respects the City, its agents, officers, attorneys, employees, officials and volunteers. Any insurance or self-insurance maintained by the City, its agents, officers, attorneys, employees, officials and volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its agents, officers, attorneys, employees, officials, and volunteers.

d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employer's Liability Coverage: The insurer shall agree to waive all rights of subrogation against the City, its agents, officers, attorneys, employees, officials, and volunteers for losses arising from work performed by the Consultant for the City.
3. All Coverages: Any unintentional failure to comply with reporting provisions of the policies shall not affect coverage provided to the City; and unless otherwise approved by the City, each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by regular mail has been given to the City, or ten (10) days for cancellation for non-payment of premium.

E. Suspension or Cancellation

If any of the coverages required by this Agreement should be suspended, voided, cancelled or reduced in coverage during the term of this Agreement, Consultant shall immediately notify City and replace such coverage with another policy meeting the requirements of this Agreement.

F. Subcontractors

Consultant agrees that any and all contracts with subcontractors for performance of any matter under this Agreement shall require the subcontractors to comply with the same indemnity and insurance requirements set forth in this Agreement to the extent that they apply to the scope of the subcontractors' work. Subcontractors are to be bound to contractor and to City in the same manner and to the same extent as the Consultant is bound to City under this Agreement. Subcontractors shall further agree to include these same provisions with any sub-subcontractor. A copy of this Agreement will be furnished to the subcontractor on request. The Consultant shall require all subcontractors to provide a valid certificate of insurance and the required endorsements included in the Agreement prior to commencing any work, and will provide proof of compliance to the City.

G. Acceptability of Insurers

Without limiting Consultant's indemnification provided hereunder, the policies of insurance listed in Article 9.2 of this Agreement are to be issued by an issuer with a current A.M. Best Rating of A:V and who is authorized to transact business in the State of California, unless otherwise approved by the City.

H. Verification of Coverage

Consultant shall furnish the City with endorsements and certificates of insurance evidencing coverage required by this clause. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the City. Where required by statute, forms approved by the Insurance Commissioner are to be submitted. All certificates are to be received and approved by the City before work commences.

10. MISCELLANEOUS

10.1 This Agreement shall be binding on the heirs, executors, assigns and successors of Consultant.

10.2 Neither party may assign this Agreement, or any portion hereof, without the prior written consent of the other.

10.3 This Agreement shall not be construed to alter, affect, or waive any lien or stop notice rights, which Consultant may have for the performance of services pursuant to this Agreement.

10.4 Neither party's waiver of any term, condition or covenant, or breach of any term, condition or covenant shall be construed as the waiver of any other term, condition or covenant or waiver of the breach of any other term, condition or covenant.

10.5 This Agreement contains the entire Agreement between City and Consultant relating to the project and the provision of services to the project. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force or effect. Subsequent modifications to this Agreement shall be in writing and signed by both City and Consultant.

10.6 If any term, condition or covenant of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall be valid and binding on City and Consultant.

10.7 This Agreement shall be governed and construed in accordance with the laws of the State of California.

10.8 This Agreement may be executed in counterparts and will be binding as executed.

10.9 All changes or amendments to this Agreement must be in writing and approved by all parties.

10.10 The term of this Agreement shall commence upon execution of the Agreement and terminate on June 30, 2024³. Any extension of the Agreement shall be mutually agreed upon in writing and shall require an amendment to the Agreement signed by both parties.

10.11 Consultant owes the City a duty of undivided loyalty in performing the work and services under this Agreement, including, but not limited to, the obligation to refrain from having economic interests and/or participating in activities that conflict with the City's interests in respect to the work and/or services and project. The Consultant shall list current clients who may have a financial interest in the outcome of this Agreement. The Consultant hereby certifies that it does not now have, nor shall it acquire any financial or business interest that would conflict with the performance of services under this agreement. Consultant shall not make or participate in making or in any way attempt to use Consultant's position to influence a governmental decision in which Consultant knows or has reason to know Consultant has a direct or indirect financial interest other than the compensation promised by this Agreement. Consultant will immediately advise the City if Consultant learns of a financial interest of Consultant's during the term of this Agreement.

10.12 This Agreement is entered into, and to be performed in Santa Clara County, California, and any action arising out of or related to this Agreement shall be maintained in a court of appropriate jurisdiction in Santa Clara County, California.

11. **NOTICES**

Notices required under this Agreement may be delivered by first class mail addressed to the appropriate party at one of the following addresses:

CITY: City of Campbell
Attention: City Manager
70 North First Street
Campbell, CA 95008

CONSULTANT: HouseKeys Inc.
Attn.: Julius Nyanda
409 Tennant Station Ste. ~~495395~~
Morgan Hill, CA 95037

Having read and understood the foregoing Agreement, the undersigned parties agree to be bound hereby:

CONSULTANT

By: _____
Julius Nyanda
CEO, HouseKeys Inc.

CITY OF CAMPBELL

By: _____
Brian Loventhal
City Manager

Exhibit A – Scope of Services
Exhibit B – Fee Schedule

EXHIBIT A - SCOPE OF SERVICES ~~2023-2024~~-2023
BMR ADMINISTRATOR - HOUSEKEYS

The Scope of Work details the roles and responsibilities of the City and Consultant. The Schedule starts from the date the contract is fully executed by both parties.

1. Consultant will administer the program and assure BMR Deed Restrictions are recorded and followed by all parties as applicable for each property.
2. Consultant will provide offsite support for service requests. Orientations and workshops will be held in the City of Campbell.
3. Consultant will regularly update BMR guidelines and program materials in conjunction with City staff to reflect the Consultant's administrative process for BMR Administration including, but not limited to: applications, program pamphlets, resale calculations, buyer selection process, sale and resale of units, refinancing requests, collection of City fees and other applicable fees, and default monitoring/resolution process.
4. Consultant shall prepare updates to the BMR Owner/Application Participation Guide (to add a reference to the pricing procedures, repair requirements, and clarify recertification requirements) and BMR Rental Application/Participation Guide (to clarify the maximum number of occupants allowed in a studio unit, clarify recertification requirements, and include options for participants to exceed-income limits) for future consideration by the Council.
5. Consultant will maintain a BMR program website presence that will link to the City's housing website.
6. Consultant will conduct annual recertification / monitoring of rental and ownership below market rate program units providing 30 days to submit recertification packages.
7. Consultant shall update pricing guides for below-market rate rental and homeownership units.
8. Consultant and the City have agreed to the following mutually acceptable performance measures for BMR program administration. These measures shall be included in the quarterly BMR summary report.
 - a. General Inquiries: Respond within 48 business hours.
 - b. Loan Requests: Respond within 48 business hours. Complete requests within reasonable time, with weekly status updates for outstanding requests.
 - c. Orientations: Minimum 6 per year, with more as needed for new opportunities.
 - d. Rental Vacancies: Fill vacancies within 60 days.

EXHIBIT A - SCOPE OF SERVICES ~~2023-2024~~-2023
BMR ADMINISTRATOR - HOUSEKEYS

- e. Follow up letters sent at 60 and 90 days after the initial request for recertification packages before beginning enforcement procedures.
 - f. Eligibility List: Maintain a minimum buyer-to-property ratio of 5:1.
 - g. Application ID issuance: Issue upon receipt of request.
9. Consultant shall maintain the City's existing records, databases, and files through a file retention and management system for the program. All electronic records will be considered work products that are property of the City of Campbell. The Consultant shall update the City's records quarterly to ensure a coordinated seamless record keeping process. The database shall include the following at a minimum:
- a. For each BMR / RDA Development (new and existing):
 - 1) A list of all BMR / RDA units in the development
 - 2) The date of the BMR / RDA developer agreement
 - 3) BMR / RDA units lost, including date, reason for loss, initial sales price, resale price, and actions taken
 - b. For each owner unit (new and existing):
 - 1) The address for each ownership unit
 - 2) The level of affordability (e.g., Very Low, Low, Moderate)
 - 3) The current owner of record
 - 4) The expiration date of the owner agreement
 - 5) The last date of recertification
 - 6) The recertification status (updated annually)
 - 7) The original sales price
 - 8) The current resale restriction price
 - 9) Dates of owner turn-over, as applicable
 - c. For each renter unit (new and existing)
 - 1) The unit number for each rental unit
 - 2) The level of affordability (e.g., Very Low, Low, Moderate)
 - 3) The current tenant of record
 - 4) The last date of recertification
 - 5) The recertification status (updated annually)
 - d. For each affordable housing loan:
 - 1) The type of loan (e.g., RDA, BEGIN, FTHB, etc.)
 - 2) The address associated with the loan
 - 3) The current owner of record (this should be the loan recipient)
 - 4) The amount, term, and due date of the loan
 - 5) dates of payoff and interest collected, as applicable
 - 6) dates of refinance/subordination, as applicable
 - 7) dates of write-off and amount, as applicable

EXHIBIT A - SCOPE OF SERVICES ~~2023-20242-2023~~
BMR ADMINISTRATOR - HOUSEKEYS

- e. Other information as requested and mutually agreed to.
10. Consultant shall provide a quarterly BMR summary report to the City on the following dates and with the following information, consistent with task #5 and #6:
- Q1 (July – Sept): End of ~~October 30, 2022~~
- Q2 (Oct – Dec): End of ~~January 31, 2023~~
- Q3 (Jan – March): End of ~~April 30, 2022~~
- Q4 (April – June): End of ~~July 31, 2022~~
- a. Performance Measures (see task #5)
 - b. For each owner unit (new and existing):
 - 1) The address for each ownership unit
 - 2) The level of affordability (e.g., Very Low, Low, Moderate)
 - 3) The current owner of record
 - 4) The last date of recertification and current recertification status
 - c. For each renter unit (new and existing)
 - 1) The unit number for each rental unit
 - 2) The level of affordability (e.g., Very Low, Low, Moderate)
 - 3) The current tenant of record
 - 4) The last date of recertification and current recertification status
 - d. For each affordable housing loan:
 - 1) The type of loan (e.g., RDA, BEGIN, FTHB, etc.)
 - 2) The address associated with the loan
 - 3) The current owner of record (this should be the loan recipient)
 - 4) The amount, term, and due date of the loan
 - 5) Dates of payoff and interest collected, as applicable
 - 6) Dates of refinance/subordination, as applicable
 - 7) Dates of write-off and amount, as applicable
 - e. Current list of defaults and pending defaults
 - 1) Actions taken to date
 - 2) Next steps, including dates
 - f. In-lieu fees collected, if applicable
 - g. Other information as requested and mutually agreed to
11. Consultant will provide the applicants with the following services:
- a. Conducting income qualifications including review of assets, income, verifications of employment and all other necessary approvals to ensure qualification for the City loans.

EXHIBIT A - SCOPE OF SERVICES ~~2023-2024~~-2023
BMR ADMINISTRATOR - HOUSEKEYS

- b. Making minor revisions to the City's existing program materials and legal documents.
 - c. Underwriting loan applications in accordance with program requirements.
 - d. Preparing all loan documents, overseeing proper execution thereof, and conducting final loan approval reviews.
 - e. Ensuring timely delivery of all necessary documents into escrow, and preparing escrow demands and funding requests.
 - f. Overall management and implementation of specific program policies, including required reporting.
 - g. Preparation of program materials by revising the City's current documents.
 - h. Calculating all pay off demands and issuing any disclosures and tax forms as required by State and/or Federal Law.
 - i. Calculating the resale value of all BMR homes as requested annually by the County.
 - j. Work with City staff to ensure a seamless and coordinated development of documents as it relates to the BMR Program, including the RDO application process where BMR units are included, reviewing developer agreements, and ensuring that BMR requirements are outlined in an Affordable Housing Agreement and any subsequent amendments to the development documentation.
12. Consultant shall act as transaction coordinator for all real estate transactions and will provide the City with a fee schedule. Consultant will charge BMR re-sale transaction fees in line with applicable recorded Deed Restrictions. Consultant will charge the developer transaction coordination fees in accordance with the Affordable Housing Agreement pertaining to the subject development project.
13. Consultant will coordinate document transmittals between buyers, homeowners, developers, and City as needed. Consultant will be responsible for ensuring all documents submitted for City signatures are complete and accurate. Consultant will be responsible for making any necessary corrections to documents.
14. Consultant shall work alongside Staff to conduct monitoring to annually evaluate BMR owners' & renters' compliance with the terms and conditions of the BMR recorded deed restrictions and program guidelines including the following:
- a. Mailing monitoring letters to all the BMR units.
 - b. Reviewing in conjunction with City staff, City or County Assessor data to assist in the process (e.g., water utility bills, property records).
 - c. Review City's preliminary monitoring list to identify follow up actions required.
 - d. Meet with City staff to develop guidelines for acceptable default remedies (e.g.,

EXHIBIT A - SCOPE OF SERVICES ~~2023-2024~~-2023
BMR ADMINISTRATOR - HOUSEKEYS

allowing rental of BMR units for hardship cases).

15. Consultant shall work alongside Staff to investigate and identify cure for potential BMR defaults including:
 - a. Conduct follow up of those BMR owners who do not submit their compliance documentation.
 - b. Reviewing information from calls from BMR neighbors and interested parties.
 - c. Conduct reasonable follow-up investigation to assess potential BMR defaults including unit site visits.
 - d. Scheduled appointments with BMR owners.
 - e. For confirmed defaults, provide owners with list of actions needed to remedy the default and conduct follow-up to monitoring compliance.
 - f. Maintaining log of actions taken to remedy the defaults.
 - g. For those defaults in which the owners choose to not remedy the situation within a reasonable amount of time, Consultant will meet with City staff to determine the course of action to pursue. City authorization will be sought for any legal action taken.
 - h. City will provide a list of any current BMR defaults and actions taken to date.
16. Consultant shall conduct introductory Home Buyer Education/Training classes – HomeBuyer Orientation Classes prior to BMR application
17. Consultant shall build and maintain a group of local (live or work in the City of Campbell) qualified and eligible BMR homebuyers at a minimum Buyer-to-Property ratio of 5:1
18. Consultant will partner with the City to create City legal templates for documents required for signature by the BMR participants. Consultant shall supply documents that are typically used in Santa Clara County for residential real estate transactions (e.g. purchase and sale, disclosure acknowledgements, addendums, etc.)
19. Consultant will maintain a list of approved loan officers and lending operations eligible to provide mortgage lending for purchase and refinance transactions
20. Consultant will review individual BMR restrictions for terms and requirements as needed including shared equity programs, down payment assistance loans and any resale restriction agreements.
21. Consultant will prepare City staff reports related to the BMR program, including the following:

EXHIBIT A - SCOPE OF SERVICES ~~2023-2024~~2-2023
BMR ADMINISTRATOR - HOUSEKEYS

- a. Contract Renewal and Program Update Report | Draft due to staff: End of March ~~31, 2023~~.
- b. Compliance Program Update Report | Draft due to staff: End of August ~~31, 2022~~.

EXHIBIT B – FEE SCHEDULE 2023-20242-2023
BMR ADMINISTRATOR - HOUSEKEYS

<u>Description</u>	<u>Fee¹</u>	<u>Fee Cap / Max</u>	<u>Billed To</u>
Program Administration	\$ 205,000 160,000 / year (\$ 17,083.33 13,333.33 / month)		City
Loan Processing Transaction Fee	\$1,250.00 per transaction ²	\$1,250.00 per transaction	Owner / Lender
New BMR Sales Transaction Fee	3% of Sales Price	Maximum \$18,000.00	Buyer (via Sales Price)
BMR Resale (compliant) Transaction Fee	6% of New Sales Price	Maximum \$36,000.00	Buyer (via Sales Price)
Acquisition (default) and BMR Resale / Rehab Transaction Fee	5% of Resale Restriction Price plus 5% of New Sales Price	Maximum \$60,000.00	Buyer (via Sales Price)
Application I.D. Issuance	No fee	No fee	n/a
Participant I.D. Issuance	No fee	No fee	n/a
Opportunity Drawing (Lottery) Entry Fee	\$25.00	\$25.00	Applicant
Application Fee	\$75.00	\$75.00	Applicant
Billing Rate for Projects Outside of Contract Scope	\$250.00 / hour	\$250.00 / hour	City

¹ Fees may be lower pursuant to the relevant executed Agreement (e.g., developer agreement, owner resale restriction agreement, promissory note, etc.)

² 25% of the \$1,250 loan processing fee (\$312.50) paid by the owner/lender will be transferred to the City for administration and internal processing of the subordination / payoff request.

Audit of the City of Campbell's Housing Program

An assessment and roadmap for the development of a Housing Program. Staff capacity can help improve the effectiveness of the Housing Program, access to housing opportunities, and regional coordination. A cross-pollination of agencies, jurisdictions, and service providers leads to meaningful outcomes at the local level.



Housing Program Development
Rebecca Garcia

EVALUATION OF THE CITY OF CAMPBELL'S HOUSING PROGRAM
AND A RECOMMENDED HOUSING PROGRAM IMPROVEMENT PLAN

Rebecca Garcia
City of Campbell
April 23, 2023

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ACKNOWLEDGEMENTS

I would like to thank the individuals, agencies, and departments who contributed to the successful completion of the Housing Program Audit. The participation of the Community Development Department, Finance Department, and partner agencies was critical to the success of this effort. From the initial interviews with key staff and City Council members to the completion and publication of this report, the City of Campbell team and HouseKeys assisted with various aspects of the audit. Their dedication, historical knowledge, and commitment to serving the community of Campbell were instrumental in this report's publication.

I want to extend special thanks to the Community Development Director, Rob Eastwood; Senior Planner, Stephen Rose; Finance Manager, Norite Vong; and the HouseKeys Below Market Rate Program Administrator, Julius Nyanda, whose contributions were instrumental to the success of this project.

The following agencies and departments were involved in the data collection and interview process for the Housing Program Audit:

- Community Development Department, City of Campbell
- Finance Department, City of Campbell
- Campbell City Council
- HouseKeys
- Destination Home
- Bay Area Housing Finance Authority
- County of Santa Clara Office of Supportive Housing
- Housing Authority of the County of Santa Clara
- Silicon Valley at Home

In addition, the following jurisdictions provided housing program data for the audit:

- | | |
|-------------------------|--|
| • City of Campbell | • City of San José |
| • City of Morgan Hill | • City of Saratoga |
| • City of Cupertino | • City of Santa Clara |
| • City of Gilroy | • City of Sunnyvale |
| • City of Milpitas | • County of Santa Clara Office of Supportive Housing |
| • City of Monte Sereno | • Town of Los Altos Hills |
| • City of Morgan Hill | • Town of Los Gatos |
| • City of Mountain View | |
| • City of Palo Alto | |

EXECUTIVE SUMMARY

The City of Campbell finalized its 2023–2031 [Housing Element](#), which is a comprehensive eight-year Housing Plan. The plan includes the following five overarching goals:

1. Improve housing affordability in Campbell by encouraging the production of affordable housing
2. Preserve existing housing and affordable housing stock
3. Remove government constraints on housing
4. Establish resilient housing policies
5. Affirmatively furthering fair housing and addressing special needs groups

Achieving these five goals can only be obtained by implementing its associated 31 policies and 59 programs. Through the substantial Housing Element body of work, it became apparent that the City's Housing inventory, including Affordable Housing, Programs, and future policy considerations, will significantly increase in volume and complexity. The genesis for this independent Housing Program Audit came about through a timely directive from the Campbell City Council to evaluate the City's Below Market Rate (BMR) Program and to concurrently develop a Housing Program Improvement Plan to address current and future needs. In conjunction with the State of California's well-documented Housing Crisis, the Council's directive brought forward the need for this body of work.

The City sought to receive an independent and comprehensive external review of its Housing Program to solicit input and recommended strategies in the form of a work plan to address current and projected affordable housing needs for the upcoming eight-year Housing Element cycle. The audit examined past Campbell's Housing Program efforts and evaluated the program's capabilities and capacity for meeting the requirements of its 6th Cycle (2023–2035) Housing Element. The objective was to identify opportunities to improve the program and provide recommendations to support the City's success with *implementing* its 6th Cycle Housing Element and achieving its Regional Housing Needs Allocation (RHNA) assignment of 2,977 housing units. Below is a summary of the initial findings and top recommendations.

Finding 1: A lack of sufficient staff capacity makes implementing Housing Programs and prioritizing affordability challenging.

Recommendation 1: With no full-time housing staff, it is recommended that the City of Campbell allocate a full-time employee (FTE) as a Housing Manager in the FY 24 budget process to both monitor and implement the Housing program, at an estimated cost of \$235,638 per year in salary and benefits. An alternative option to consider is a Housing Coordinator position, which is a lower-level position (\$144,659). However, the initial recommendation is to start with a Housing Manager position.

Finding 2: The current service level of the BMR Administration contract is insufficient to meet the upcoming increase in BMR demand. Improved coordination between City staff and the BMR service provider is necessary to address BMR Program Improvements, as summarized in Appendix A.

Recommendation 2: The city should project an annual incremental increase of \$42,000 in BMR administrative costs to keep up with the growing portfolio. This is in addition to the existing base cost of the BMR service agreement, which is currently \$160,000, bringing the next fiscal year's (FY) total cost of service to \$202,000.

Finding 3: Additional revenue is needed to fund housing activities and programming.

Recommendation 3: Prioritize generating a new revenue stream to sustain the program, or, if necessary, obtain a temporary loan from another funding source within the City, followed by the implementation of an affordable housing funding strategy. Potential funding sources are listed in Appendix C.

Finding 4. An increase in communication would benefit the City and the community to promote community understanding of housing and affordability and how to access programs.

Recommendation 4: Consider the creation of a communication, outreach, and engagement plan that outlines the messages, priorities, strategies, and tools that the City of Campbell will use when communicating with the community about housing.

Finding 5: Additional capacity and coordination are needed to develop and implement a local homeless response system that syncs with the County of Santa Clara's Community Plan to End Homelessness.

Recommendation 5: It is recommended that the City consider applying for a three-year Destination: Home capacity building grant to hire a full-time Unhoused Specialist to support the coordination of Homeless services and to provide direct street outreach, at an estimated additional cost of \$130,931 in salary and benefits annually. It is imperative that the homeless work is aligned with [The County of Santa Clara Community Plan to End Homelessness](#). Alternatively, the Council can consider developing a regional cost-sharing strategy to develop a pilot program in collaboration with the West Valley cities to share the responsibilities of the unhoused specialist.

Conclusion: Based on the evaluation, it is recommended that the City consider implementing a new housing program model that has sufficient management capacity and oversight to begin to position itself to be financially resilient over time and to make meaningful progress toward its housing element goals. The volume and complexity of housing and planning work have evolved, which, in turn, has impacted the operational and project workload and current staffing capacity. If the city is to be successful in achieving its goals and making a significant effort to be solution-oriented in the state's housing crisis, the work of the Housing Program will need to be elevated and prioritized in light of increased

scrutiny at the state level, an influx of new housing legislation, and the well-documented housing crisis.

INTRODUCTION

Through its 6th cycle housing element, the City of Campbell is responsible for facilitating the development of a minimum number of 2,977 housing units over the next eight-year period, tripling the 5th cycle numbers from 933 units to 2,977 units. ¹This anticipates the development of 447 new BMR homes under the Inclusionary Housing Ordinance (IHO). By applying the assumption that the 2,977-unit goal will be met and given that there is a 15% Inclusionary Housing Ordinance (IHO), this could yield the development of approximately 447 new Inclusionary Housing Ordinance (IHO) Below Market Rate (BMR) units. Estimating a projected 447 BMR units will require annual monitoring and adjustment based on the development pipeline in real-time. It could fluctuate and result in more units or less. On March 15, 2022, the staff informed the City Council of their intention to request an external review of the BMR Program's current status and the implications of the City's projected future demands. This was done in anticipation of the BMR Program's significant growth.

While the housing crisis was undoubtedly in effect before the COVID-19 pandemic, the pandemic compounded the housing crisis, making it considerably more difficult and urgent for the jurisdictions to respond to affordable housing goals. COVID-19 has exposed and accentuated the reality that health, housing insecurity, and economic instability are disproportionately experienced by people of color, particularly in low-income households. Socially and economically marginalized communities suffered from the inability to social distance in overcrowded housing conditions and homeless shelters.² The inequalities brought forth a heightened awareness over the past few years and have called for greater accountability for action across many disciplines, the implementation of housing being one of them.³

The RHNA is no longer regarded as an aspirational goal but rather as the housing target that cities and counties have a legal obligation to make a meaningful effort to achieve. "The state helps cities and counties meet this goal through funding for housing planning and implementation activities, education, and technical assistance. While education and technical assistance is always the first step in the state's accountability efforts, the state holds jurisdictions accountable for their housing obligations and compliance with state housing laws."⁴ Although some available resources exist, smaller cities less resourced in

¹M-Group, "6th Cycle 2023–2031 the Housing Element City of Campbell," February 2023.

<https://www.campbellca.gov/DocumentCenter/View/19775/Revised-3rd-HCD-Submittal-Draft-of-6th-Cycle-Housing-Element-Clean>

² National Low Income Housing Coalition, "The GAP, A Shortage of Affordable Homes," April 2022, p. 1.

file:///C:/Users/rgarcia/Downloads/Gap-Report_2022.pdf

³ Toure, K., Langlois, E.V., Shah, M. *et al.* How George Floyd and COVID-19 are highlighting structural inequities for vulnerable women, children and adolescents. *Int J Equity Health* 20, 193 (2021).

<https://doi.org/10.1186/s12939-021-01540-0>

⁴ The California Department of Housing and Community Development, "A Home for Every Californian: 2022 Statewide Housing Plan," March 2022, p.4, <https://statewide-housing-plan-cahcd.hub.arcgis.com/>

non-entitlement jurisdictions are challenged to benefit. As Urban Planning expert Bill Fulton conveys, "I'm amazed at what a sea change has occurred in housing laws in California in the last few years. I have never seen the state so aggressively step up and lean on the local governments to try to increase housing production."⁵

The City of Campbell Program Audit report focuses on aspects of the 2023–2031 City of Campbell Housing Element that pertain to *Affordable Housing and Programming*; it does not encompass the entirety of the broader Housing Element document. This report consists of a snapshot summary of the characteristics of the city's current Housing Program and suggests recommendations to improve the BMR Program (Appendix A), as well as broader program recommendations. The suggested improvements represent areas that require particular focus because of practical challenges and gaps before the city can start building its housing program. The work plan items are listed in order of priority to help staff members focus their efforts and establish the conditions that support achievable goals; this is crucial given the impending high volume and complexity of Affordable Housing development that is likely to occur over the next eight years as a result of recent housing legislation, assuming that the housing market conditions remain stable.

The volume and complexity of housing and planning land use work, affordability, and homelessness have evolved, which in turn has impacted the operational and project workload amongst cities and counties. This provides another dimension as jurisdictions try to strike a balance between demand and capacity. As demonstrated in Appendix B, the Jurisdictional Housing Programs are not all equally resourced or are at different stages in the process of developing their Housing Program. This supports the immediate need to assess resource availability, identify gaps, and evaluate the scope of work, capacity, and skill set required in 2023 and beyond to maximize the value of investment decisions and make a meaningful effort toward achieving one's housing goals.

Additionally, this report includes funding opportunities and financial tools that can be used to increase the city's financial and staffing resources to help both advance its housing production goals and support the city's long-term goal, which is to be fiscally resilient (Appendix C).

During the program evaluation, the city received a survey of information from the County indicating a substantial increase in homelessness within the City of Campbell. According to the County of Santa Clara 2022 Point-In-Time Homeless Census Count, the city witnessed a 191% increase, a reported jump from 74 unhoused individuals in 2019 to 216 individuals in 2022, warranting the need to evaluate and improve the city's homeless response.⁶

⁵ Schneider, Benjamin, Inside California's Quiet Housing Policy Revolution (San Francisco, CA, November 2022) https://www.sfexaminer.com/news/california-housing-laws-to-bring-new-homes-to-sf/article_ef5670c4-5973-11ed-890f-73259491abec.html

⁶ Applied Survey Research (ASR), "2022 County of Santa Clara Point-In-Time Report on Homelessness, Census and Survey Results," 2022, p. 11.

Although assessing the city's homeless programming and developing a Homeless Program Improvement plan was initially outside the scope of this audit, a timely opportunity presented itself to offer some high-level initial recommendations for the homeless program coupled with a funding opportunity (Appendix D) that can start to foster the necessary conditions conducive to developing a localized homeless response system.

The audit examined Campbell's broader housing program efforts to date and evaluated the program's capabilities and capacity for the implementation of its 6th Cycle (2023–2035) housing element. This report contains five high-level priority findings and recommendations and 33 BMR Program-specific suggested improvements (Appendix A). The high-level priority recommendations will begin to lay the groundwork necessary to create the conditions for an intentional Housing Program to support the City's ability to meet its RHNA goals and mandates.

<https://osh.sccgov.org/sites/g/files/exjcpb671/files/documents/2022%20PIT%20Report%20Santa%20Clara%20County.pdf>

BACKGROUND

Housing Crisis

According to California’s housing goal, every Californian should have access to a decent home and an acceptable living environment. California’s housing crisis is a half-century in the making. Decades of underproduction underscored by exclusionary policies have left housing supply far behind need and costs continuing to soar.⁷ As a result, millions of Californians, who are disproportionately lower income and people of color, must make hard decisions about paying for housing at the expense of food, health care, childcare, and transportation—one in three households in the state doesn't earn enough money to meet their basic needs.”⁸

In support of the state’s *goal*, jurisdictions are required to achieve Housing Element certification by the California Department of Housing and Community Development (CA HCD), demonstrating the city’s concerted efforts to meet its RHNA among other requirements. The role of local governments is to participate in the development of the allocation methodology and to update their Housing Elements to show how they will accommodate their share of the allocation for each income category, followed by eight years of implementation.⁹ From 2015-2025, approximately 1.8 million housing units are needed to meet the projected growth in California, or 180,000 new homes annually.¹⁰ The underproduction of Housing is not unique to California, “recent projections estimate that the U.S. is short millions of units.”¹¹

The shortage of affordable housing is also felt at the local level throughout the County of Santa Clara. Housing costs are high in Campbell, consistent with the Bay Area and Silicon Valley. “Between 2009 and 2020, the typical home value has increased over 103 percent in Campbell from \$695,935 to \$1,417,570, while the median rent has increased by 66.6%

⁷ The California Department of Housing and Community Development, “A Home for Every Californian: 2022 Statewide Housing Plan,” March 2022, <https://statewide-housing-plan-cahcd.hub.arcgis.com/>.

⁸ Peter Manzo, Henry Gascon, Betsy Baum Block, and Dan Beeby, *Struggling to Move Up: The Real Cost Measure in California 2021* (South Pasadena, CA: United Ways of California, 2021), <https://www.unitedwayoc.org/wp-content/uploads/2021/08/The-Real-Cost-Measure-in-California-2021-Executive-Summary.pdf>. p. 3

⁹ Association of Bay Area Government (ABAG), “Final Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2023-2031,” November 2022. https://abag.ca.gov/sites/default/files/documents/2022-12/Final%20RHNA%20Methodology%20Report%202023-2031_update_11-22.pdf. P. 6

¹⁰ The California Department of Housing and Community Development, “California’s Housing Future Challenges and Opportunities, Final Statewide Housing Assessment 2025,” February 2018, https://www.hcd.ca.gov/policy-research/plans-reports/docs/sha_final_combined.pdf. P. 5

¹¹ Nechayev, G. (2021). “Where is the U.S. Housing Shortage?” *Real Estate Issues* 45 (30), <https://cre.org/wp-content/uploads/2021/11/Real-Estate-Issues-Where-is-the-US-Housing-Shortage.pdf>

from \$1,470 to \$2,110 between 2009 and 2019.”¹² Since 2015, most of the housing development in the area has consisted of market-rate housing that is only affordable to households with above-moderate incomes. Between 2015 and 2019, the City issued permits for 438 new housing units, the majority of which were for above-moderate-income housing. Seven years into an 8-year cycle of allocations, the region has yet to meet its share of new Very Low-, Low-, or Moderate-Income housing, a common theme among most jurisdictions. However, the region has met its share in the Above Moderate-income category, “76% of homes sold in Silicon Valley last year were above \$1 million; 30% were above \$2 million. In contrast, only 8% of all homes sold within the region were below \$600,000 (28% of which were all-cash sales, a likely sign that those units were being sold to buyers for renovation as opposed to being available for lower-income buyers to afford, live in, and gain home equity/wealth).¹³ Joint Venture Silicon Valley, an Institute for Regional Studies emphasizes that if “adequate housing is universally viewed as one of the most basic human needs, then almost 50% of Santa Clara County’s residents are not having this basic need met.”¹⁴

Affordable Housing Defined

Affordable housing allows households to have money left over for other necessities like food, transportation, and healthcare. The term “affordable housing” refers to rental and ownership housing that cost less than the private market, and the federal government defines it as housing that consumes no more than 30% of a household’s income. Affordability limits are based on Santa Clara County’s Area Median Income (AMI), which is published periodically by the CA HCD and is the median gross yearly income for households in Santa Clara County, California.¹⁵ As of 2022, the AMI for a four-person household is \$168,500 in the County of Santa Clara. State HCD issues income guidelines based on estimated family size for the Acutely Low, Extremely Low, Very Low, Low, Median, and Moderate-Income categories for households in the area, which are used to determine the eligibility of applicants for a variety of state, federal, and local housing programs, and affordable developments.

¹² M-Group, “6th Cycle 2023-2031 Housing Element HCD Revised Draft City of Campbell,” December 2022, p. H.I-3, <https://www.campbellca.gov/DocumentCenter/View/19669/3rd-HCD-Submittal-Draft-of-6th-Cycle-Housing-Element>

¹³ Joint Venture Silicon Valley, Institute for Regional Studies, 2023 Index Highlights, 2023, p.10, & 104, <https://jointventure.org/download-the-2023-index>

¹⁴ Joint Venture Silicon Valley, Institute for Regional Studies, 2021 Index Highlights, 2021, p.41, <https://jointventure.org/download-the-2021-index>

¹⁵ HCD Income Table (Effective May 13, 2022) Source: <https://www.hcd.ca.gov/docs/grants-and-funding/inc2k22.pdf>

HCD Income Table (Effective May 13, 2022)

Source: <https://www.hcd.ca.gov/docs/grants-and-funding/inc2k22.pdf>

Number of Persons in Household:		1	2	3	4	5	6	7	8
Santa Clara County Area Median Income: \$168,500	Acutely Low	17,700	20,250	22,750	25,300	27,300	29,350	31,350	33,400
	Extremely Low	35,400	40,450	45,500	50,550	54,600	58,650	62,700	66,750
	Very Low Income	59,000	67,400	75,850	84,250	91,000	97,750	104,500	111,250
	Low Income	92,250	105,400	118,600	131,750	142,300	152,850	163,400	173,950
	Median Income	117,950	134,800	151,650	168,500	182,000	195,450	208,950	222,400
	Moderate Income	141,550	161,750	182,000	202,200	218,400	234,550	250,750	266,900

Housing Elements & The Housing Climate

Since 1969, every jurisdiction in California has been required to have a Housing Element as part of its General Plan. California’s legislature has amended the requirements of the Housing Element Plan or the “Housing Element Law,” over 20 times since 2017.¹⁶ The Housing Element’s primary purpose is to provide an analysis of a community’s housing needs for all income levels, as well as corresponding strategies to meet those needs. This process must be informed by community engagement undertaken during the development of the Housing Element. Unlike other mandatory General Plan elements, the Housing Element must be updated every eight years and is subject to review and approval by HCD. It includes a Site Inventory, Goals, Policies, and Programs to meet the city’s RHNA Housing goals and its duty to Affirmatively Furthering Fair Housing (AFFH). “The goal of Affirmatively Furthering Fair Housing (AFFH) is to combat housing discrimination, eliminate racial bias, undo historic patterns of segregation, and lift barriers that restrict access in order to foster inclusive communities and achieve racial equity, fair housing choice, and opportunity for all Californians.”¹⁷

The City’s 5th Cycle (2015–2023) Housing Element planning period began on January 31, 2015, and concluded on January 31, 2023. This provides a timely opportunity to assess the City’s achievements, existing housing program infrastructure, conditions, and

¹⁶ The “Housing Element” law is found in California Government Code §§ 65580- 65589.11.

¹⁷ The California Department of Housing and Community Development, “Affirmatively Furthering Fair Housing, Guidance for All Public Entities and for Housing Elements,” April 2021, https://www.hcd.ca.gov/community-development/affh/docs/AFFH_Document_Final_4-27-2021.pdf

characteristics. As the city transitions and embarks on the implementation of its 6th Cycle Housing Element Plan (2023-2031), for which the planning period is January 31, 2023, and through January 31, 2031, it can choose to evolve and position itself to design a program that is sufficient for the challenges ahead.

Although Housing Elements have been required since 1969, they were once viewed as toothless laws. In 1969, the Legislature passed the Housing Element law, which required cities to *plan for* sufficient housing to keep up with population growth. In 1977, the state passed the Permit Streamlining Act to reduce the time it takes cities to issue development permits, followed by the 1982 Housing Accountability Act, which required cities to approve developments consistent with their zoning.

The growing need for new housing that can help to address the affordability crisis continues to spur the use of various policy levers to modify local land use regulations. Over the past 5 years, there has been significant housing legislation aimed at streamlining and incentivizing various types of housing development, expanding and accelerating the supply of affordable homes throughout California, and reducing and preventing homelessness. The legislative sea change began a few years back during the 2017 legislative session when a package of 15 housing bills was passed; among them was Senate Bill (SB) 35, which shortened the local review process for specific development projects where new housing production has not met the state-mandated Regional Housing Need Allocation targets. These Cities and Counties must use a streamlined, ministerial review process for qualifying multifamily residential projects.

On September 16, 2021, in response to California's housing shortage, the Governor signed three bills to address the state's housing crisis. Senate Bill 8 accelerates housing project approval processes, limits fee increases, and restricts cities' ability to downzone (i.e., reduce the density of housing development in a particular area). Senate Bill 9 requires cities and counties to approve development proposals that meet specified size and design standards. It also allows property owners to split a single-family lot into two lots and place up to two units on each newly created lot. Assembly Bill 1174 amends an existing measure (SB 35) to streamline further the approval processes for housing in cities and counties that still need to make sufficient progress in meeting their RHNA goals.

In September 2022, the Governor continued to sign a package of housing bills. AB 2011 allows for affordable and mixed-income housing to be built on the commercially zoned property on a ministerial, by-right basis, as long as the projects meet affordability and other criteria. SB 6 allows for residential use on commercially zoned property without requiring a rezoning if a percentage of construction workers are unionized. AB 2097 removes parking minimums for homes and commercial properties within one mile of public transit stations.¹⁸ The effect of these statewide reforms continues and is still unfolding in real time. By and large, the goal has been to increase the housing supply.

¹⁸ California housing shortage. (2023, January 16). In *Wikipedia*. https://en.wikipedia.org/wiki/California_housing_shortage.

As George Skelton indicated, it is “the economics of supply and demand that are turning the California dream into a nightmare for millions. There’s a dearth of supply and unquenchable demand. We need to add 1.8 million to 2.5 million new homes by 2025, and we’re crawling along at maybe 100,000 per year.”¹⁹ The state has increased its expectations of local governments to plan and facilitate the building of more housing, that is clear, an expectation backed by an enforcement branch with teeth. “It’s no longer a paper exercise. It’s a contract with the state.” Still, there are other forces at play such as the costs of housing construction, “market forces are showing troubling signs for housing construction. Experts worry a hike in federal interest rates, which is meant to slow inflation, will also continue to slow the pace of new homebuilding in the coming months.”²⁰

Fast forward to 2023, and there has been a seismic shift in the attention and weight given to this planning document known as the Housing Element. While it was always intended to be used as a valuable planning tool, now more than ever in its history is it being used to measure a city’s intentionality and or lack thereof in facilitating housing development and programming. Even now as many cities continue to advocate for local control, jurisdictions struggle to comply for various reasons.²¹ With 95% of the Bay Area’s Cities losing zoning authority, out of 105 jurisdictions in the Bay Area, Builders Remedy is at play and anyone can build any residential project at any height or density so long as 20% of the units are reserved for low-income households.²² A City’s Housing Element Status can be found on the CA HCD [Housing Element Compliance Report](#); for those that state “In” their Housing Element has been approved by the state, and for those that state “out,” Builder Remedy is in effect.

Assembly Bill 2234 also came into effect on January 1, 2023, and is a new law aimed at improving post-entitlement accountability and streamlining the Housing Accountability Act. The law adds new sections to the Planning and Zoning Laws in California. AB 2234 focuses only on the post-entitlement permitting process to improve upon the window of time a local agency determines whether an application for a post-entitlement permit is complete. If the local agency fails to meet the deadline of 30–60 days, the permit application will be deemed complete. A violation of AB 2234 constitutes a violation of the Housing

¹⁹ George Skelton, “Don’t Be Fooled: California’s New Housing Laws Make Significant Changes to Zoning,” L.A. Times, September 22, 2021, <https://www.latimes.com/california/story/2021-09-22/skelton-sb9-housing-single-family-zoning>.

²⁰ Nixon, Nicole, “What’s working and what’s next in California’s fight for affordable housing?” March 2023, Sacramento Ca, <https://www.cpradio.org/articles/2023/03/02/whats-working-and-whats-next-in-californias-fight-for-affordable-housing/>

²¹ Benjamin Schneider, “Inside California’s Quiet Housing Policy Revolution,” San Francisco Examiner, December 22, 2022, https://www.sfexaminer.com/news/california-housing-laws-to-bring-new-homes-to-sf/article_ef5670c4-5973-11ed-890f-73259491abec.html.

²² Owens, Darrell, “95% of Bay Area Cities Lost Zoning Authority,” February 2023, [https://darrellowens.substack.com/p/96-of-bay-area-cities-lost-zoning#:~:text=Housing%20construction%20in%20the%20state,and%20Consequences%E2%80%9D%20\(2015\)](https://darrellowens.substack.com/p/96-of-bay-area-cities-lost-zoning#:~:text=Housing%20construction%20in%20the%20state,and%20Consequences%E2%80%9D%20(2015)).

Accountability Act, opening the jurisdiction up to various penalties, including attorney's fees.²³

Most recently, in April of 2023, the UC Berkeley Turner Center for Housing Innovation issued a report, "New Pathways to Encourage Housing Production: A Review of California's Recent Housing Legislation," indicating that since 2017, "the State of California has adopted over 100 new laws designed to increase housing production." The report discusses how the new housing laws have reshaped the housing entitlement process, articulates practitioner experiences through these "legislative shifts," and includes an online search tool encompassing a [database of California Housing and Land Use laws](#) passed since 2016.²⁴

Some cities are still facing challenges because of the elimination of the Redevelopment Agency (RDA), which resulted in a loss of funding that was previously required to allocate a minimum of 20% of annual revenues to affordable housing creation, rehabilitation, or preservation. For those cities that relied on this funding, it was the cornerstone of their program. In the absence of the RDA, cities must rethink their housing role and seek new strategies to cover program administrative costs and fund the creation of affordable units. The elimination of RDA funding caused an annual loss of 4,500 to 6,500 new affordable housing units, according to estimates from the Department of Housing and Urban Development (HUD). The loss is what would have been produced under RDA financing had the agencies continued to operate. While the RDA's elimination was a setback for jurisdictions producing housing at various income levels, not all cities and their respective RDAs were equally effective, as "many RDAs had simply accrued substantial balances in their housing funds. As of FY 2009–2010, reports submitted to the CA HCD showed that the unencumbered portions of RDAs' housing funds totaled as much as \$2.2 billion." As many locals continue to feel the pressure of the Housing crisis, and as California's housing development landscape continues to evolve, jurisdictions must be flexible and resilient in order to meet their communities' diverse housing needs.

In response to concerns over cities not achieving much progress on their assigned housing allocations, there has been an increase in oversight and accountability. The new State laws heavily regulate how cities present information in their Housing Element and stay annually accountable for its implementation by requiring the submittal of an annual performance report (APR) to the state HCD.

²³ Wenter, Bryan W. (AICP), "New California Law Addresses Delays by Public Agencies in the Post-Entitlement Permitting Process," (November 30, 2022). Housing, Land Use, <https://www.landusedevelopments.com/2022/11/new-california-law-addresses-delays-by-public-agencies-in-the-post-entitlement-permitting-process/>

²⁴ Fulton, Bill; Garcia, David; Metcalf, Ben; Reid, Carolina; Braslaw, Truman, "New Pathways to Encourage Housing Production: A Review of California's Recent Housing Legislation," April 2023. <https://turnercenter.berkeley.edu/wp-content/uploads/2023/04/New-Pathways-to-Encourage-Housing-Production-Evaluating-Californias-Recent-Housing-Legislation-April-2023-Final-1.pdf>

²⁵The APR is the mechanism that measures a city's performance towards its housing goals each year, in essence, a Housing Report Card.

There is a heightened level of repercussions, and an increase in oversight of jurisdictions' efforts to comply, meet their mandates, and demonstrate meaningful progress on the goals and program action items that were committed to and adopted by a City Council. Furthermore, Housing Element compliance is required for eligibility for various state grants and funding opportunities, and HCD is authorized to review any action or failure to act by a local government that it determines is inconsistent with an adopted housing element or housing element law. This includes failure to implement program actions included in the Housing Element. HCD may revoke housing element compliance if the local government's actions do not comply with state law. Some examples of the penalties and consequences for housing element noncompliance include court-imposed fines of up to \$600,000 per month, potential lawsuits resulting in court-mandated compliance approval of housing development for compliance, and suspension of local authority to issue building permits, which is then replaced by a State-appointed oversight agency.

As of January 31, 2023, the statutory deadline for submitting compliant housing elements for the 6th RHNA Cycle has passed for Bay Area governments, and cities are beginning to experience penalties for missing the deadline. One penalty, known as "Builder's Remedy," limits the jurisdictions' authority to deny qualifying housing projects. If a California city lacks a compliant housing element, the California Housing Accountability Act states that the jurisdiction cannot use its zoning or general plan standards to disapprove any housing project that meets the affordability requirement of having at least 20% of the homes as low-income or 100% of them as moderate-income.²⁶ For as long as a local government lacks an HCD-certified housing element, it would have limited ability to deny a qualifying housing development project. Furthermore, local governments with noncompliant housing elements are susceptible to litigation from developers, housing organizations, and HCD, and are burdened by the cost of such litigation (Appendix E).

While the increase in oversight of the implementation of the Housing Element indeed provides local governments with an incentive to obtain a certified Housing Element, the most imperative community benefit remains the extensive due diligence, planning, and the

²⁵ The California Department of Housing and Community Development, "Housing Element Annual Progress Report (APR) Instructions," 2023, <https://www.hcd.ca.gov/community-development/housing-element/docs/housing-element-annual-progress-report-instructions.pdf>

²⁶ Brundy, Deborah; Leaderman, Ryan Michael; Plume, Tamsen; Sterling, William E; Yarkin, Genna, "Builders Remedy: Bay Area Will Soon Face a Powerful Housing Tool." Holland & Knight. (October 21, 2022) <https://www.hklaw.com/en/insights/publications/2022/10/builders-remedy-bay-area-will-soon-face-a-powerful-housing-tool>

opportunity to address how a jurisdiction and its community will meet the substantial unmet local housing needs of its residents at all income levels.

A key addition to the 6th Cycle Housing Element Update is the integration of an AFFH analysis. This analysis examines local housing practices to uncover any areas that may perpetuate housing inequalities, and formulates policies and programs to help promote a transition to more equitable housing practices. As per state law, AFFH involves “taking meaningful actions, in addition to combatting discrimination, that overcomes patterns of segregation and fosters inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.”²⁷

Looking to the future, the City of Campbell has been tasked with developing at least 2,977 housing units in the next eight years as part of its 6th Cycle Housing Element. The Housing Element exercise, in conjunction with the Inclusionary Housing Ordinance, requires that the City anticipate the development of over 446 new BMR units generated by the IHO. In anticipation of this significant growth to the BMR Program, on March 15, 2022, staff advised the City Council of their intention to seek out a review of the BMR Program’s current state, the implications of the City’s projected future demands, and to receive recommendations on management and fiscal improvements, in essence developing a potential Housing Program model for consideration that would support the City’s ability to achieve its Housing goals and commitments made in its 6th Cycle Housing Element.

In the 2021 Civil Grand Jury of Santa Clara County report, “Affordable Housing: A Tale of Two Cities,” the efforts of two cities, Palo Alto and Mountain View, were examined to extrapolate the “best practices” that led to one city being more effective in implementing its housing efforts. Although the issue is incredibly complex and challenging for any city, the report noted that “Mountain View was on a path of meeting its targets, 56% of Affordable Housing (AH) goals as of 2019, while Palo Alto was consistently falling short, just over 10% of AH goals as of 2019.”²⁸

The Civil Grand Jury identified four areas that significantly impact varying levels of Affordable Housing achievement: 1. Political and Community Support, 2. Proactive Planning and Effective Reporting, 3. Supportive Practices, and 4. Affordable Housing Financing. The report also highlights the challenges and complexities of Affordable Housing work and emphasizes the need for ongoing community engagement between city officials and staff, non-profit and for-profit developers, landowners, residents, financial institutions, and advocacy organizations. “Cities by themselves rarely have the full resources needed to build Affordable Housing. They often lack sufficient financial resources to completely fund an Affordable Housing project. They also may not have appropriate public land on which to build their RHNA quota of AH units.” Achieving housing goals requires collaboration between city leadership, residents, property owners, and developers. How do city leaders

²⁷ U.S. Department of Housing and Urban Development (HUD), “Affirmatively Furthering Fair Housing (AFFH),” https://www.hud.gov/AFFH#_What_is_AFFH?

²⁸ 2021 Civil Grand Jury of Santa Clara County, “Affordable Housing, A Tale of Two Cities,” December 2021, https://www.sccourt.org/court_divisions/civil/cgj/2021/Affordable%20Housing%20Final%20Report.pdf

create the conditions that support Affordable Housing? How do they align all stakeholders behind a local strategy and then successfully execute that strategy? The report goes on to indicate that having a designated staff member to implement and be accountable for affordable housing work has proven to be beneficial.

At a granular level, this report summarizes the findings of Campbell's Housing Program evaluation. Additionally, it provides some initial program materials and guidance for consideration to begin to enhance Campbell's Housing Program. This report includes the following:

- Five top findings and recommendations for the General Housing Program are presented in the body of the report (Appendix A).
- Identification of thirty-three BMR Housing Program observations and twenty-seven recommendations, summarized in a recommended order of priority in a Housing and BMR Program Improvement Plan Matrix (Appendix A).
- Housing Program Resource Matrix, a summary of the fifteen cities Housing Programs in the County of Santa Clara (Appendix B).
- Funding opportunities to help the city overcome the longer-term challenge of fiscal resiliency (Appendix C).
- A Homeless Capacity Building Grant Opportunity (Exhibit D).
- Consequences of Non-Compliance with Housing Laws (Appendix E).
- A projection of Housing Fund 233 (Appendix G).

Some of the proposed strategies will require an initial investment, and while some may yield immediate results, others may take longer to take effect. Nevertheless, both types of strategies have the potential to significantly impact the City of Campbell's progress toward achieving its housing goals and programs.

AUDIT, OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to review various components of the City's Housing Program and determine its feasibility in meeting the new 6th cycle Housing Element Plan RHNA demands and programming. This Program audit was conducted independently and evaluated the operations and services of the City of Campbell's Community Development Department's Housing Program. The purpose of the audit is to provide objective and independent information on the program's abilities and effectiveness to the City Council, City management, and the public.

The consultant interviewed 18 people for this report. The Interviewees also answered follow-up emails, recommended additional individuals to interview, and shared documents and data pertaining to both the broader Housing Program and the BMR Program. The People interviewed represented a diverse range of interests and organizations, including

city and county staff, elected officials, regional and local non-profit leaders, developers, and representatives of advocacy groups.

To achieve the audit objectives, the consultant reviewed the City's accomplishments in the 5th Cycle Housing Element Program from 2015 to 2023, as well as the upcoming policies and programs in the 6th Cycle Housing Element for 2023-2031. The consultant also conducted research by examining city-produced staff reports, relevant documents, online resources, and housing studies to identify industry best practices and relevant research. The following was done to meet the audit objectives:

Interviewed staff from the Community Development Department, Finance Department, the City Council, HouseKeys, and local agencies.

Reviewed the following:

- Program contracts

- 5th and 6th Cycle Draft Housing Element

- Relevant council memos

- Approved budget and the adopted budget documents provided by the Finance Department

- BMR Program materials, inventory, and website

- Contacted staff from the 15 respective jurisdictions within the County of Santa Clara to understand their Housing Program and allotted resources to address affordable housing, homelessness, and the implementation of the Housing Element

- Reported data from the Homeless Management Information System (HMIS)

- Santa Clara County Community Plan to End Homelessness (2020-2025)

CHALLENGES

There are many challenges in any jurisdiction's Housing Program, as the housing landscape changes rapidly in real-time. This report is intended to serve as a snapshot that highlights the housing narrative of today and is not meant to be representative of every jurisdiction as the composition of each program varies. It is, however intended to focus on the challenges that require organizational bandwidth and financial resources. The shortage of homes and its harmful impacts on communities is well documented as the "Housing Crisis" that is disproportionately preventing some groups from equitable access to many opportunities; however, there is less of a review of the capacity and resources within jurisdictions to allow them to operationalize their housing production obligations and implement their housing programs.

The initial goal of this evaluation was to achieve fiscal resiliency. However, the findings revealed that it is not the primary concern that needs to be addressed immediately, although it is still important and will remain top of mind. Achieving long-term solutions for

fiscal resiliency requires an initial investment to establish a team that can create and access funding sources to support the work. The report includes examples of other jurisdictions that have more comparable management capacity and financial support needed for the future demands of Campbell's Housing Program. Nonetheless, the top priority is to develop staff capacity to address the expanding scope of work. In future work, the hope is that policy makers will make available resources to invest in and operationalize the pro-housing laws at the local level as practitioners analyze the staffing resources and funding needed to carry out the housing production work.

Lastly, although this audit discusses the need to develop the City's Homeless Response at a high level, a thorough analysis and program improvement plan for the homeless body of work is not included in this report but rather an initial recommendation to begin to lay the groundwork for a roadmap to develop the City's Homeless Program.

CAMPBELL HOUSING PROGRAM CHARACTERISTICS

The Campbell Community Development Department oversees several operations, including Planning, Building, Code Enforcement, Economic Development, and Housing. However, the primary focus of this report is on the *Housing Program* and its responsibilities.

The City of Campbell had historically relied on the RDA to promote the production of affordable housing until it was dissolved on January 17, 2012. The loss of the RDA eliminated a crucial tool and financial resource that the city had used to support the Housing Program's goals. The Housing Program's responsibilities includes:

- Implementing the Housing Element for the eight-year duration of the 6th cycle planning period covering January 31, 2023, through January 31, 2031. The Housing Element is one of nine State-mandated elements that must be included in every General Plan. It assesses housing needs for all income groups within the community and identifies implementation programs for which there are 31 policies and 59 programs to meet those housing needs. Unlike other General Plan elements, the Housing Element must be updated every eight years, rather than every 20 years, and must address statutory requirements regarding its content. It is subject to mandatory review and certification by the CA HCD.
- Working towards AFFH through a contract with Project Sentinel, which the city has had in the past.
- Implementing the City's Inclusionary Housing Ordinance (IHO) to ensure that new affordable housing inventory is created to the standards set by the City Council.
- Overseeing the administration of the IHO's BMR Program through a third-party administrator that provides onboarding of a developer, verification of eligibility, marketing and selling units, enforcement, and annual monitoring. Additionally, there is an existing affordable housing portfolio that requires loan servicing.
- Coordinating new unit private development production, implementing the Housing Element, achieving the RHNA, and providing various local housing-related services

and programs. For a detailed review of the previous 5th Cycle Housing Element accomplishments, please see page H.III-2-8 and Appendix III-A 5th Cycle Policies and Programs p. 315 of the [6th Cycle Housing Element](#).

- Implementing the [Community Plan to End Homelessness](#) at the local level to provide Homeless programming and solutions
- Coordinating the city's participation in the Community Development Block Grant (CDBG) and HOME Urban County Joint Powers Agreement (JPA) with the County of Santa Clara. The CDBG provides funding for programs and public services that serve Campbell, many of which are accounted for in the City's 5th Cycle Housing Programs. Although the city of Campbell does not directly administer CDBG Housing programs, staff and elected participation are part of the agreement between the County and participating jurisdictions. Note: it is recommended that the City remain part of the Urban County JPA with the County of Santa Clara's Office of Supportive Housing (OSH) as the lead entity and official grantee until the City of Campbell is prepared to invest in an additional Full-Time position solely to administer the CDBG Grant. The administrative requirements of CDBG are extensive, it is to the City's benefit to remain in partnership with the County for the foreseeable future.

ORGANIZATIONAL STRUCTURE AND STAFF

After the dissolution of the RDA in 2012, and the resulting loss of annual funding to support the rehabilitation and development of affordable housing, the city restructured its housing programs. At that time the restructuring aimed to reflect the services that can be provided based on the city's limited staff resources and funding. As part of the restructuring, the City eliminated the part-time Housing Program Coordinator position. This position previously supported RDA Housing functions, aided in the coordination of CDBG-funded programs, and served as a local housing liaison. In the past, the Urban County CDBG Program provided each participating jurisdiction with a portion of CDBG funds to administer which is no longer an option. Currently, the County of Santa Clara's Office of Supportive Housing continues to administer the CDBG program. During the RDA era, the city's part-time Housing Program Coordinator implemented and managed the City's housing programs and functions. The position was partially funded by RDA and CDBG funds. Since 2012, the functions and responsibilities of the Housing Program Coordinator have been transferred to the City's Planning Division. These functions have since grown in complexity and volume and are now on a much larger scale. However, the city has not yet identified alternative funding sources for housing activities and programming.

Currently, there is no full-time dedicated staff member for the Housing Program. The FY 2023 Budget has allocated 0.4 of a full-time Senior Planner employee to manage the program.

BUDGET

The City of Campbell's Housing Assistance Program, [FY 2023 Adopted Budget](#), includes 0.4 FTE of a Senior Planner position and several contract services to manage its daily

operations. The Program's budget for FY 2023 is approximately \$758,000. The Division has created a five-year forecast based on today's staffing and programming needs, (Appendix G). Within the five-year projection, Staff is identifying a negative cash flow in FY 2027. Therefore, the recommended Housing Manager's primary priority is to generate a new revenue stream or secure a temporary loan from another Fund within the City if necessary. Adding a 1.0 FTE Housing Manager to the team will result in an additional estimated \$235,638 per year in salary and benefits. With the addition of a 1.0 FTE Housing Manager, an additional estimated \$235,638 per year in salary and benefits will need to be accounted for to reevaluate the timeframe of the negative cash flow if a new revenue stream is not recognized. Alternatively, the Council can consider a lower-level position such as a Housing Coordinator (\$144,659).

FUNDING SOURCES AND LOAN PORTFOLIO

The Housing Program includes the following:

- Fund 233 – Housing Assistance (Low-Moderate Income Housing) fund that includes interest income and loan payoffs from previously provided RDA loans
- Fund 233's Portfolio includes the following four types of outstanding loans:
 - a. 22 First-Time Homebuyer Loans – \$532K
 - b. 20 Rehab Loans – \$1.41M
 - c. 24 BEGIN Downpayment Assistance Loans – \$2.256M at \$94,000 each, 1% Interest
 - d. 23 Maravilla Loans– \$3.515M (2011-12 Maravilla Project, where the City subsidized low-income homebuyers by providing a loan for up to \$200,000 per family (23 loans ranging from \$76,462 to \$200,274 at 0% interest)
- In addition to Fund 233, there is Fund 208, which historically served as the funding source for HCD programs. Currently, there are no available funds in Fund 208

There are 7.7 million in outstanding loans, and all loans are current. The City receives approximately \$80,000 in interest payments annually. The Housing Program is funded by Fund 233 which was created following the dissolution of the City's Redevelopment Agency. For ongoing revenue, the program collects money from the sale of housing units, loan payoffs and interest payments, and the collection of miscellaneous transaction fees. Last year the program also received a one-time housing in-lieu fee payment (i.e., Mozart Subdivision) but such revenues as of yet are rare. With the pending growth, it is possible that this source can increase.

FINANCIAL PICTURE

Assets – \$8,813,632.65

Cash & Investments - \$1,122,864.11

Interest Receivable - \$2,043.00

Loan Receivable - \$7,688,725.54

Liability – \$44,044.65

Fund Balance – \$8,769,588

Expenditures - \$757,422

HOUSING CONTRACTS AND SERVICES

- Contract with HouseKeys for BMR Administration – FY 2023 Budget of \$160,000
- Contract with Project Sentinel to support rental/landlord dispute issues – FY 2023 Budget of \$63,000
- Housing legal counsel – FY 2023 Budget has allocated \$75,000 for legal services and litigation

AFFORDABLE HOUSING INVENTORY AND INCLUSIONARY HOUSING ORDINANCE

The city receives affordable units from three different sources, 1. 100% affordable rental projects that are often State funded Tax Credit projects with various funding sources braided together, 2. the city’s own [Inclusionary Housing Ordinance](#) (IHO) that requires BMR units in each development, and 3. the State Density Bonus Program. In 2006, the Campbell City Council adopted an Inclusionary Housing Ordinance (IHO) which generally requires projects with 10 or more units to reserve 15% of the units for affordable housing. The City of Campbell’s Inclusionary (Affordable) Housing Ordinance intends to increase the availability of affordable housing for very low-income, low-income, and moderate-income households. Similarly, the City’s Density Bonus Ordinance encourages developers to build additional affordable housing units in exchange for allowing more market-rate units. Today, the City’s Below-Market Rate Housing Program (hereinafter “BMR Program”) maintains 217 active units, consisting of 84 homeownership units, 51 rental units, and 82 loan units.

Table II-13 of the 6th Cycle Housing Element provides an inventory of the rental Affordable Housing Projects in Campbell.

Project Name	Address*	Ownership	Total Units	Assisted Units	Household Type	Funding Source(s)	Affordability Expiration Year	Risk Level
Avalon Bay	508 Railway Ave.	For-Profit	348	70	Family & Seniors	RDA**	2026	High
Corinthian House	250 Budd Ave. #116	Non-Profit	104	36	Seniors & People with Disabilities	Section 8; Section 221(d)(3)	2041	Low
Downtown Mixed-Use	201 E. Campbell Ave.	For-Profit	20	3	Family	Inclusionary Requirement	2062	Low
Gateway	45 North Third St.	For-Profit	20	3	Family & Seniors	RDA**	2026	High
Rincon Gardens	400 W Rincon Ave.	Housing Authority	200	198	Seniors & People with Disabilities	Section 8, Tax Credits	2063	Low
San Tomas Gardens	825 S San Tomas Aquino Rd.	Non-Profit	100	94	Family	Section 236; Catholic Charities, Tax Credits	2067	Low
Sharmon Palms	967 Sharmon Palms Ln.	Non-Profit	60	60	Family	RDA**. Tax Credits	2068	Low

²⁹ (**Funded through City RDA prior to its dissolution in 2012)

PIPELINE OF RESIDENTIAL DEVELOPMENT PROJECTS

There are currently seven residential projects in progress, which together comprise 185 units. Out of these, 35 units are designated as BMR units. ³⁰

²⁹ M-Group, "6th Cycle 2023-2031 the Housing Element City of Campbell," (February 2023) p. H.II-33 <https://www.campbellca.gov/DocumentCenter/View/19775/Revised-3rd-HCD-Submittal-Draft-of-6th-Cycle-Housing-Element-Clean>

³⁰ M-Group, "6th Cycle 2023-2031 the Housing Element City of Campbell," (February 2023) p. H.II-33 <https://www.campbellca.gov/DocumentCenter/View/19775/Revised-3rd-HCD-Submittal-Draft-of-6th-Cycle-Housing-Element-Clean>

	Address (Name)	Total Net New Units	Total Market-Rate Units	Total BMR Units	Very Low Income BMR Units	Low Income BMR Units	Moderate Income BMR Units	Status
1	202 W Rincon Ave.	9	9	0	0	0	0	Under Construction
2	600 E Campbell Ave. (Cresleigh Homes Park View)	59	50	9	5	4	0	Entitled / Pending Building Permit Issuance
3	1429 and 1446 Westmont Ave.	6	6	0	0	0	0	Previously Entitled; Pending Modification of Approval
4	2575 and 2585 S Winchester Blvd.	15	13	2	2	0	0	Entitled/Pending Building Permit Submittal
5	601 Almarida Dr. (The Franciscan Campbell Apartments)	60	40	20	20	0	0	Entitled/Pending Building Permit Submittal
6	523 Union Ave. (Union Townhomes)	7	6	1	0	0	1	Entitled/Pending Building Permit Submittal
7	16160 E Mozart Ave. (Mozart Parcel Map)	4	3	1	0	0	1	Under Construction
	Mozart (Oak Tree Circle)	25	23	2	2	0	0	Under Construction

HOUSING ELEMENT 6th CYCLE (2022–2031)

Jurisdictions were required to adopt an updated Housing Element by January 31, 2023, for the period spanning 2023 to 2031. The Housing Element is one of the nine State-mandated elements that must be included in every General Plan. It assesses the housing needs of all income groups within the community and identifies implementation programs to fulfill those housing requirements.

Every city in California is required to produce housing according to the State's RHNA to ensure that affordable housing needs are planned for. This process involves determining the number of new homes needed, as well as their affordability, for each local government to include in its Housing Element. This RHNA process is repeated every eight years, and for the current cycle, the Bay Area is planning for the period from 2023 to 2031. Every year, cities must submit an Annual Progress Report to the CA HCD indicating the status and progress in implementing its housing element.

The City's 6th Housing Element details the City's plan to comprehensively address the existing and projected housing needs of all residents for the next eight years (2023–2031). In this cycle, the City of Campbell is required to provide 2,977 units, nearly triple the amount in the previous cycle of 933 units. As of March 27, 2023, HCD notified the City that

the city's revised draft housing element met the statutory requirements of State Housing Element Law.

The Housing Element's five goals and 31 policies provide the initial framework for achieving the significant commitments made by the City through its 59 programs, which are primarily under the purview of the Housing Program.

To make these commitments effective, the City of Campbell has the following five core housing goals for the 2023–2031 Housing Element, which will be implemented through the designated 31 policies and 59 programs.

1. Provide affordable housing to all segments of the population.
2. Preserve the quality of the housing stock.
3. Maintain a balance between employment and housing opportunities.
4. Provide housing that is responsive to the needs of special needs populations.
5. Plan for a variety of housing types in response to changing demographic trends.

Regional Housing Needs Allocation (RHNA) 2023-2031

The City has been allocated a total of 2,977 units for the 6th Cycle planning period. Out of these units, 1,685 fall under the affordable category and are intended for households belonging to the very low (0–50% of AMI), low (50%–80% of AMI), or moderate (80%–120% of AMI) income households. The City's Draft Housing Element includes a buffer of 30%, which has been recommended by the State Department of HCD. As a result of this buffer, the City has planned an additional 3,870 units, out of which 2,191 are affordable.

RHNA Allocation + 30% Buffer

	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total Units	Total Affordable
	0–50% AMI	51%–80% AMI	81%–120% AMI	> 120% AMI		
6th Cycle RHNA	752	434	499	1,292	2,977	1,685
30% Buffer	226	130	150	387	893	506
Total	978	564	649	1,679	3,870	2,191

The 2023–2031 Housing Element details the three main sources that the city intends to meet its RHNA, through the 7 Pipeline Projects underway, Accessory Dwelling Units (216), and the 123 sites listed on the site's inventory. The 7 Pipeline Projects, ADUs, and Site Inventory provide a total of 5,300 units of which 2,647 are affordable,

plus there is an additional 30% buffer to satisfy the requirement to demonstrate sufficient site capacity.

	Total Units	Affordable Units
Pipeline Units	185	35
Accessory Dwelling Units	216	194
Site Inventory	4,899	2,418
Total Units Provided	5,300	2,647
Total Units Recommended	3,870	
(RHNA + 30% Buffer)	(2,977 + 893) = 3,870	2,191

BELOW MARKET RATE PROGRAM

The observations and recommendations for the BMR Program have been categorized into five distinct areas: Capacity, Fiscal Resiliency, Agreements, Customer Service, and General Observations. These categories are described in detail below. Please note that a summary of the 33 statements is provided in Appendix A, where they have been ranked in order of priority from High to Medium to Low Priority based on available resources and time constraints. The City currently contracts with HouseKeys. Few service providers offer the full range of BMR administration support that the City receives in conjunction with software in the local area. Rise Housing Solutions was also interviewed and provides BMR program administration to jurisdictions; there may be other service providers.

Capacity

1. Observation: City staffing capacity is insufficient to serve as the counterpart within the city that acts as a liaison to collaborate with the BMR service provider and to make program adjustments as needed. The work of the BMR Program requires an internal advocate to navigate the city departments that are inevitably touched by the workflow of the BMR Program.

Recommendation: Retain a full-time dedicated Housing Program Manager to implement the Housing Element's programs, interface with the BMR service provider, and be the internal city champion for prioritizing housing affordability.

2. Observation: The current staffing of the BMR service provider dedicated to administering the BMR Program is insufficient to manage the expected future growth of the program.

Recommendation:

Although it is not an immediate priority, the City of Campbell could enhance customer service for the BMR Program in the future by providing a dedicated BMR Account Manager. This could be accomplished by adding \$75,000 per year to the existing service provider contract, which would enable the service provider to designate a single point person to serve as the BMR liaison for the city.

While the current business model offered by HouseKeys allows for economies of scale by leveraging a diverse skill set to support multiple cities, it lacks a specialized point person who can manage all aspects of the dynamic BMR Program. Therefore, adding a dedicated account manager would improve customer service and support the city's goal of prioritizing housing affordability.

Alternatively, the city could establish its own internal BMR Department to oversee the various elements of the program. However, it should be noted that this option is likely to be significantly more expensive, and acquiring the necessary expertise may be challenging.

Fiscal Resiliency

3. Observation: The current value of the BMR service provider agreement is suitable for the current size of the portfolio when compared to other cities (Appendix B); however, it is not adequate for the projected growth in the BMR portfolio. The City currently pays approximately \$1,000 per BMR unit. Although existing funding sources can support program expenditures for several more years, administrative costs exceed revenues and are not sustainable in the long term. Therefore, increasing revenue is necessary, as outlined in Appendix C.

Recommendation: To prepare for the projected growth in the BMR portfolio, anticipate an increase in the BMR service provider contract by projecting a \$750 per unit fee in advance of the marketing period for the city's projects in the development pipeline. Additionally, allocate a larger budget to account for the buyer and renter cultivation work that needs to take place before the residential development project timeline becomes active. The project timeline involves the following:

1	2	3	4	5	6
Buyers or Renters sign up online	Buyers or Renters apply for the program	Buyers or renters enter drawing	Buyers or Renters are selected and guided through the process	Buyers or Renters are reviewed for eligibility and qualification	Buyers or Renters complete sale or lease transaction
Minimum 90 Days			Minimum 60 Days		60 Days

In addition to a minimum of 7 months of work, there is a need for buyer or renter cultivation to attract prospective buyers and tenants at least 3 to 6 months in advance. As a result, the BMR service provider must initiate the process 13 months before the estimated occupancy date. Therefore, the City of Campbell would need to allocate resources in 2023 for projects coming online in 2024..

4. Observation: Fiscal resiliency is both an urgent and ongoing goal, which is challenging and not unique to the City of Campbell. It will continue to pose the greatest challenge to the program in future years. Therefore, seeking additional funding for affordable housing and administrative costs should be considered a high priority.

Recommendation: As part of the process of hiring a Housing Manager, it is recommended to develop an affordable housing funding strategy to significantly increase resources for achieving the City's affordable housing goals. It is also important to revisit this challenge annually to maintain focus on creating and accessing available revenue sources (see Appendix C) to fund Housing Program activities.

5. Observation: There is no system in place to serve as the financial mechanism that allows the BMR service provider to timely acquire and rehabilitate BMR homes under certain parameters. In November 2018, the City Council approved BMR Guidelines, including actions and timelines for compliance. However, delays in enforcement occur, and legal action is deferred until staff can hold a closed session with the Council to receive authorization for action and funding. As the BMR portfolio grows, it will become increasingly important to address this issue. In the future, establishing a revolving loan fund will prove useful in providing timely cash flow for the preservation of BMR homes that need to be purchased and/or rehabilitated by the City and resold to new eligible homeowners.

Recommendation: Evaluate and consider developing a revolving loan fund to provide cash flow for the acquisition and rehabilitation of BMR homes that need to be purchased and/or rehabilitated by the City and resold to new eligible homeowners. Provide authority to the City Manager to approve requests from this fund. This would be contingent upon preserving and reselling BMR units at some affordable level. To preserve the affordable housing stock, the City can exercise its rights under the terms of the Restricted Covenants to purchase and preserve BMR properties at the time of resale or foreclosure to preserve the unit as part of the BMR Program inventory for an additional 45 years. Staff could request authority to create a Budget line item in the Housing Fund, for a revolving BMR Housing Acquisition and Rehabilitation fund in the amount of \$1,000,000. This fund would be reimbursed as properties are rehabilitated and resold to eligible buyers. Since costs of acquisition and rehabilitation are recovered with resale, this expenditure request is short-term, replenishing the Housing Fund at the time the home is resold. This action is worth exploring as the portfolio continues to grow.

Agreements

6. Observation: As the portfolio grows, a need to clarify what housing agreements are needed and when based on each housing project's unique composition will arise, in addition to the need to update templates for any given scenario that will be presented to the City.

Recommendation: Seek out special legal counsel with expertise in housing law to draft templates that consider the various nuances of housing projects that will be

increasingly brought before the city. Once these templates are drafted, they can be regularly used by staff and the BMR service provider. The BMR transaction fees that are adopted by City Council are fees that HouseKeys charges in addition to the base contract to offset the administration costs. Doing so allows the base contract to remain relatively lower than it would otherwise. The transaction fees should also be included in the ownership and rental agreements that the developer is a party to. Note: As applicants/developers seek to make changes to the templates that will incur additional legal costs, it is recommended that the City adopt the final templates and subsequently invoice the developer for any legal fees incurred because of their modifications to the City's standard template (changes are always subject to the City attorney's approval). As the BMR Program grows in inventory, it will require several distinct agreements to be executed. For reference, as the City's housing portfolio grows over time, the following scenarios and their corresponding agreements will be increasingly employed. Having a template drafted by special counsel with expertise in housing law benefits the City and the service provider. Below is a synopsis of what agreements are needed depending on the project.

When a residential project is a 100% affordable housing project and

- ✓ receives an allocation of competitive tax credits and bonds,
- ✓ is not funded by the City,
- ✓ does not use state density bonus law, and
- ✓ is subject to the IHO, *unless the city policy indicates otherwise*, then
- ✓ the agreement includes the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants.

When a residential project is a 100% affordable housing project and

- ✓ receives an allocation of competitive tax credits and bonds,
- ✓ receives housing funding from the City (housing loan),
- ✓ receives the benefits of the state density bonus law, and
- ✓ is subject to the IHO, *unless the city policy indicates otherwise*, then
- ✓ the agreements include the Affordable Housing Density Bonus Agreement and Declaration of Restrictive Covenants (this contains basic affordability restrictions and remains unsubordinated) and the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (for when a project receives City funding via a loan with affordability requirements that are typically greater than the other requirements and that can be subordinated if the City allows).

When a residential project is a private (market-rate) *rental* development and

- ✓ is subject to the IHO and
- ✓ is a rental project that does not access the benefits of the state density bonus law, then
- ✓ the agreements include the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (this is for the IHO BMR units).

- ✓ If a density bonus is used, then an Affordable Housing Density Bonus Agreement and Declaration of Restrictive Covenants are required.

When a residential project is a private (market-rate) *ownership* for-sale development and

- ✓ is a project that does not access state density bonus law, then
- ✓ the agreements include the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (this is for the IHO BMR units) and the homebuyer documents (Resale Restriction Agreement with Option to Purchase, Performance Deed of Trust, and Excess Proceeds Promissory Note).
- ✓ If density bonus is used, then an Affordable Housing Density Bonus Agreement and Declaration of Restrictive Covenants are required.

7. Observation: It is unclear if 100% affordable housing projects are subject to the requirements of the city's IHO, enacted in 2006 and codified at Chapter 21.24 in Title 21 (Zoning) of the City's Municipal Code. The IHO requires that 15% of residential units, typically in market-rate projects, be restricted as to affordability. In the foreseeable future, the city is likely to receive several applications for 100% affordable housing projects, which are likely to seek the benefits of the density bonus law. AB 1763 significantly amended the State density bonus law (Government Code Section 65915) in 2019 effective January 1, 2020, requiring the City to award developer density bonuses, concessions and incentives, and waivers. Projects that receive the benefits of the density bonus provisions are required to restrict units for continuing affordability. For rental projects, the density bonus law requires affordability restrictions for 55 years for all units excluding the managers' units, and for-sale units are required to be restricted for 45 years. Meanwhile, the City's IHO requires that 15% of a project's units be deed restricted through an Inclusionary Housing Agreement, resulting in the need for two separate agreements with different provisions and applicability to be recorded on the same property.

Recommendation: It is recommended that the City consider amending the IHO to reduce potential conflicts between state law, administrative burden, and other requirements by clarifying that the IHO does not apply to 100% affordable rental residential developments that are developed in accordance with, and subject to, a recorded governmental agency deed restriction or regulatory agreement that imposes rent and household income eligibility restrictions on all residential units in the residential development, with the exception of managers' units. To be exempt from the IHO, it is required that the deed restriction or regulatory agreement be recorded against the property, must be binding on successors in interest for at least the same duration as would otherwise be required pursuant to Chapter 21.24, and must be executed by and between the property owner and any of the following entities and agencies: the City of Campbell, the County of Santa Clara, the California Tax Credit Allocation Committee, the issuer of tax-exempt bonds used to finance the residential development, the California Department of Housing and Community Development or any other State of California agency, and the U.S. Department of Housing and Urban Development or any other federal agency. Additionally, the ordinance is silent as to subordination, which means that on

occasion, the affordability restrictions could be subordinated to later loans. Language could be proposed to support the ongoing affordability of the deed-restricted units that establishes that the affordability restrictions are senior in priority to any private liens or encumbrances. An exception can also be made if the City Manager determines that subordination is necessary to finance the affordable units. The primary intent is to prevent the loss of affordable units in the event of foreclosure.

Customer Service

8. Observation: A system or process that allows City staff to gain insight into customer inquiries to track the type of inquiries, level of engagement, and the timeliness of responses must be developed.

Recommendation: Identify ways for BMR Program applicants and participants to provide feedback directly to City staff through a customer service satisfaction survey or another mechanism that allows for multiple clients (developers, consumers, City staff, potential BMR homebuyers, and existing BMR homeowners) to provide insight into the various levels of engagement that occur throughout the entire process. The customer type varies, and each customer has different needs depending on where they are at in the 45-year or 55-year process. Performance measures and average response times must be averaged based on the “type” of engagement to define and distinguish between the types of inquiries. Some inquiries will require a greater level of intel gathering and analysis on behalf of the service provider, thus requiring additional time to fully respond and close the ticket. Often, these are referred to as “escalation” cases, and they are typically more visible. Other inquiries are more routine in nature and can be classified as the day-to-day activities requiring a 48-hour response time.

9. Observation: The program would benefit from implementing additional methods of customer service that support access for special groups such as seniors, individuals with disabilities, households with English as a second language, and those with limited computer skills and/or Internet access. These accommodations may add to the cost of administering the program.

Recommendation: Develop and implement a communication strategy to connect with these groups and the broader community.

General Observations

10. Observation: The HouseKeys web-based platform provides an efficient way in which the public consumer interacts with BMR housing program opportunities, providing a level of consistency and standardization. This platform provides the ability to retain institutional knowledge that is often lost when jurisdictions experience staff turnover. The data in the system is owned by the City, and the software is owned by HouseKeys. The platform provides valuable insight as to who and how many in one’s community are attempting to access one BMR unit in the City of Campbell. The following are most recent examples:

- 12 people applied for one unit at Merrill Gardens
- 16 people applied for one unit at Merrill Gardens
- 165 people applied for one unit at Railway
- 90 people applied for one unit at Alvin's Corner
- 85 people applied for one unit at Alvin's Corner
- 206 people applied for unit at Railway
- 29 people applied for one unit at Alvin's corner
- 136 people applied for one unit at Alvin's corner
- 296 people for one unit at Railway

Recommendation: Highlight this data to create awareness of the local need and desire for housing opportunities that are affordable.

11. Observation: The BMR Program is complex and will continue to require a significant investment in time from City staff and council to digest the intricacies of the program and the moving parts that will continue to be impacted by market changes. At a high level, it's helpful to think of the BMR housing program in three major buckets: program administration, the new construction pipeline, and the existing housing portfolio, all of which include ownership, rental, and finance elements.

Program administration includes the following:

1. Background materials (staff reports, study session presentations, etc.)
2. The inclusionary ordinance language
3. The contract with the program administrator
4. Program guidelines
5. Program agreements
6. Educational materials (orientation decks, training modules, certificates of completion, etc.)
7. Website and infographic materials to introduce all parties (applicants, developers, housing professionals, new City staff, new Council members)

The new construction pipeline includes the following:

1. Proposed projects that are under construction and at various stages of submittal and approval
2. Developer agreements
3. Project-specific affordable housing program administration agreements

4. Marketing and sale of the BMR units

The existing portfolio and asset management include the following:

1. Tenant-occupied homes
2. Owner-occupied homes
3. Outstanding loans

Recommendation: Conduct regular study sessions with the City Council and community two times per year.

12. Observation: The scope of services in the Consultant Services Agreement could be better articulated to define the work in bucketed categories and then identify the many deliverables in a separate appendix.

Recommendation: Update the scope of services to include a calendar of events, reports, and materials with timelines. Revise the scope of services based on the three bucketed categories to capture the essence of the work.

13. Observation: The City's BMR Program is organized and maintains a thorough cataloged inventory. In this regard, 98% of Campbell's housing program portfolio is complying. The last round of compliance letters went out in December 2022. The last tax accessor report was provided in January 2022. This is an excellent compliance ratio when compared to many jurisdictions in California, many of which don't have the means to measure compliance.

Recommendation: None

14. Observation: The BMR Program materials are available and accessible online. The Campbell BMR Program HouseKeys website: <http://www.housekeys2.com/> contains a wealth of valuable information and BMR homebuyer education materials; however, navigating the website and understanding where to start can be overwhelming for a first-time homebuyer.

Recommendation: develop a visual roadmap for the consumer to follow, see Appendix G.

15. Observation: Systems are in place to conduct a lottery that applies the City's local preference. This includes a local preference for City employees, local residents, and local employers.

Recommendation: The City may want to consider reevaluating the employee preference with counsel specializing in housing services to evaluate the compatibility with the law of Affirmatively Furthering Fair Housing.

16. Observation: Current rental City regulations indicate that households have a limit on the amount of assets they may have. Households may have up to 100% AMI (for their household size) in assets. This restriction has created some challenges to compliance,

especially when determining how to handle residents whose asset balances have increased after minimum income requirements.

Recommendation: Consider eliminating asset limits. If the City wishes to maintain a limit on assets, it needs to be better defined in the BMR Program guidelines to explain how to handle asset balances at the time of annual recertification. One possible consideration is to remove the asset limit after the initial move-in. For example, a life insurance pay-out at the time of a spouse's death could increase assets as well as a public pension that is later received. A policy that is designed to increase administrative oversight will inherently increase administrative program costs. Utilize the ability to include a percentage of assets as part of total household income if there are concerns around allowing applicants with large amounts of assets into the program. Some jurisdictions will have no asset cap and/or a prohibition on owning real property.

17. Observation: There is a lack of clarity regarding minimum income requirements and how they apply to existing residents.

Recommendation: The rental guidelines should clearly identify that minimum income requirements are only applicable to new move-ins. It is recommended that households not be screened for minimum income after initial occupancy. NOTE: If a household clearly has insufficient income to pay rent, the BMR service provider will collect additional information from the household, but the household will not be considered out of compliance with program regulations should their income decrease.

18. Observation: There is a need to identify and clarify how to process over-income households. To ensure program participants are provided every opportunity to maintain the affordable units in which they dwell, it is recommended that a policy be created to address this issue.

Recommendation: The following recommendations can be implemented together or independently:

1. Increase the income limit after initial occupancy: many programs, including State TCAC, allow for a 140% increase in the applicable income limit at each annual recertification. This allows participants to get promotions, additional education, pay increases, or bonuses that were unanticipated and could potentially pull them out of compliance.
2. Increase the time in which a participant can bring themselves back into compliance. This includes two parts:
 - a. allow the participant to go over income for one year. If the household over-qualifies for a second year, they are provided a 60–90-day notification to vacate the unit, OR

b. allow the participant one year to find alternative housing. In this option, the participant will have one year from the date their over-income status was confirmed to find alternative housing.

19. Observation: It is not always clear how to enforce the provisions of the program guidelines in situations where applicants entered the program prior to their adoption. For example, the asset limit was applied in 2018; as such, it has not applied to those residents who resided at the project before 2018.

Recommendation: The BMR Application/Participant Guide should be updated to clarify the applicability of requirements for participants that entered the program after their adoption. The asset limit was applied in 2018; as such, it has not applied to those residents who resided at the project before 2018. The lack of clear guidance can create challenges when trying to enforce these provisions.

20. Observation: The guidance that defines occupancy standards is incomplete (silent) as it applies to studios.

Recommendation: Set the minimum occupancy for studios at one person and the maximum at two people.

21. Observation: Affordable projects bound by a regulatory agreement with a local, state, or federal agency are exempted from AB 1482. As such, developers can increase rents unhindered by the same rent caps that apply to their conventional units.

Recommendation: To alleviate any issues with adverse selection, the City can consider restricting rent caps to the percentage rate increase for the conventional units on the project. For example, if conventional rents on the project increase at a rate of 6%, consider a similar rate to be applied for the affordable residents.

22. Observation: The partnership between HouseKeys and the City has been viewed as beneficial for six years. There will continue to be ongoing opportunities to reevaluate and modify the IHO and BMR Program as the program increases in size and responds to market changes. It is likely that future housing policy issues raised by the Planning Commission and/or City Council regarding the community's housing needs may encourage the City to amend its IHO. To that end, the IHO has the potential to be modified to create needed flexibility to best use the program to meet the RHNA requirements over time.

Recommendation: Annually evaluate your development pipeline and corresponding RHNA categories so that the city can change course if needed to produce middle-income housing workforce housing or one of the other lower income categories.

23. Observation: Over the past six years, HouseKeys has increased staff from 5 to 22 FTEs with specialization in homeownership, rent, and finance. They currently serve 16 cities, including six cities in Santa Clara County. HouseKeys has established a program administration capacity that has enabled the City to have 4,406 applicant profiles for the ownership program and 3,473 applicant profiles for the rental program. From this pool,

applicants have been matched up with housing lottery opportunities for rental and for-sale opportunities.

Recommendation: None

24. Observation: The earlier versions of the service provider contract had indemnity language that was problematic for the nature of the legal BMR work, this issue has been addressed.

Recommendation: Although the issue has generally been rectified in the latest agreement, there is a need to amend the scope of services to clarify the role of the administrator and identify the parameters that the administrator will work within when taking legal action subject to the direction of Staff or Council.

25. Observation: The BMR Program Administration services are provided in advance of collecting the transaction fees which occurs at close of escrow.

Recommendation: None

26. Observation: The homebuyer certification requirements can be more informative earlier on and outline the process in which future transactions will occur, including refinances, resales, recertification, property maintenance and improvements, how a transfer to an heir or living trust request is considered, maintenance requirements, and any future capital improvements.

Recommendation: The housing resale restriction agreement can be updated to provide clarification on the recertification requirements descriptive of all sections of future compliance mentioned above as well as an appreciation schedule that can be used for capital improvements and some parameters around repair guidelines. Update the BMR Owner Application/Participation Guides to clarify the resale pricing procedures and repair requirements.

27. Observation: The BMR service provider requires ongoing intel from the planning team earlier on to ensure that they are well informed of forthcoming projects in the City's development pipeline.

Recommendation: Orient the Planning Application Form or software to specifically call attention to the BMR Affordable Housing Workflow so that a developer and the BMR administrator knows early on that when they are applying to build, there is an IHO, and they will be subject to affordability requirements and a process. Identify the various points in the workflow that trigger being placed on the BMR conveyor belt to the housing team.

28. Observation: From time to time, ownership units do not remain in the program because the resale price can be increased to capture some equity due to the homeowner. Although units will exit the program for various reasons, new units will simultaneously enter the program.

Recommendation: None. The current state of the City’s program is not able to buy down or subsidize units. This is just something to pay attention to if outside funding sources for downpayment become available, meaning that there may be future opportunities. Policy decisions will need to strike a balance between being mission-oriented and fiscally sound.

29. Observation: The IHO language can be revised to solidify the BMR housing development standards, location, and design of inclusionary units.

Recommendation: For example, it is recommended that all inclusionary units are geographically and proportionally dispersed throughout the residential project. In residential projects that will consist of more than one building, the inclusionary units shall be dispersed among all the buildings that comprise the development. In residential projects that will consist of more than one product type, the inclusionary units shall be dispersed among the product types, proportionate in number among each of the product types that comprise the development.

In for-sale projects, the lot size for the inclusionary units shall be at least the same size as the smallest lot for market-rate units in the residential project.

The average bedroom and bathroom count in the inclusionary units should be the same as the average bedroom and bathroom count in the market-rate units in the residential project.

The exterior trim, entry door hardware, and exterior finishes for the inclusionary units shall be of the same standard as the market-rate units in the residential project. There shall be no significant identifiable differences between inclusionary units and the market-rate units that are visible from the exterior of the dwelling units.

The interior finishes, equipment, fixtures, and appliances for the inclusionary units shall conform to the following minimum interior standard finishes:

- All closets shall have doors.
- Interior doors must be raised-panel type or same as market-rate unit.
- Door hardware must be brass finish or same as market-rate unit.
- Appliances shall be major brand names (if applicable).
- Microwave hood is required to be vented to the exterior. When applicable, an exhaust vent shall be installed over the range.
- Units shall be roughed in for AC, including the electrical and line set.
- Units shall have basic alarm system to secure all accessible openings to the home.
- Units shall have an electric garage door opener (if applicable).

The size, design, and distribution of model types for the inclusionary units shall be comparable and proportionate in number to the size, design, and distribution of each of the model types for the market-rate units in the residential project. Occupants of inclusionary units shall be provided the same access to project amenities, recreational facilities, and common areas as occupants of market-rate units.

30. Observation: The protocols for how to pay off a loan early are unclear.

Older loans require the payment of the greater of simple interest or a percentage of equity upon the sale of the unit. Owners who seek to pay off a loan early (while still living in the home) lack an understanding of how to proceed.

Recommendation: Create a new loan policy with guiding principles to clarify what the loan procedures are and when a loan may be paid off early. Consider simplifying the terms of the notes based on what the City wants to achieve with the loan program and then create a policy that corresponds to those principles. For example, the intent of the downpayment program could function as equity retention or the intent could be interest income for the City's reuse purposes. The first step is to define the guiding principles. These may vary depending on whether the buyers have very low and low income. First, clarify the intent of the program and then simplify the rules.

31. Observation: The IHO BMR Program does not currently serve the missing middle, which is typically the above-moderate category of 150% AMI to 160% AMI.

Recommendation: In the future, if the City wants to target this population, it could modify its IHO to create a mechanism to target the missing middle as an alternative mode or compliance.

32. Observation: The BMR Program does not provide remedies for agreement violations outside of legal action. Depending on the severity of the situation, if a homeowner is in default on their agreement, they could be provided an opportunity to attempt to mediate their case. The cost of any additional oversight will require a higher cost to administer the program. The City could consider studying the establishment of a mediation program and/or penalty program for non-compliant units and weigh that option against the burden of the additional cost and the potential to undermine something that's a public benefit.

Recommendation: None.

33. Observation: Enforcing a BMR Program can involve very difficult legal processes, especially when it comes to evicting units. City staff and administrators are not equipped to deal with eviction cases that are countered by evicted tenants who then file countersuits.

Recommendation: It is recommended that the City staff and/or the administrator not direct the owner or property management company to evict tenants. Other options can be explored, and a series of steps can be outlined in the program guidelines, including 1) allowing the tenant to stay and pay market rents, paying excess rents to

a city-maintained housing fund, 2) swapping the unit for another unit in the complex to maintain compliance, and 3) making the unit a homeownership unit.

FINDINGS AND RECOMMENDATIONS

Finding 1: A lack of sufficient staff capacity makes implementing housing programs and prioritizing affordability challenging.

Recommendation: With no full-time housing staff, the recommendation is to consider allocating a full-time housing manager in the FY 23 budget process to manage the Housing Program.

Summary: Campbell's Community Development Department needs a dedicated and well-resourced position to create, monitor, and implement the Housing Element Plan for the 6th cycle planning period (2023–2031). While this is not unique to the City of Campbell, it has become increasingly necessary to adequately resource the Housing Program to further the housing goals and vision of the City and satisfy state requirements to make a meaningful effort towards achieving the housing goals.

Creating a single role dedicated to managing and advocating for affordable housing at all income levels is a best practice. There needs to be more than a 0.4 of an FTE to meet the current and upcoming projected demands on the Housing Program. Additional scrutiny at the state level, an influx of new housing legislation, and the well-documented housing crisis all require the Housing Program's work to be elevated and prioritized if the City is to be successful in attaining its goals. Furthermore, in practice, the 0.4 of staff time currently allocated is often spent on other land use planning-related activities that are also a priority. This ratio varies based on the day's focus and lends itself to be a more reactive process than proactive. The most recent intensive state-mandated Housing Element process facilitated the time and space needed to create programs and solidify the City's housing commitments. Now is an excellent opportunity to begin resourcing the housing commitments and demonstrate the City's commitment to achieving its goals. Doing so would create a more precise definition of roles and responsibilities, allowing staff to focus on the challenges that require organizational bandwidth and financial resources.

Assigning responsibility for measurable outcomes would be beneficial and increase the likelihood of the desired result. To that end, monitoring the implementation of the Housing Element strategically with such limited resources will continue to be essential. The existing program model and staffing pattern do not make the City effective in the long term. A knowledgeable and dedicated housing manager would be responsible for the RHNA targets and providing stakeholders with expertise focusing on affordable housing and communicating effectively with the community.

Finding 2: The current service level of the BMR administration contract needs to be revised to anticipate the upcoming BMR demands. Additional coordination between City staff and the BMR service provider is necessary to address program improvements as summarized in Appendix A.

Recommendation: It is recommended that the City project an annual incremental increase of \$42,000 in BMR administrative costs to keep pace with the growing portfolio, an addition to the existing base cost of the BMR service agreement, which is currently \$160,000, bringing the following FY total cost of service to \$202,000.

Summary: The 31 BMR Program observations and recommendations were mentioned earlier in the report and categorized into five categories. Appendix A summarizes the recommendations in order of priority; however, funding a full-time housing manager remains the number one recommendation. Given the current program limitations, the BMR Program improvements can be considered after a housing manager is hired. This will increase the synergy and engagement between the administrator and the City to respond to upcoming growth and challenges as legislation continues to favor expediting affordable housing development.

1. Capacity
2. Fiscal Resiliency
3. Agreements
4. Customer Service
5. General Observations

The current value of the BMR service provider agreement is suitable for the current size of the portfolio compared to other cities (Appendix B); however, more is needed for the projected growth in the BMR portfolio. The City currently pays approximately \$1,000 per BMR unit in administrative costs. Although the Housing Program's existing funding sources are sufficient to support program expenditures for several more years, the administrative costs exceed revenues. They are only sustainable in the long term, when additional revenue is identified.

It is recommended that the City anticipate an increase in the BMR service provider contract and provision an increased budget that accounts for the buyer and renter cultivation work required to occur earlier in the BMR process. Outside of the seven months of work that entails the six steps below, a significant amount of work is needed to cultivate prospective buyers and tenants at least three to six months before this process. The BMR service provider must begin early engagement with the planning staff to ensure they know the development pipeline and the developer to begin onboarding and educating them on the BMR process. It is recommended that this entire process begin 13 months in advance of estimated occupancy to ensure a seamless process. Because of this timeline, the projected development pipeline requires an early onset of resources devoted in 2023 for projects that come online in 2024.

1	2	3	4	5	6
Ongoing education	Buyers or renters apply	Buyers or renters enter	Buyers or renters are	Buyers or renters are	Buyers or renters

(orientation) Buyers or renters sign up online	for the program	a drawing	selected and guided through the process	reviewed for eligibility and qualification	complete sale or lease transaction
Minimum 90 Days			Minimum 60 Days		60 Days

Projecting an annual incremental increase of \$42,000 in BMR administrative costs moving forward will support the City's ability to keep pace with the growing portfolio. In addition to the existing base cost of the BMR annual service agreement, which is currently \$160,000, it would bring the total service cost in 2023 to \$202,000. The methodology used to estimate this is based on the 2023–2031 6th Cycle Housing Element's RHNA—2,977 total units. This is a conservative estimate based solely on the original RHNA allocation and does not include the seven pipeline projects, ADUs, and site inventory that would lead to providing a total of 5,300 units, of which 2,647 are affordable and provide for an additional 30% buffer used by the City to satisfy the State's requirement to demonstrate sufficient site capacity.

- 2,977 RHNA units x 15% IHO obligation = 446.55 projected BMR units (rounded up to 447)
- 447 new BMR units/eight years in the planning cycle = 55.87 projected new BMR units per year during the eight–year cycle (rounded up to 56)
- 56 projected new BMR units per year x \$750 administrative fee per unit = \$42,000
- The current contract is \$160,000 + 42,000 increase = \$202,000 in Year 2023

The following includes the projected annual cost of administering the BMR portfolio in future years if the City continues to utilize a contractor to provide service.

1. 2022 - \$160,000 (current base contract)
2. 2023 - \$202,000 (includes the recommended incremental increase of \$42,000 in 2023 through the last year of the eight-year cycle)
3. 2024 - \$244,000
4. 2025 - \$286,000
5. 2026 - \$328,000
6. 2027 - \$370,000
7. 2028 - \$412,000
8. 2029 - \$454,000
9. 2030 - \$496,000

10.2031 - \$538,000

11.2032 - \$580,000

12.2033 - \$622,000

It will continue to be essential to monitor the development pipeline in real-time and assess the projected growth and the pace at which development occurs to adequately address the cost of service, all subject to evolving housing market conditions. Alternatively, the City can develop an internal BMR department; however, doing so would be significantly more expensive to obtain the skillset and competency needed to administer the many hats the BMR administrator wears and the moving parts of the program. Both pros and cons are associated with this option.

Finding 3: Additional revenue is needed to fund housing activities and programming.

Recommendation: Prioritize generating a new revenue stream to sustain the program or a temporary loan from another funding source within the City as needed, followed by implementing an affordable housing funding strategy.

Summary: Campbell's Housing Program, in the [FY 2023 Adopted Budget](#), includes a 0.4 FTE Senior Planner position and contract services that manage the day-to-day operations of the Housing Program. The FY 2023 adopted budget for the program is approximately \$758,000. A five-year forecast based on existing programming and staffing indicates a negative cash flow in FY 2027. Based on these recommendations, it is imperative that one of the priorities of the housing manager is to generate a new revenue stream to sustain the program or secure a temporary loan from another funding source within the City as needed. With the addition of a 1.0 FTE housing manager, an estimated \$235,638/year in salary and benefits will shorten the negative cash flow timeframe if a new revenue stream is not recognized.

An alternative funding source can provide an influx of revenue to help ensure the effectiveness and longevity of the City's housing programs and its ability to meet performance targets outlined in the Housing Element. Fiscal resiliency is both an immediate and ongoing "long-term" goal that is challenging and not unique to the City of Campbell. Furthermore, even though smaller jurisdictions struggle to obtain fiscal resiliency in their housing programs, this can significantly improve by accessing and fully utilizing State HCD grants, Destination Home Capacity Building Grants, and other tools that have not yet been accessed, including the Commercial Linkage Fee, an update to the housing in-lieu fee and amendments to the IHO. The staff has identified some of these opportunities in the Housing Element work program. Fiscal sustainability will continue to be one of the most significant challenges to the program in future years; thus, seeking additional funding for housing programs and affordable housing development is a high priority. Having a dedicated housing manager will allow the City to develop an affordable housing funding strategy to increase dedicated housing resources significantly. Finally, this challenge must be revisited annually to encourage staff to remain focused on this goal and to regularly monitor, review, and provide feedback on the performance of accessing available revenue sources.

Appendix C summarizes funding strategies and opportunities to aid the City in overcoming the longer-term challenge of fiscal resiliency.

Finding 4. An increase in communication would benefit the City and the community by promoting community understanding of housing and affordability and how to access housing programs and resources.

Recommendation: Consider creating a communication, outreach, and engagement plan that defines the messages, priorities, strategies, and tools the City of Campbell will use when communicating with the community about housing.

Summary: Housing terminology and programming can be very technical, so it is necessary to simplify the content to be digestible and accessible to the consumer. It is to the benefit of the City to create a communication, outreach, and engagement plan for the City to utilize when communicating with the community about housing and new state housing laws. A communications plan will help tell the City's story effectively and strengthen communication and engagement with the residents. Through effective communication strategies, the City can ensure that accurate, timely, and relevant housing information is disseminated to the community while supporting the implementation of the Housing Element. Additionally, implementing a communication plan will facilitate the City's ability to identify and engage with hard-to-reach communities, which may include households with limited mobility, non-English speaking households, and lower-income earners whose voices are often not as frequently heard or as loud as those who may not be struggling with housing insecurity. Being intentional about communication can balance the voices heard. Additionally, it can clarify what the City can and cannot do, what is within its purview, and the changes that have impacted a measure of local control.

Finding 5: Additional capacity and coordination are needed to develop a local Homeless Response System in sync with the County of Santa Clara Community Plan to End Homelessness.

Recommendation: It is recommended that the City consider applying for a three-year Destination: Home capacity-building grant to hire a full-time unhoused specialist to support the coordination of Homeless services and provide direct assistance through proactive street outreach, an additional estimated \$130,931/year in salary and benefits.

Summary: According to the [County of Santa Clara 2022 Point-In-Time Homeless Census Count](#), the City experienced a 191% increase, a reported jump from 74 unhoused individuals in 2019 to 216 individuals in 2022. The 2022 Point-in-Time Count estimated the number of homeless individuals in Santa Clara County in February 2022. The Count is a biannual observation or a "snapshot" in time of homeless individuals conducted by volunteers at 5:00 a.m. over two days. Communities are now evolving to conduct point-in-time (PIT) counts annually to estimate homelessness in each community and collect information on individuals and families residing in temporary shelters and places not meant for human habitation. Although the Count is imperfect, it is used to measure homelessness across jurisdictions using a consistent methodology. As a result of the reported increase, City staff included a commitment to several homeless programs in the most recent Housing

Element to address this issue. This includes exploring a Homekey Permanent Supportive Housing project, a safe parking program, and an inclement cold weather shelter.

Homelessness is a complex problem requiring interagency, interdisciplinary, and intergovernmental-focused action to be effective. While the issue affects many City departments, such as the police department, fire department, parks and recreation, and code enforcement, it is to the benefit of the City to identify one department as the primary leader responsible for coordinating the City's work on homelessness.

Historically, smaller cities have relied on the County to provide health and human services while larger cities have access to more resources and a greater capacity to respond. However, a municipality can evolve and develop an internal system that responds to its unhoused residents with compassion, support, and ultimately a roadmap to link local homeless residents to shelters and both interim and permanent housing opportunities. This is best done in conjunction with the County and local community-based organizations. While counties have many resources to support the community, including social services, health care, behavioral health, and the reentry justice system, cities maintain land use authority. A city's knowledge of the development pipeline and upcoming local housing opportunities in real time, paired with intimate "on-the-ground" local knowledge of its unhoused residents, provides a realistic option for a city to evolve its response to homelessness. Braiding together the city and county systems requires intention and significant coordination to work towards meaningful solutions for the local community. Furthermore, smaller cities can serve as innovative incubators and be nimble enough to adjust as needed while creating a path of partnership and innovation. The combination of a housing manager role and an unhoused specialist role will aid the City in implementing housing policy and producing affordable housing, ultimately working toward a local reduction in homelessness. A synergetic approach to a systemic issue will provide an opportunity to build upon regional strengths, programs, and policies through coordination.

The position of an unhoused specialist will provide direct services and street outreach while working closely with a multitude of stakeholders to leverage available resources and ensure a cohesive, solution-focused approach necessitating close coordination with City and County departments, other jurisdictions, governmental agencies, community, and faith-based organizations. Additionally, the position will promote the integration of services, identify existing and new affordable housing options, and secure funding to support the various strategies identified to address and prevent homelessness. Receiving a Destination Home capacity-building grant requires that the City ground itself in creating extremely low-income units and the three core strategies of the Community Plan to End Homelessness:

- Strategy 1: Address the root causes of homelessness through system and policy change
- Strategy 2: Expand homelessness prevention and housing programs to meet the need
- Strategy 3: Improve the quality of life for unsheltered individuals and create healthy neighborhoods for all

It is recommended that the City consider applying for a Destination: Home capacity-building grant to hire a full-time unhoused specialist to support coordinating some of these programs. Given that some of the City's neighboring jurisdictions may have similar needs, it is worth considering potential partnerships with the West Valley jurisdictions (Los Gatos, Saratoga, Cupertino, and Monte Sereno) on shared approaches for a regional homelessness program for the West Valley area.

DISCUSSION & CONCLUSION

The findings suggest that the City's current staffing level dedicated to implementing housing programs needs to be improved, and a lack of staff capacity to implement the Housing Element goals, policies, and programs is challenging. The current service level of the BMR administration contract needs to be revised for the projected growth. Furthermore, additional revenue is required to fund housing activities and programming soon and should remain top of mind. Communication remains a critical component of any Housing Program; the City and the community would benefit from developing and implementing a communication plan to promote community understanding of housing and affordability and how to access housing programs and resources. Moreover, the City benefits from elevating and developing a local Homeless response to address Homelessness in Campbell. Additional capacity and significant coordination are needed to create a local Homeless Response System in sync with the County of Santa Clara and the Community Plan to End Homelessness.

The stark contrast between government resources within jurisdictions and the high expectations to be the compliant engines that administer land use, zoning, and specialty housing programs at the local level needs to be highlighted. Cities and counties are in need of additional resources, and smaller jurisdictions find themselves uniquely challenged to address the evolving housing landscape. The limited resources for implementing affordable housing programs are not unique to the City of Campbell. It is common in smaller cities to have Planners oversee a broad range of planning and housing-related activities; however, the affordable housing portion of the work program can play second fiddle to the many other responsibilities Planners are assigned. Often in larger cities or cities with more resources, there are dedicated Housing staff members to champion this work.

There is no shortage of material on the well-documented "Housing Crisis." Nevertheless, the body of work and knowledge base that the Housing Crisis encompasses is so vast and diverse that it requires disentangling it to arrive at a level of proficiency that is solution-oriented for any of the different segments of the population it impacts. When addressing the question, "Who does the Housing Crisis impact?" "The first and most urgent crisis is the 150,000 homeless Californians sleeping in shelters or on the streets." This heavy topic has warranted an analysis complicated by, but not limited to, addiction and mental health components. "The second housing crisis involves the 7.1 million Californians living in poverty" as "56% of these low-income Californians see more than half of their paychecks

devoured by rising rents." The "third housing crisis afflicts a younger generation of middle-class and higher-income Californians. In the late 1960s, the average California home cost about three times the average household's income. Now it costs more than seven times what the average household makes."³¹

The fourth element of the housing crisis is less documented, and needs to be better understood, and acknowledged, *the implications on the few local government staff and their existing capacity to respond to and implement the mandates before them.* Understanding whether staff has the support, resources, operational bandwidth, and human resources to be the expeditious machine required by new housing legislation has yet to be thoroughly considered, diagnosed, and remedied. Local agency staff on the front lines are few in number. They are the ones charged with implementing the critical work that will ultimately lead to an increase in housing supply and programs to alleviate the "Housing Crisis," they can barely catch their breath before new laws take effect.

In the last few years, cities have been tasked with the implementation of dozens of new housing laws that have been passed, many of which aim to lower barriers to building affordable housing and require changes to the way cities do business related to housing development, the administration of zoning, and the processing of entitlements. A report issued by the City of San Diego's Office of the Independent Budget Analyst, providing an analysis of the structural barriers to creating new housing, described how a Development Services Department acts as a "one-stop" shop for permit applications, coordinating with oversight agencies, and issuing permits for housing is challenged by the "ever-evolving rules and regulations," making it difficult for staff to interpret." The report goes on to elaborate that despite their efforts to streamline and simplify things, "the volume and complexity of regulations require more staff time and expertise."³²

A study by UC Berkeley's Turner Center for Housing Innovation conducted a thorough review of "pro-housing" laws designed to encourage or require municipalities to increase local housing availability across the Country. The report summarizes and presents insights from its new nationwide database of 144 state pro-housing laws, all geared towards housing production at the local level, and discusses the various "policy levers" used to influence the action of municipalities. The report states, "The passage of a law does not guarantee its successful implementation. Nor do (they) have sufficient evidence about the effectiveness of the policies (they) explore, or the tools these policies employ." It does, however, lay "the groundwork for a national database of housing policies that legislators can use to make informed decisions on new housing legislation."³³

³¹ Levin, Matt, "Commentary: Five Things I've learned covering California's housing crisis that you should know," (January 6, 2021) Cal Matters, <https://calmatters.org/housing/2021/01/california-housing-crisis-lessons/>

³² The City of San Diego, Office of the Independent Budget Analyst Report, "Response to Request for Analysis on Improving Housing Affordability," November 2022. https://www.sandiego.gov/sites/default/files/22-30_response_to_request_for_analysis_on_improving_housing_affordability.pdf

³³ Shazia Manji, Truman Braslaw, Chae Kim, Elizabeth Kneebone, Carolina Reid, Yonah Freemark; Turner Center UC Berkeley, "Incentivizing Housing Production: State Laws to Encourage or Require Municipal Action."

The fact that jurisdictions will require additional staff capacity to carry out the tall order before them has been overlooked and underfunded in the broader housing conversation. Yet, the necessity for additional housing is an incontrovertible fact. In Santa Clara County, renters must earn \$54.77 per hour to afford the average monthly rent of \$2,848, which is nearly three times the minimum wage.³⁴ Across the country, 74% of highly low-income households spend more than half of their income on housing costs, while just 1% of moderate-income households do, resulting in a significant number of homes in the region overpaying for housing.³⁵

Pro Housing and Local Control advocates continue to battle one another as lawsuits aim at jurisdictions that failed to meet the January 31 deadline to submit their Housing Element Plan to state regulators. In February 2023, pro-housing groups announced their lawsuit. Eleven of the region's cities and Santa Clara County contended that the jurisdictions have "long resisted growth" and "ignored their responsibility to prepare for significantly more housing over the next decade." Meanwhile, according to the California Department of Housing and Community Development, 29 of the region's 109 cities and counties have adopted their Housing Element plans, with only four officially certified by the State. Cities contend that the planning regulations and expectations have substantially increased, "requiring cities and counties to spell out how they plan to phase in mandated reforms, such as easing restrictions on new multifamily housing, and prove that areas identified for future homes have a realistic chance of development."³⁶ Some officials and their constituents oppose increased development, citing concerns about its impact on traffic, parking, the environment, and other issues. While stakeholders disagree on how to address the housing crisis, current events continue to highlight the pervasive housing inequities that exist today. The recent mass shootings in Half Moon Bay have drawn attention to farmworkers' hardships and substandard housing conditions; the Governor has described these conditions as "deplorable."³⁷

(February, 2023). Terner Center for Housing Innovation UC Berkeley, <https://ternercenter.berkeley.edu/wp-content/uploads/2023/02/State-Land-Use-Report-Final-1.pdf>

³⁴ Mazzella, Danielle M. "Santa Clara County 2022 Affordable Housing Needs Report," California Housing Partnership, May 2022. <https://chpc.net/resources/santa-clara-county-housing-need-report-2022/>

³⁵ Mazzella, Danielle M; Rosenfeld, Lindsay; Carroll, Anthony; Stivers, Mark; Schwartz; Matt. "Santa Clara County 2021 Affordable Housing Needs Report," California Housing Partnership, May 2021. <https://chp>

³⁶ Varian, Ethan, "Pro-Housing Advocates are Suing these Bay Area Cities to Force Planning for More Homes, They Missed the Deadline to Submit Their Future Homebuilding Proposals to the State," January 8, 2023, The Mercury News, <https://www.mercurynews.com/2023/02/08/pro-housing-advocates-are-suing-these-bay-area-cities-to-force-planning-for-more-homes/>

³⁷ Rust, Susanne; Flemming, Jack; Castleman, Terry, "'I want to be heard': Half Moon Bay farmworkers struggle in 'deplorable' conditions." (January 28, 2023). Los Angeles Times, <https://www.latimes.com/california/story/2023-01-28/half-moon-bay-farm-worker-shootings>

Today's housing narrative has arrived at a place where the story consistently describes the meager housing supply, immense demand, and many new housing laws in place to ramp up housing production. Moreover, the heightened awareness around inequities in the housing system urges policymakers and stakeholders to apply a social and racial equity lens to the existing housing system, highlighting the significant disparities and creating a sense of urgency to act. However, it has yet to be thoroughly evaluated whether a jurisdiction can implement such a change based on its existing revenue streams and resources. What infrastructure and system is in place within each jurisdiction to be the clearinghouse and implementor that operationalizes this monumental task? Given the breadth, depth, and complexity of Affordable Housing, Policies, Programs, and Land Use legislation, it can take time for any jurisdiction to adjust. However, smaller jurisdictions face even more significant challenges, as they are significantly less resourced and, at times, need more diverse expertise to effectively address and respond to the breadth of the multidimensional housing issue.

At the "heart of planning as a profession is to maximize residents' health, safety, and economic well-being in ways that reflect the unique needs, desires, and culture of those who live and work within the community. While architects often focus on a single building, a planner's job is to work with residents and elected officials to guide the layout of an entire community or region (and to) look at how the pieces of a community — buildings, roads, and parks — fit together like pieces of a puzzle, (all of which is) guided by the community's zoning code," and planning documents that serve as a blueprint.³⁸ Traditionally, a Community Development Department's (CDD) responsibility typically includes Planning, Building permitting, Inspection, Code Enforcement, and sometimes Economic Development and Housing.

The scope of the work around Affordable Housing has increased in complexity and volume. While there is little room to argue the necessity of change, one can question whether the operational infrastructure within local agencies is sufficiently matched for the administration of Affordable Housing programs. Much of the legislation is designed to hold local agencies accountable, but the need to invest in and support the staff tasked with the sea of change remains an issue that has yet to be solved.

This report sought to further the discussion around implementation and operational capacity and to identify some of the elements required of a City's Housing Program to make a meaningful effort toward the performance of its eight-year Housing Element plan. In this paper, insights, observations, and recommendations are formulated to aid the City with a roadmap to create the conditions for achieving its own Housing goals. In conclusion, shifting to elevate the housing work and resourcing the Housing Program will likely yield a return on the program's outcomes.

³⁸ Bowen, Cynthia, (FAICP) "What is Planning," (February 2023), American Planning Association (APA) Creating Great Communities for All, <https://www.planning.org/educators/whatisplanning/>

APPENDIX A

HOUSING PROGRAM & BELOW MARKET RATE PROGRAM IMPROVEMENT MATRIX

PRIORITY* H - High Priority (essential activities)
 M - Medium Priority (important, provided resources allow and time permits)
 L - Lower Priority (desirable provided resources allow and time permits)

#	Action or Milestone	Priority*
1	It is recommended that the City of Campbell allocate a full-time employee (FTE) as a Housing Manager in the FY 23 budget process to both manage and begin to build the Housing program, at an estimated cost of \$235,638 per year in salary and benefits to interface with the BMR service provider and to support the implementation of the Housing Element Programs.	H
2	Anticipate and budget for an annual incremental increase of \$42,000 in BMR administrative costs bringing the next fiscal year's (FY) total cost of service to \$202,000. Allocate resources in 2023 for projects coming online in 2024 to support buyer/renter cultivation 6 months in advance. Reevaluate the projection annually based on the development pipeline.	H
3	Upon retaining a Housing Manager, develop an affordable housing funding strategy in addition to applying for and accessing existing resources. See Appendix C for potential resources.	H
4	Submit a three-year Destination Home Capacity Building grant to employ a full-time Unhoused Specialist who will provide case management in the form of direct services and support the coordination of homeless services (cost \$130,931). Explore a regional cost-sharing pilot program in collaboration with the West Valley cities to share the responsibilities of the unhoused specialist.	H
5	Recommendation: The City may want to consider reevaluating the employee preference with counsel specializing in housing services to evaluate the compatibility with the law of Affirmatively Furthering Fair Housing. Systems are in place to conduct a lottery based on local preference, City employees, local residents, and local employers.	M-H

Attachment: Campbell Housing Program Audit, Rebecca Garcia (Housing Program Update and

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HOUSING PROGRAM & BELOW MARKET RATE PROGRAM IMPROVEMENT MATRIX

6	The BMR Program will continue to require a significant investment in time from City staff and council to digest the intricacies of the program and market changes. Conduct regular study sessions with the City Council and community one-two times per year.	M
7	Develop and implement a diverse Communication, outreach, and engagement plan that outlines the messages, priorities, strategies, tools and intended deliverables that the City of Campbell will use when communicating with the community about housing to promote community understanding. Include communication regarding the BMR Program. Highlight this data to create awareness of the local need and desire for housing opportunities that are affordable.	M
8	Establish a Revolving BMR Housing Acquisition and Rehabilitation fund (\$1,000,000) to provide timely cash flow for the preservation of BMR homes that need to be rehabilitated and resold. Fund would be reimbursed as properties are resold.	M
9	Seek out special legal counsel with expertise in housing law to draft templates that consider the various nuances of housing projects that will be increasingly brought before the city.	M
10	Identify opportunities for the BMR Program applicants and participants to provide feedback directly to City staff through a BMR customer service satisfaction survey or another mechanism that allows for multiple clients (developers, consumers, City staff, potential BMR homebuyers, and existing BMR homeowners) to provide insight into the various levels of engagement that occur throughout the entire process.	M
11	Annually evaluate your development pipeline and corresponding RHNA categories so that the city can change course if needed to produce middle-income housing workforce housing or one of the other lower income categories.	M
12	The IHO language can be revised to solidify the BMR housing development standards, location, and design of inclusionary units.	M
13	Consider developing a series of options/steps in the program guidelines that encourage households to have the opportunity to remain in their dwelling, including but not limited to 1) allowing the tenant to stay and pay market rents, paying excess rents to a city-maintained housing fund, 2) swapping the unit for another unit in the complex to maintain compliance, and 3) making the unit a homeownership unit.	L
14	The homebuyer certification requirements can be more informative earlier on and outline the process in which future transactions will occur, including refinances,	L

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	resales, recertification, property maintenance and improvements, how a transfer to an heir or living trust request is considered, maintenance requirements, and any future capital improvements. Consider updating the housing resale restriction agreement to provide clarification on the recertification requirements descriptive of all sections of future compliance mentioned above as well as an appreciation schedule that can be used for capital improvements and some parameters around repair guidelines. Update the BMR Owner Application/Participation Guides to clarify the resale pricing procedures and repair requirements.	
15	This is not an immediate priority; however, in the future as the BMR program grows the City may want to revisit opportunities to enhance the customer service element of the Program if needed. Adding a dedicated BMR Account Manager (\$75,000 per year) contracted out can enhance customer service.	L
16	Amend the IHO to reduce administrative burden by clarifying that the IHO does not apply to 100% affordable rental residential developments.	L
17	Update the scope of services to include a calendar of events, reports, and materials with timelines. Revise the scope of services based on the bucketed categories to capture the essence of the work.	L
18	Develop a simplified visual BMR roadmap as part of the program's marketing materials for the BMR consumer to follow, example Appendix G.	L
19	Consider modifying the asset limit restriction as it can pose challenges to having a buyer pool and at the time of annual recertification.	L
20	Consider modifying guidelines to identify that minimum income requirements are applicable to new move-ins at the time of initial eligibility. There is a need to identify and clarify how to process over-income households. To ensure program participants are provided every opportunity to maintain the affordable units in which they dwell, it is recommended that a policy be created to address this issue (example: allow for a 140% increase in the applicable income limit at each annual recertification).	L
21	Update BMR Application/Participant Guide to clarify the applicability of requirements for participants that entered the program after their adoption. The asset limit was applied in 2018.	L
22	Consider setting the minimum occupancy for studios at one person and the maximum at two people.	L

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HOUSING PROGRAM & BELOW MARKET RATE PROGRAM IMPROVEMENT MATRIX

23	Orient the Planning Application Form or software to specifically call attention to the BMR Affordable Housing Workflow so that a developer and the BMR administrator knows early on that when they are applying to build, there is an IHO, and they will be subject to affordability requirements and a process. Identify the various points in the workflow that trigger being placed on the BMR workplan or conveyor belt to the housing team.	L
24	Create a new loan policy with guiding principles to clarify what the loan procedures are and when a loan may be paid off early. Consider simplifying the terms of the notes based on what the City wants to achieve with the loan program and then create a policy that corresponds to those principles. (Example, the intent of the downpayment program could function as equity retention or the intent could be interest income for the City's reuse purposes. The first step is to define the guiding principles.	L
25	Future considerations, the IHO BMR Program does not currently serve the missing middle, which is typically the above-moderate category of 150% AMI to 160% AMI. If the City wants to target this population, it could modify its IHO to create a mechanism to target the missing middle as an alternative mode or compliance.	L
26	The BMR Program does not provide remedies for agreement violations outside of legal action. Depending on the severity of the situation, if a homeowner is in default on their agreement, they could be provided an opportunity to attempt to mediate their case. The cost of any additional oversight would need to be evaluated and the City could consider studying the establishment of a mediation program and/or penalty program for non-compliant units, then weigh that option against the burden of the additional cost.	L
27	Because Affordable projects are bound by a regulatory agreement with a local, state, or federal agency and are exempted from AB 1482, consider exploring restricting rent caps to the percentage rate increase for the conventional units.	L

Attachment: Campbell Housing Program Audit, Rebecca Garcia (Housing Program Update and

City Name (Population)	City Affordable Housing & Homeless Related Programs	# City Staff dedicated to Affordable Housing & Homelessness/Housing related programs	# Planning Department Staff	Resources dedicated to the Administration of a Below Market Rate (BMR) Program	Resources dedicated to Homeless Services & Programs	2022 Homeless Point-In-Time Count Results (% Change + or -)	# of Unhoused (2022 Homeless Census Point-In-Time Count)	Housing Dept. Budget	Housing Program Funding Sources	Housing Dept. Use of General Fund Yes/No	2015-2023 RHNA Permitting Progress & % of RHNA achieved)	2015-2023 % of ELI Progress (includes VLI) per Annual Performance Report	Total # Inclusionary BMR Rental & Ownership Units (Not including 100% Affordable projects)	Total # of Affordable Units (All inclusive)	Total # Existing ELI Units (National Low Income Housing Coalition Gap Report)	Total # of ELI Households Ownership & Rental HUD Comprehensive Housing Affordability Strategy Data	Total # Units in the Development Pipeline	% Zoned Single Family	2023-2031 RHNA Allocation
Campbell (44,000)	Urban County CDBG Participant Inclusionary Housing Ordinance Below Market Rate Program Homeless Programs (in the early stages of development)	4 of 1 Planner	5 FTE Planning Staff (of which 0.4 of a FTE is for Housing Programs)	\$160,000 annual Contract w/HouseKeys	\$0 (in process)	*+191%	*216	\$757,422	Housing In-Lieu Fees Low to Moderate Income Housing Fund (LMHIF)	No	5th Cycle Permitting: 11 VLI or 4% of RHNA 4 LI or 3% of RHNA 16 Mod or 11% of RHNA 464 Above Mod or 119% of RHNA Total Units 495 or 45% of RHNA	4%	135	704	675	2,355	185	58.30%	2,977
Cupertino (58,622) *Entitlement City	Inclusionary Housing Ordinance Below Market Rate Program CDBG Homeless Programs Participant in the Urban County HUD Home Investment Partnerships Program ("HOME Program") administered by SCC	4 Housing Division Staff including: 1 Housing Manager (FTE) 1 Assistant Planner (FTE) 1 Senior Planner (FTE, budgeted, not yet filled) 1 Office Assistant (PTE, in review, not yet filled)	Community Development Director and seven FTE plus four vacancies. Planning Manager: 1 Senior Planner: 1 + 2 vacancies Associate Planner: 3 Assistant Planner: 1 + 2 vacancies Planning Technician: 1	Approx \$175,000-250,000 annually, fee for service contract with Rise Housing Solutions	Approx. \$500-\$700k annually	*-36%	102	\$4,568,565	*-Housing Mitigation Fees (deposited into City's BMR Affordable Housing Funds) -CDBG entitlement Funds	Yes	*48 VLI or 13.4% of RHNA 19 LI or 9.1% of RHNA 134 Mod or 58% of RHNA 217 Above Mod or 80.3% of RHNA	13.40%	242	451 per city data	615	2,365	3,545	57%	4,588
Gilroy (58,101) *Entitlement City	BMR, CDBG, PLHA, Housing Trust Fund. No IHO policy. An RFP has been issued to develop an IHO. 12 projects in the City of Gilroy include 236 BMR homes as a result of South County Housing's portfolio. Participant in the Urban County HUD Home Investment Partnerships Program ("HOME Program") administered by SCC	1 FTE Housing Technician 1 Vacant FTE Program Administrator	Community Development Director 5 FTE Planners	\$180,000/year contract w/HouseKeys	\$40,000 to South County Compassion Center per year + Quality of Life Officer team est. at \$300,000 per year	*+16%	814	\$1M	CDBG, PLHA, Housing Trust Fund, Los Arroyos Fund	Yes	161 VLI or 68% of RHNA 785 LI or 491% of RHNA 100 Mod or 46% of RHNA 1,559 Above Mod or 328% RHNA Total Units 2,367	68.00%	236 (not IHO units but deed restricted BMR)	2,408	1,050	3,080	214	76%	1,773
Los Altos (30,876)	Urban County CDBG Participant. Amending zoning standards for Accessory Dwelling Units (ADUs), single-room occupancy units (SROs), transitional and supportive housing, and emergency shelters; implementing inclusionary housing requirements; and monitoring and managing the City's stock of below market rate units.	0	1 Director 1 Planning manager 2 Senior planners 2 Associate planners 1 Planning technician	Contract w/Alta Housing Amount TBD	0	*-14%	65	No Housing Division/Dept.	0	No	683 total units. 233 remaining by income level (49%)	TBD	105	105	165	780	TBD	85.80%	1,958
Los Altos Hills (8,489)	Urban County CDBG Participant Financial support for the Community Services Agency of Mountain View, Los Altos, and Los Altos Hills (CSA). Homelessness Prevention Services, financial assistance for housing and utilities, case management, nutritional assistance Senior Services, including case management and nutritional assistance The "Community Navigator Program," where community leaders are trained to provide assistance in other areas, including immigration, domestic violence, and tenant rights. Working towards an Inclusionary Housing Ordinance. *Additional 53 programs located in 6th cycle Housing Element. https://los-altos-hills-ca.civillspace.io/en/projects/housing-element-update-2023-2031	0	1 Planning Director and 3 Planners	6th cycle HE introduces multi-family overlaying zoning districts for the first time to further affordable housing. For the fifth cycle HE, the Town permitted a total of 120+ ADUs.	Provides \$25,000 to Community Services Agency to provide for special needs populations (homeless, seniors, etc).	N/A	2	No Housing Division/Dept.	LEAP: \$60,000 Local Early Action Planning Grant REAP: \$20,000 Regional Early Action Planning Grant	No	58 VLI or 126% of RHNA 37 LI or 132% of RHNA 34 Mod or 106% of RHNA 112 Above Mod or 746% of RHNA Total 241 Units	126%	0	7	85	180	100+	93%	489
Town of Los Gatos (31,439)	Urban County CDBG Participant Inclusionary Housing Ordinance Below Market Price (BMP) Program	0	Director Planning Manager Senior Planner 3 Associate Planners 2 Assistant Planners Planning Technician	\$96,000 contract w/HouseKeys	0	262%	58	No Housing Division/Dept.	Housing In-Lieu Fee	No	49 VLI or 23.22% of RHNA 3 LI or 2.6% of RHNA 119 Mod or 90.15% of RHNA 331 Above Mod or 96% of RHNA Total 502 units or 81% of RHNA	24.30%	179	420	220	1,320	201	60%	1,993
Milpitas (79,066) *Entitlement City	Spectrum of housing programs, policy, homelessness, Below Market Rate Administration, CDBG administration, etc.	Housing & Neighborhood Services: 3 FTE including: 1 FT Housing and Neighborhood Services Administrator 1 FT Senior Admin Analyst 1 FT Admin Analyst II = *anticipate hiring one additional limited term FT Admin Analyst II in the near future.	Community Development Director 8 Planner FTEs: 1 Principal Planner, 2 Senior Planners, 3 Associate Planners, 1 Planning Technician, and 2 part-time Special Project Associates. One part-time SPA oversees the Transit Area Specific Plan Update, and the other SPA manages the comprehensive Zoning Ord. Update. The Principal Planner is primarily focused on long-range planning. All other planning staff are all generalists with responsibilities related to both permitting and development project review.	Currently managed by the City. May outsource in the near future.	Approx. \$1.3 Million	119% Increase	274	TBD	CDBG	Yes	*243 VLI or 24.2%, 20 LI or 3.5%, 13 Mod or 2.3%, 2,758 Above Mod or 239.6%. Total: 3,290	24.20%	250+	1,200	785	3,235	2,193	70%	6,713
Monte Sereno (3,396)	Urban County CDBG Participant	0	1 FT Planner	0	0	0	0	0	None	No	58 VLI or 41.7% RHNA, 9 LI or 6.5% RHNA, 1 Mod or 0.7% RHNA, 71 Above Mod or 51.1%. Total 139.	41.70%	0	0	15	85	0	96%	193
Morgan Hill (45,342)	Urban County CDBG Participant Inclusionary Housing Ordinance Below Market Rate Program Homeless Programs Mobile Home Rent Stabilization Ordinance New Affordable Housing Development Homelessness policy, planning, coordination Housing search and navigation (case management through an Unhoused Specialist) Policy (Housing Element support)	Housing Division has 3 FTE including: 1 FTE Housing Director 1 FTE Housing Coordinator 1 FTE Unhoused Specialist (Case Manager/Outreach) funded by a Destination Home Capacity Building Grant	Assistant City Manager of Development Services Community Development Director 1 Principal Planner 2 Senior (one vacant) Planners 1 Associate Planner 1 Assistant Planner 1 Planning Tech 1 Contract Planner	\$550,000 Annual Contract w/HouseKeys	\$50,000 towards Homeless Prevention (Rental Assistance) \$46,000 for a Safe Parking Program \$50,000 for an Inclement Cold Weather Shelter	*-47%	60	\$2.8 Million	Housing in-lieu fees Low to Moderate Income Housing Fund (LMHIF)	No	311 VLI or 113.91% of RHNA 445 LI or 288.96% of RHNA 769 Mod or 415.67% of RHNA 1,617 Above Mod or 511.70% of RHNA Total 3,142 units or 338.57% of RHNA.	113.91% (ELI goal was 137, 110 ELI permits issued)	550	1,777	515	2,135	2900 (548 affordable)	77%	1,031
Mountain View (81,516) *Entitlement City	Notice of Funding Availability program (ie City funding for 100% affordable housing projects) RFQ/RFP for City-owned sites Below Market Rate Affordable Housing Program Federal grants Program Rent stabilization Program Community Stabilization and Fair Rent Act Mobile Home Rent Stabilization Ordinance Tenant protections/Tenant relocation assistance Neighborhood Grants Program Homeless Programs	Housing Division Rent Stabilization Program has 7 team members including: 1 FTE Rent Stabilization Program Manager 1 FTE Senior Management Analyst 3 FTE Analysts 1 FTE Senior Administrative 1 PT Outreach Specialist Community Development has 6 team members including: 1 FTE Asst. CDD Director, overseeing housing 1 FTE Housing & Neighborhoods Manager 1 FTE Sr. Housing Officer 1 FTE Housing Officer 1 FTE Housing Specialist Supports BMR Program) 1 FTE Admin *City's multi-cultural-engagement team provides support	Assistant City Manager/Community Development Director 1 Planning Manager 1 Advance Planning Manager 2 Deputy Zoning Administrators 1 Principal Planner 7 Senior Planners 6 Assistant/Associate Planners 2 Senior Planners Limited Term (only 1 year)	Homeless Services are out of the City Manager's Office: 1.75 FTEs (includes more than homeless projects) all funded by the General Fund - 0.25 FTE Asst. to the City Manager - 1 FTE Human Services Manager - 0.25 management fellow - 0.25 administrative assistant. Homeless Services provided through contracts with the County of Santa Clara for safe parking program administration, 20 permanent supportive housing units, outreach. *City's multi-cultural-engagement team provides support for outreach and translation services.	HouseKeys Contract \$75,000	*-43% Decrease	346 People	TBD	Community Development Dept. commercial development and residential in-lieu fees, general fund, CDBG/HOME. Rent Stabilization Program is 100% funded through annual fees from rental housing property owners. Measure P Business Tax.	Yes	*72 ELI, 146 VLI or 26.8% of RHNA *196 VLI or 39.8%, *18 Mod or 3.4% RHNA, *4,060 Above Mod or 371% RHNA. Total: 4,492	26.80%	310	1,381	428	4,730	3,765	69%	11,135

Attachment: Campbell Housing Program Audit, Rebecca Garcia (Housing Program Update and HouseKeys Consultant Services Agreement)

City Name (Population)	City Affordable Housing & Homeless Related Programs	# City Staff dedicated to Affordable Housing & Homelessness/Housing related programs	# Planning Department Staff	Resources dedicated to the Administration of a Below Market Rate (BMR) Program	Resources dedicated to Homeless Services & Programs	2022 Homeless Point-In-Time Count Results (% Change + or -)	# of Unhoused (2022 Homeless Census Point-In-Time Count)	Housing Dept. Budget	Housing Program Funding Sources	Housing Dept. Use of General Fund Yes/No	2015-2023 RHNA Permitting Progress & % of RHNA achieved	2015-2023 % of ELI Progress (includes VLI) per Annual Performance Report	Total # Inclusionary BMR Rental & Ownership Units (Not including 100% Affordable projects)	Total # of Affordable Units (All inclusive)	Total # Existing ELI Units (National Low Income Housing Coalition Gap Report)	Total # of ELI Households Ownership & Rental HUD Comprehensive Housing Affordability Strategy Data	Total # Units in the Development Pipeline	% Zoned Single Family	2023-2031 RHNA Allocation
Palo Alto (66,680) *Entitlement City	Inclusionary Housing Ordinance Below Market Rate Program CDBG (administration for CDBG is contracted w/Michael Baker with the 20% admin) Participant in the Urban County HUD Home Investment Partnerships Program ("HOME Program") administered by SCC	2 FTE, including: 1 Senior Planner for Affordable Housing and 1 Assistant to the City Manager for Homelessness issues. Homelessness is administered out of the City Managers Office.	Community Development Director 4 FTE in Long Range Planning 6 in current Planning	\$316,236 2-Year contract with Alta Housing (\$158,118 per year)	Recently awarded PLHA and 90% of it is going to a Homekey (homeless) project which is approximately \$1.1 million for the 5 year period.	*-12%	274	Housing does not have its own budget, it is part of the Long Range Planning division.	Commercial Linkage, Residential Housing in lieu, CDBG, HOME consortium funds. Next year PLHA and the City passed a business tax. 25% of the revenue will be for affordable housing.	No	218 VLI or 31.5% of RHNA 65 LI or 15.04% of RHNA 29 Mod or 10.43% of RHNA 541 Above Mod or 92.16% of RHNA. Total 744 or 37.42% of RHNA.	31.50%	599 (242 ownership and 357 rental)	2,192	1,785	3,595	1,290	80%	6,086
San Jose (983,489) *Entitlement City	Affordable Housing Portfolio Management Core Services: Loan Compliance; Property Maintenance. Affordable Housing Production and Preservation Core Services: Affordable Housing Development Loans; Homeownership Opportunities; Inclusionary Housing; Rehabilitation Loans and Grants. Homelessness Interventions and Solutions Core Services: Homeless Outreach and Case Management; Interim Supportive Housing Development; Joint Encampment Response Team; Tenant Based Rental Assistance and Rapid Rehousing. Neighborhood Capital Investment and Public Services Core Services: Community Development Block Grant - Infrastructure Investments; Non-Profit Services Grants to Support Housing and Community Development Needs; Place-Based Neighborhood Strategy. Rent Stabilization and Tenant Protection Core Services: Apartment Rent Ordinance Administration; Mobilehome Rent Ordinance Administration. Strategic Support Core Services: Housing Planning and Policy Development; Housing Management and Administration; Housing Pandemic Response	105.5 FTE consist of: 1.0 FTE Accounting Clerk I/II; 1.0 FTE Accountant I/II; 1.0 FTE Administrative Assistant; 1.0 FTE Administrative Officer; 27.0 FTE Analyst I/II; 1.0 FTE Assistant Director; 1.0 FTE Assistant to the Director; 1.0 FTE Building Maintenance Superintendent; 5.0 FTE Building Rehabilitation Supervisor; 2.0 FTE Deputy Director; 15.0 Development Officer; 4.0 FTE Development Specialist; 50 FTE Development Specialist PT; 1.0 FTE Director of Housing; 4.0 FTE Division Manager; 3.0 FTE Housing Policy and Plan Administrator; 1.0 FTE Information Systems Analyst; 3.0 FTE Public Information Manager; 2.0 FTE Public Information Representative I/II; 1.0 FTE Senior Accountant; 3.0 FTE Senior Analyst; 14 FTE Senior Development Officer; 1.0 FTE Senior Systems Applications Programmer; 8.0 FTE Staff Specialist; 1.0 FTE Student Inter PT. Housing Policy & Planning Team, 4.5 FTE consist of: 1.0 Division Manager; 2.0 FTE Senior Development Officer; 1.0 FTE Development Officer; .50 FTE Development Officer PT	Two Planning Dept. Deputy Directors and 3 division managers. Total of 77 staff (includes 5 admin staff and vacancies). Org Chart: https://www.sanjoseca.gov/home/showpublisheddocument9202563809117673/0600000	Affordable Housing Portfolio Management Team, 8.0 FTE Development Officer; 2.0 FTE Development Specialist; 1.0 FTE Building Rehabilitation Inspector I/II annual budget \$5,272,017	\$77,676,368 (Homelessness Intervention/Core Services). 14.25 FTE consists of 1.00 FTE Staff Specialist, 3.25 FTE Analyst I/II, 5.0 FTE Development Officer, 3.0 FTE Senior Development Officer, 1.0 FTE Housing Policy & Planning Administrator, 1.0 FTE Division Manager	*8%	6,650	\$233,692,430	General Fund, General Fund-Measure E, Low and Moderate Income Housing Asset Fund, Coronavirus Relief Fund, American Rescue Plan Fund, Emergency Reserve Fund (federal COVID funds), CARES Act, Housing Trust Fund, Community Development Block Grant Fund, HOME Program Fund, Multi-Source Housing Asset Fund, Inclusionary Fee Fund, Affordable Housing Impact Fee Fund, Homeless Housing Assistance and Prevention (HHAP) Fund, Building Homes and Jobs Act Fund (SB2), Housing Authority Litigation Award Fund, and the Homeless Emergency Aid Program (HEAP) Fund.	Yes	1,939 VLI or 21% of RHNA 387 LI or 7% of RHNA 2,731 or 44% of RHNA 15,042 Above Mod or 106% of RHNA. Total units 20,099 or 57% of RHNA.	21.00%	1,592	18,561	17,615	57,400	20,399	62%	62,200
Santa Clara (127,151) *Entitlement City	Multifamily Lending and Asset Management Inclusionary Housing Ordinance Below Market Rent & Purchase Program Single family repair/rehab, accessibility improvement loan and grant program (NCIP) Pilot Multifamily Energy Efficiency program HUD Entitlement Program Planning and Admin: CDBG, HOME, HOME ARPA, TBRA (local) Homelessness policy, planning, coordination Housing search and navigation (front desk) Policy (Housing Element support)	Housing and Community Services Division has 13 total positions (FTE + temporary): 7 FTE: 1 Division Manager, 1 Housing Development Officer, 2 management analysts, 1 staff analyst II, 1 staff aide, 1 office specialist, 4 part time as-needed positions (CDBG, BMP ownership, inspector, housing development) 2 held vacant FTE: Inspector and Staff Analyst (Note: 2 of the FTEs spend 10-50% on City Manager's Office)	Community Development Director Assistant Community Development Director 8 Full Time planners and 3 vacant positions	Contract with HouseKeys \$195,000/year ownership, Rental \$166,000/year	Annual homelessness Budget Approx. \$1.17 Million. Includes support for the HPS, County case management MOU, mobile shower, laundry, 411, Tenant Based Rental Assistance, case management, and rents. This does not include project development loans etc.	35% increase	440	\$6M	IHO Housing in-lieu fees, impact fees, loan interest and repayments; HUD CDBG/HOME admin dollars, housing successor funds, and the General Fund	Yes	89.30%	27% as of 12/2021 issued building permits for 289 of ELI/VLI goal of 1,050. Does not include 2022 APR data.	507 (159 Ownership/348 Rental)	1,572	233	6,145	11,632	40%	11,632
Saratoga (30,163)	Urban County CDBG Participant Inclusionary Housing Ordinance BMR Program (new)	0	Community Development Director 3 FTE Planners (2 Senior Planners & 1 Assistant/Associate Planner)	0	0	N/A	0	0	0	No	0 VLI or 0% of RHNA 49 LI or 51.57% of RHNA 14 Mod or 13.46% of RHNA 22 Above Mod or 23.65% of RHNA. Total units 85 or 19.36% of RHNA.	0%	0	255	420	1,070	205	95%	1,712
Sunnyvale (152,258) *Entitlement City	Inclusionary Housing Ordinance BMR Program CDBG/HOME Home Rehab Program (funded primarily via CDBG revolving loan fund and annual entitlement) BMR also manages a first time homebuyer loan program Oversee management of a mobile home memorandum of understanding program/compliance	Housing Division has a total of 7 FTEs 1 FTE Housing Officer 1 FTE Affordable Housing Manager 1 FTE Housing Specialist 1 FTE Housing Programs Analyst 1 FTE Housing Rehab Specialist 2 FTE Housing Program Technicians. *likely adding one more position for homeless services	Community Development Director 1 Planning Officer 3 Principal Planners (Term Limited) 4 Senior Planners 6 Assistant/Associate Planners (one position is vacant, another position is Term Limited; they are all Associate level currently, however this is a flex classification) 3 support/administrative staff 2 part time (~20-25 hours per week) Associate & Senior Planners 3 other staff working Term Limited /or part time.	BMR Program (managed in house) 2 FTEs (1 Affordable housing manager and 1 housing program technician) Total annual admin budget \$380k	Will transition from City Managers Office to Housing Division this summer (operating budget still TBD) Will be recruiting for 1 brand new FTE "homeless services manager" in May (this will increase housing admin budget by about 200k, funded primarily through GF) Currently, primarily use CDBG public service \$ to support homeless services, plus a small 135k GF supplement to public services. 500k GF case management contract with HomeFirst for outreach/case management/shelter priority	*-38%	385	Housing Division Budget is \$1.9M admin and operating budget (this includes CDBG & HOME admin) No GF used at all. 100% of in-lieu fees, mitigation fees, grant admin fees, low mod admin funds,	CDBG/HOME admin, our local housing fees (both residential in lieu and commercial mitigation), and a small portion of our Low Mod Income Housing Funds	Yes for Homeless Work. No for BMR work.	212 VLI or 13% of RHNA 111 LI or 12% of RHNA 307 Mod or 33% of RHNA 4,113 Above Mod or 208% of RHNA Total 4,743 units or 87% of RHNA.	13%	795	2,449	1,650	6,815	205	52%	11,966
County of Santa Clara (103,100)	Programs available at the County of Santa Clara Office of Supportive Housing (OSH) website: https://osh.sccgov.org/home	SCC Office of Supportive Housing Staff Approved budget for Approx. 165 FTEs (majority of these are direct service staff (i.e. outreach, case management, clinical support) the balance includes fiscal, grants/contracts, CoC, HCD, homelessness prevention and general administration.	SCC Planning Dept. 1 Director of Planning and Development 1 Deputy Director, Planning Services 4 Principal Planners (1 Senior Planner position vacant. 5 Senior Planners 4 Associate Planners (2 currently vacant) 6 Assistant Planners The County's Assistant/Associate/Senior positions are alternately staffed.	N/A	TBD	*-22%	281	TBD	OSH Funding Sources TBD	Yes	5th Cycle Permits Issued: 99 VLI or 445% of RHNA 0 LI or 0% of RHNA 2,597 Mod or 1214% of RHNA 464 Above Mod or 1261 of RHNA Total Units: 3,160 or 1140.8% *Permitting progress as of December 2020. Source: HCD 2020 Housing Element Annual Progress Report Permit Summary.	445%	0	TBD	TBD	TBD	TBD	77.10%	3,125

APPENDIX C

FINANCIAL TOOLS & GRANT OPPORTUNITIES

The following revenue sources and funding opportunities are geared towards developing and expanding financial resources for affordable housing and programming. This is not an exhaustive list as it continues to evolve in real-time. Advocating for and applying for federal, state, and regional funding opportunities will lessen the cities' reliance on the limited city funding that is available and increase the ability to access administrative revenue. Some of the opportunities are already prioritized in the City's Housing Element.

Sources of Funding to Implement the Housing Program

12.d

#	HCD Sources These programs either have funding currently available for application or will be announcing a notice of funding availability (NOFA) in the next 12 months. References dates from HCD's NOFAS published at https://www.hcd.ca.gov/grants-and-funding/programs-active as of March 21, 2023.	Webpage	Notes	Assistance Type
1	Affordable Housing and Sustainable Communities Program (AHSC). The AHSC Program funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas ("GHG") emissions. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds.	https://www.hcd.ca.gov/grants-and-funding/programs-active/affordable-housing-and-sustainable-communities	Notice of Funding Availability (Round 7) Issued January 30, 2023. Application due April 4, 2023. Contact: AHSC@hcd.ca.gov	Three Project Area types: Transit Oriented Development (TOD) Project Areas, Integrated Connectivity Project (ICP) Project Areas, or Rural Innovation Project Areas (RIPA).
2	The CalHome Program Provides grants to local public agencies and nonprofit corporations for first-time homebuyer and housing rehabilitation assistance, homebuyer counseling and technical assistance activities to enable low- and very low-income households to become or remain homeowners.	https://www.hcd.ca.gov/grants-and-funding/programs-active/calhome	2023 Homeownership Super Notice of Funding Availability issued January 6, 2023. Applications due Feb 28, 2023. Contact: CalHOMEreports@hcd.ca.gov	Direct, forgivable loans to assist development projects with w/multiple ownership units. Loans for real property acquisition, site development, predevelopment, construction period expenses of homeownership development projects, or permanent financing for mutual housing and cooperative developments. Assistance in the form of deferred-payment loans payable on sale or transfer of the homes, or when they cease to be owner occupied, or at maturity.
3	Community Development Block Grant Program (CDBG). CDBG partners with rural cities and counties to improve the lives of their low- and moderate-income	https://www.hcd.ca.gov/grants-and-funding/programs-active/community-development-block-grant	2022 CDBG Notice of Funding Availability issued April 19, 2022. Competitive Applications due August 19, 2022. Contact: CDBG@hcd.ca.gov .	Must address one of three national objectives: Benefit to low- and moderate-income persons, aid in the prevention or

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	residents through the creation and expansion of community and economic development opportunities in support of livable communities. (Note: Campbell currently participating in the Urban County CDBG program in partnership with the County).			elimination of slums and blight, or to meet an urgent need.
4	CA COVID-19 Rent Relief Program — for Local Governments, Tribes, and Utilities ERAP is for local governments within California seeking Emergency Rental Assistance Funds under California Senate Bill (SB) 91 — from California’s State Rental Assistance Program and/or a block grant.	https://www.hcd.ca.gov/grants-and-funding/programs-active/covid-19-rent-relief-program	State Rental Assistance Program Guidelines issued September 27, 2021. Contact: ERAP@hcd.ca.gov	(“AB 832”). \$2.5 Billion to be given directly to the State while the remaining balance will be provided either directly to local jurisdictions with populations above 200,000, or to the state to operate programming on behalf of those jurisdictions for rental payments, utility and home energy cost arrears, utility and home energy costs, and other expenses related to housing incurred during or due to COVID-19. No new updates.
5	Emergency Solutions Grants Program (ESG) program to (1) engage homeless individuals and families living on the street, (2) rapidly re-house homeless individuals and families, (3) help operate and provide essential services in emergency shelters for homeless individuals and families, and (4) prevent individuals and families from becoming homeless.	https://www.hcd.ca.gov/grants-and-funding/programs-active/emergency-solutions-grants	Emergency Solutions Grants Program Continuum of Care Allocation Notice of Funding Availability issued June 13, 2022. Due August 17, 2022. Contact: ESGNOFA@hcd.ca.gov	Street Outreach, Rapid Re-Housing Assistance, Emergency Shelter, and Homelessness Prevention. ESG funds may be used for associated Homeless Management Information System (HMIS) costs.
6	Excess Sites Local Government Matching Grants Program (LGMG). The LGMG program will provide grant-based funding to match certain local government funding for selected developers and local	https://www.hcd.ca.gov/grants-and-funding/programs-active/excess-sites-local-government-matching-grants	Deadlines will be listed in the upcoming NOFA. Contact: ExcessSitesMatch@hcd.ca.gov	Accelerating housing production on excess state sites, and facilitating collaboration between the state, local governments, and selected developers to engage

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	governments for predevelopment and development of affordable housing on excess state sites.			communities for multi-benefit outcomes.
7	Foreclosure Intervention Housing Preservation Program (FIHPP) is to preserve affordable housing and promote resident or nonprofit organization ownership of residential real property. Funds are to be made available as loans or grants to eligible borrowers to acquire and rehabilitate properties at risk of foreclosure or in the foreclosure process.	https://www.hcd.ca.gov/grants-and-funding/programs-active/foreclosure-intervention-housing-preservation-program	Funds are not yet available, possibly early 2024. Continue checking website site for updates. Contact: FIHPP@hcd.ca.gov	FIHPP will provide funds for nonprofit organizations and other eligible entities to acquire and rehabilitate 1- to 25-unit buildings at risk of foreclosure or in the foreclosure process maintain those properties as affordable housing.
8	Golden State Acquisition Fund (GSAF) originating lenders provide affordable housing developers with access to flexible acquisition capital for the development and preservation of affordable housing throughout California.	http://www.goldenstate-fund.com/partners-contacts/	To discuss a financing opportunity, contact one of the originating CDFI lenders at the website.	Loans to developers for the acquisition or preservation of affordable housing. Loans are up to five years and a maximum of \$13,950,000.
9	HOME American Rescue Plan Program (HOME-ARP) \$131 million to assist individuals or households who are experiencing homelessness, at risk of experiencing homelessness, and other vulnerable populations, by providing funding for rental housing, rental assistance, supportive services, and non-congregate shelters.	https://www.hcd.ca.gov/grants-and-funding/programs-active/home-american-rescue-plan-program	Anticipated Notice of Funding Available Release May of 2023. Contact: HOMEARP@hcd.ca.gov	Production or Preservation of Affordable Rental Housing Supportive Services, Homelessness Prevention Services, and Housing Counseling, Nonprofit Operating and Capacity Building Assistance
10	HOME Investment Partnerships Program (HOME) assists cities, counties, developers, including Native American Entities, and nonprofit Community Housing Development Organizations (CHDOs) to create and retain affordable housing. The program provides grants to cities and counties and low-interest loans to developers, and state-certified CHDOs operating in State-eligible jurisdictions.	https://www.hcd.ca.gov/grants-and-funding/programs-active/home-investment-partnerships-program	NOFA issued February 24, 2022. Due March 30, 2022. Contact: HOMENOFA@hcd.ca.gov	Eligible Activities: Housing rehabilitation, new construction, and acquisition and rehabilitation for multifamily projects; new construction and down payment assistance for single-family projects; First-Time Homebuyer down payment assistance, Owner-Occupied Rehabilitation and Tenant-Based Rental Assistance programs; and

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				predevelopment loans to CHDOs All activities must benefit low-income renters, homebuyers, or homeowners
11	Homeownership Super NOFA Affordable Homeownership Projects and Programs.	https://www.hcd.ca.gov/grants-and-funding/programs-active/homeownership-super-nofa	2023 Homeownership Super Notice issued January 6, 2023. Due February 28, 2023. Contact: HOSN@hcd.ca.gov	Eligible Activities: Homeownership Development Project Loans First-Time Homebuyer Mortgage Assistance Owner-Occupied Rehabilitation Assistance Technical Assistance for Self-Help Housing Projects Technical Assistance for Shared Housing Programs ADU/JADU Programs Acquisition Of Manufactured Housing
12	Housing for a Healthy California Program (HHC) The HHC program creates supportive housing for individuals who are recipients of or eligible for health care provided through the California Department of Health Care Services, Medi-Cal program. The goal of the HHC program is to reduce the financial burden on local and state resources due to the overutilization of emergency departments, inpatient care, nursing home stays and use of corrections systems and law enforcement resources as the point of health care provision for people who are chronically homeless or homeless and a high-cost health user.	https://www.hcd.ca.gov/grants-and-funding/programs-active/housing-healthy-california-program	Housing for a Healthy California Program 2020-2021 Notice of Funding Availability Article I - National Housing Trust Fund NOFA issued December 31, 2021. Due February 22, 2022, for over the counter. Due March 1, 2022, for new applications. Contact: HCNOFA@hcd.ca.gov	NHTF Applicants: Organization, agency, or other entity (including a public housing agency, a for-profit entity, or a nonprofit entity) that is an Owner or Developer. Uses: Acquisition and/or new construction, SB2 Applicants: Counties, SB2 Uses: Acquisition, new construction or rehabilitation, administrative costs, capitalized operating subsidy reserves (COSR) and rental subsidies.
13	Infill Infrastructure Grant Program to promote infill housing development by providing financial assistance for Capital	https://www.hcd.ca.gov/grants-and-funding/programs-active/infill-infrastructure-grant	Infill Infrastructure Grant – Catalytic Qualifying Infill Area Program NOFA issued March 15, 2023. Due April 2023. Contact: Infill@hcd.ca.gov	Eligible costs include the creation, development, or rehabilitation of Parks or Open

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	Improvement Projects to facilitate the development of affordable and mixed income housing.			Space, water, sewer or other utility service improvements, streets, roads, or transit linkages or facilities, facilities that support pedestrian or bicycle transit, traffic mitigation, sidewalk or streetscape improvements, Factory-Built Housing components, Adaptive Reuse, or site preparation or demolition.
14	Joe Serna, Jr. Farmworker Housing Grant Program (FWHG) Multifamily program helps fund new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households. Financial assistance is available as deferred-payment loans for multifamily housing new construction or rehabilitation and grants for single-family new construction or owner-occupied rehabilitation programs.	https://www.hcd.ca.gov/grants-and-funding/programs-active/joe-serna-jr-farmworker-housing-grant	NOFA issued January 6, 2023. Due March 30, 2023. Contact: Serna@hcd.ca.gov	Homeownership Development Project Loans, First-Time Homebuyer Mortgage Assistance, Owner-Occupied Rehabilitation Assistance, Technical Assistance for Self-Help Housing Projects, Technical Assistance for Shared Housing Programs, ADU/JADU Programs, Acquisition Of Manufactured Housing
15	Loan Portfolio Restructuring Program (LPR) is to restructure existing loans in specified HCD loan programs to preserve affordable housing units that would have been lost to termination of the regulatory provisions restricting rents and occupancy, to address physical deterioration of the property, and/or to improve project fiscal integrity.	https://www.hcd.ca.gov/grants-and-funding/programs-active/loan-portfolio-restructuring-program	Contact: HCDTransactionUnit@hcd.ca.gov	The LPR Program applies exclusively to restructuring of loans originally funded under the following HCD programs. See website for a list of 9 eligible type of projects.
16	Local Early Action Planning (LEAP) Grants provides over-the-counter grants complemented with technical assistance to local governments for the preparation and adoption of planning documents.	https://www.hcd.ca.gov/grants-and-funding/programs-active/local-early-action-planning	NOFA issued January 27, 2020. Due July 1, 2020. Contact: EarlyActionPlanning@hcd.ca.gov	Eligible activities must be related to housing planning and facilitate the streamlining and acceleration of housing production

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17	Local Housing Trust Fund (LHTF) program provides matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing and emergency shelters.	https://www.hcd.ca.gov/grants-and-funding/programs-active/local-housing-trust-fund	NOFA issued March 27, 2023. Due May 17, 2023. Contact: LHTF@hcd.ca.gov	Loans for acquisition, predevelopment expenses and development of affordable rental housing projects, transitional housing projects, emergency shelters and homeownership projects, including down payment assistance to qualified first-time homebuyers, and for rehabilitation of homes owned by income-eligible homeowners. No more than 20 percent of each allocation may assist moderate-income households, and at least 30 percent of each allocation is required to assist extremely low-income households
18	Manufactured Housing Opportunity & Revitalization Program (MORE) Funding to finance the acquisition, conversion, rehabilitation, and replacement of mobilehome parks and individual mobile homes to preserve a source of affordable homeownership.	https://www.hcd.ca.gov/grants-and-funding/programs-active/manufactured-housing-opportunity-and-revitalization-program	NOFA expected to be published in early 2023. Contact: MORE@hcd.ca.gov	Acquisition, conversion, rehabilitation, reconstruction, or replacement of a mobilehome park; Remediation of mobile home park health and safety deficiencies; Financing of individual interest in a mobile home park
19	National Housing Trust Fund Program (NHTF) Federal program to increase and preserve the supply of affordable housing, with an emphasis on rental housing for extremely low-income households.	https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program	Contact: NHTFNOFA@hcd.ca.gov	New construction of permanent housing for extremely low-income households. Financing available as a deferred payment loan or forgivable loan. The regulatory agreement will be for 55 years.
20	No Place Like Home Program Funds the development of permanent supportive	https://www.hcd.ca.gov/grants-and-funding/programs-active/no-place-like-home-program	NOFA issued October 29, 2021. Due January 19, 2022. Contact: NPLH@hcd.ca.gov	For the development of

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	housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or at risk of chronic homelessness.			Permanent Supportive Housing for persons living with a serious mental illness who are Chronically Homeless, Homeless or At-Risk of Chronic Homelessness.
21	Permanent Local Housing Allocation (PLHA) PLHA provides funding to local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities.	https://www.hcd.ca.gov/grants-and-funding/programs-active/permanent-local-housing-allocation	NOFA issued August 17, 2022. Due November 30, 2022. Contact: PLHA@hcd.ca.gov	See website for the 10 eligible activities.
22	Pet Assistance and Support (PAS) Program to allow homeless shelters to reduce barriers for those individuals experiencing homelessness with their pets. By making accommodations for pets, we bring individuals into shelters who otherwise would not receive services and shelter.	https://www.hcd.ca.gov/grants-and-funding/programs-active/pet-assistance-and-support-program	NOFA issued February 25, 2022. Due April 8, 2022. Contact: PetAssistanceSupport@hcd.ca.gov	Qualified homeless shelters shall provide eligible uses of funds to include the provision of shelter, pet food and supplies, and basic veterinary services for pets owned by individuals experiencing homelessness, along with staffing and liability insurance related to providing those services.
23	Portfolio Reinvestment Program (PRP) preserve existing HCD-funded affordable housing projects by extending and restructuring affordability agreements; extending loan maturity dates; providing new low-interest long-term loans for rehabilitation; and providing forgivable loans to capitalize short-term operating subsidies.	https://www.hcd.ca.gov/grants-and-funding/programs-active/portfolio-reinvestment-program	NOFA issued March 28, 2022. Due November 30, 2022. Contact: portfolioreinvestment@hcd.ca.gov	Rental housing consisting of five or more units (or in the case of group homes, rental housing consisting of 5 or more rental bedrooms). All HCD affordability restrictions(s) have expired or will expire on or before December 31, 2032, or which have been foreclosed on by the Department or another public lender, and at least one HCD document containing affordability restrictions has not been terminated or otherwise removed by HCD

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24	Predevelopment Loan Program (PDLP) Short-term loans to finance predevelopment costs to preserve, construct, rehabilitate or convert assisted housing for low-income households.	https://www.hcd.ca.gov/grants-and-funding/programs-active/predevelopment-loan-program	Contact: (916) 263-2771	Predevelopment costs of projects to construct, rehabilitate, convert or preserve assisted housing, including manufactured housing and mobilehome parks. Eligible costs include but are not limited to site control, site acquisition for future low-income housing development, engineering studies, architectural plans, application fees, legal services, permits, bonding, and site preparation. Priority will be given to developments which are rural, located in the public transit corridors, or which preserve and acquire existing government-assisted rental housing at risk of conversion to market rents.
25	Homekey is intended to support the development of housing opportunities for homeless individuals into permanent or interim housing.	https://www.hcd.ca.gov/grants-and-funding/homekey/program-background	NOFA issued March 29, 2023 (\$736 million) Contact: Homekey@hcd.ca.gov Due July 28, 2023.	Acquisition or Rehabilitation, or acquisition and Rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to Permanent Housing or Interim Housing, Master leasing of properties for non-congregate housing. Conversion of units from nonresidential to residential. New construction of dwelling units.

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26	Prohousing Incentive Pilot Program rewards jurisdictions at the forefront in addressing California’s housing crisis.		NOFA issued December 15, 2022. Due March 15, 2023. Contact: prohousingincentive@hcd.ca.gov	Program awards funds based on the Eligible Applicant’s Prohousing Designation Program score to use towards planning and implementation activities related to housing and community development
27	Regional Early Action Planning (REAP) Grants of 2019 and 2021 for activities that accelerate housing production to meet identified needs.	https://www.hcd.ca.gov/grants-and-funding/programs-active/regional-early-action-planning-grants-of-2019 https://www.hcd.ca.gov/grants-and-funding/programs-active/regional-early-action-planning-grants-of-2021	NOFA issued February 27, 2020. Due January 31, 2021. Contact: REAP@hcd.ca.gov REAP2021@hcd.ca.gov	Technical assistance, preparation, and adoption of planning documents and process improvements to accelerate housing production and facilitate compliance in implementing the sixth cycle of the RHNA. Accelerating infill housing development Realizing multimodal communities, shifting travel behavior by reducing driving Increasing transit ridership See REAP 2.0 Final Guidelines for more information
28	SB 2 Planning Grants Funding and technical assistance to local governments in California to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production. Accelerate housing production. Streamline the approval of housing development affordable to owner and renter households at all income levels.	https://www.hcd.ca.gov/grants-and-funding/programs-active/sb-2-planning-grants	NOFA issued March 28, 2019. Due November 30, 2019. Contact: sb2planninggrant@hcd.ca.gov	Updates to general plans, community plans, specific plans, local planning related to implementation of sustainable communities’ strategies, or local coastal plans. Updates to zoning ordinances. Environmental analyses that eliminate the need for project-specific review. Local process improvements that expedite local planning and permitting.
29	Veterans Housing and Homelessness Prevention Program (VHHP) Long-term loans for the acquisition, construction, rehabilitation, and preservation of affordable multifamily housing for veterans	https://www.hcd.ca.gov/grants-and-funding/programs-active/veterans-housing-and-homelessness-prevention	Included in March 30, 2022 Super NOFA. Due July 12, 2022. Contact: HCDVets@hcd.ca.gov	At least 50 percent of the funds awarded shall serve veteran households with extremely low incomes. Of those units targeted to extremely low-income veteran

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	and their families to allow veterans to access and maintain housing stability.			housing, 60 percent shall be supportive housing units.
*The above referenced HCD programs can be found here: https://www.hcd.ca.gov/grants-and-funding/programs-active as of 3/31/2023 as of 3/31/2023.				
	Additional Funding Sources for consideration:	Webpage	Notes	Assistance Type
30	Destination Home Capacity Building Grant	https://destinationhomesv.org/news/2021/08/23/announcing-new-capacity-building-grants-for-community-partners/	Contact: Ray Bramson ray@destinationhomesv.org , https://destinationhomesv.org/	To achieve the goals of the 2020-2025 Community Plan to End Homelessness, including preventing and ending homelessness and increasing community engagement and support for the Plan's strategies.
31	Regional Ballot Measure to fund affordable housing units, including acquisition/preservation and new construction.	https://mtc.ca.gov/about-mtc/authorities/bay-area-housing-finance-authority-bahfa Consider supporting regional measures. The recommendation is to monitor the progress of the regional measure and coordination with BAHFA staff to help shape the measure and expenditure plan. Continue to monitor this effort, possibly November 2024 Regional Housing Bond.	The Bay Area Housing Finance Authority (BAHFA) has initiated efforts to advance a regional revenue measure which would be coordinated with the 9 Bay Area counties. Assembly Bill (AB) 1487 established BAHFA which is governed by the Metropolitan Transportation Agency (MTC) and the Association of Bay Area Governments (ABAG). Contact: Kate Hartley Bay Area Housing Finance Authority (BAHFA), Section Director khartley@bayareametro.gov (415) 778-6679	"raise, administer, and allocate funding for affordable housing in the San Francisco Bay Area, as defined, and provide technical assistance at a regional level for tenant protection, affordable housing preservation, and new affordable housing production."
32	Housing Trust of Silicon Valley (HTSV) Downpayment Assistance Program	https://housingtrustsv.org/programs/homebuyer-assistance/empower-homebuyers-scc/ Explore funding sources and external partners to cover closing costs for households looking to afford BMR ownership units. This will maximize your community's ability to take advantage of ownership opportunities.	Empower Homebuyers SCC 408-703-3837 ext. 301 empowerhomebuyersscc@housingtrustsv.org	Empower Homebuyers is a down payment assistance loan for first-time homebuyers in Santa Clara County. If a homebuyer has at least 3% of a home's purchase price saved up, an Empower loan can provide up to 30% of the purchase price – enabling a down payment of 33% on a home. There is no maximum purchase price.
33	County of Santa Clara Below Market Rate (BMR) Program Downpayment Assistance	https://osh.sccgov.org/home County of Santa Clara Office of Supportive Housing	Contact: Natalie Monk HCD Division Manager Office of Supportive Housing	State committed up to \$5 million in CalHome funds to the County for mortgage assistance, of this

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			County of Santa Clara P: 408-510-0335 natalie.monk@hhs.sccgov.org	\$1 million is set-aside for mobile homes and manufactured housing. County intends to request to use \$5 in CalHome funding and an additional \$5 in 2016 Measure A Affordable Housing Bond to fund a BMR Partnership Program to promote affordable homeownership opportunities, program to provide deferred subordinate loans to eligible households purchasing a home within Santa Clara County. The primary goal of the program is to partner with local jurisdictions and other agencies within Santa Clara County to make homeownership more accessible to lower income households. To accomplish this goal, the County intends to work closely with other governmental agencies who operate within Santa Clara County.
34	Commercial Linkage Fee	Explore a Commercial Linkage Fee (CLF), a fee paid by developers of offices and retail space to offset some of the additional need for affordable housing created by new commercial development. CLF funds are used for the provision of affordable housing.	N/A	N/A
35	Sponsor Public/Private Partnership for Affordable Housing, Surplus City Owned land	Development of surplus City owned property for affordable housing, issue an RFP for development proposals. The City's participation could be in the form of leasing the site to the development (ground lease for 99 years with the property reverting back to the city) or selling at a reduced price to enable the production of affordable housing. Seek partnerships with public, private, and philanthropic funders.	N/A	N/A

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36	Study COPA/TOPA and Community Land Trust Options	Opportunity to Purchase Acts give eligible buyers, such as tenants, community land trusts, affordable housing providers, and community based organizations a “right of first refusal” or an exclusive period to make an offer on the property, or the option to match any offer made by a private buyer.	https://baysfuture.org/wp-content/uploads/2022/08/opa-playbook.pdf https://publicadvocates.org/wp-content/uploads/2022/04/topa-copa-policies.pdf	There are two common OPA models: Tenant Opportunity to Purchase Acts (TOPA) give tenants the right of first refusal to purchase their property and/or allow tenants to assign their right to an organization, such as a non-profit affordable housing provider or community land trust. Community Opportunity to Purchase Acts (COPA) give qualified organizations the right to purchase the property.
37	County of Santa Clara Challenge Grant Proposal	Supervisors Joe Simitian and Otto Lee issued a challenge to partners throughout the public and private sector to join the County in supporting the creation of interim housing sites with supportive services. The Board ultimately approved a “Challenge Grant” of up to \$40 million to jump start as many as 16 sites/projects for homeless individuals. The challenge grants can be leveraged by nonprofits and other qualified applicants to catalyze the development of supportive interim housing sites across the County. To date the Board has awarded \$8 million.	https://district5.sccgov.org/about-joe/joe-job/unhoused/supportive-interim-housing-sites Contact: Consuelo.Hernandez@hhs.sccgov.org	SCC Providing up to \$40 million to support cities’ efforts to provide interim shelter opportunities for the unhoused.
38	Local Revenue Measure to fund affordable housing units, including acquisition, preservation, and new construction.	Explore Local Bond Measure. Consider providing a forum for a public discussion of the merits of placing a local bond measure on the ballot to help fund affordable housing.	N/A	N/A
39	Inclusionary Housing Ordinance Housing in-lieu fee (ongoing evaluation)	Consider biannually evaluating the <u>housing in lieu fee</u> (\$34.50 Ownership, \$21.50 Rental per sf)	N/A	N/A
40	Real Property Transfer Tax Measure	City of San Jose Measure E enacted a Real Property Transfer Tax, which is imposed on property transfers of \$2 million or more. Revenues generated by Measure E provide funding for general City services, including affordable housing and up to 5% off the top of total revenues to support administrative activities.	https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/housing-investment-plans-and-policy/measure-e-real-property-transfer-tax	N/A
41	Business License Revenue Measure	Example: Measure P in Mountain View. Business license tax on City employers between \$8 to \$149 per employee on average, depending on company size. The measure is a	https://www.mountainview.gov/depts/fasd/revenue/business/default.asp	N/A

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		general-purpose tax to offset the impact that employers have on the City's transportation needs, affordable housing and other City services.		
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CASA: The leadership of the Committee to House the Bay Area (CASA) created by MTC and ABAG brought forward significant solutions to the Bay Area's housing crisis. The work began in 2017, and the CASA Compact Report was adopted in 2018. The CASA Compact report includes the following potential sources of revenue on p.18-19 of the CASA report. The framework that they developed continues to be influential in several housing related bills. It also led to the creation of a new entity called the Bay Area Housing Finance Authority (BAHFA) that could raise significant new revenue for housing. On January 13, 2023, a BAHFA Draft Equity Framework was released.

CASA Compact Potential New Sources of Revenue (January 2019)

- A. Vacant Homes Tax levied on property owners (on the assessed value of vacant home, region-wide). Vancouver adopted an Empty Homes Tax of 1 percent in 2016. Oakland adopted a Vacant Property (parcel) Tax of \$3,000 to 6,000 in 2018.
- B. Parcel Tax levied on property owners (residential and commercial)
- C. Commercial Linkage Fee charged to developers on new construction; variable rates based on number of workers at location, jobs-housing ratio of host jurisdiction, and location within or outside transit- served areas, region-wide.
- D. Gross Receipts Tax levied on employers, variable rates based on sector and firm size, region-wide
- E. Head Tax levied on employers, variable rates based on number of employees, jobs- housing ratio and transit access, region-wide.
- F. Revenue Set Asides for Redevelopment Agencies (local governments).
- G. Revenue Sharing Contribution from future property tax growth, region-wide, into a region-wide housing program for local governments. Former Redevelopment Agencies were required to set aside 20 percent of their revenue towards affordable housing.
- H. 1/4-cent Sales Tax. Most jurisdictions have local sales taxes.
- I. General Obligation Bonds are reissued every five years by a regional enterprise, region-wide.

Appendix D
Destination Home Capacity Building Grant

Organization: City of Campbell

Contact: Rob Eastwood, AICP
Community Development Director
City of Campbell | Community Development Department
70 N. First Street | Campbell, CA 95008
408.866.2141 (Office – call or text) 408.318.0656 (Cell)
robe@campbellca.gov

Proposal: Destination Home Capacity Building Grant

Purpose: To hire a Full Time Employee as an Unhoused Specialist with the City of Campbell. Having this critical role within our organization to serve as a liaison with the community, City, and County on Homelessness will allow the City to elevate and advance the local implementation of the Community Plan to End Homelessness.

Grant Period: 3 years

Requested Amount of grant: \$450,000 or \$150,000 per year over three years.

In 2020 the Campbell City Council endorsed the Santa Clara County 2020 Community Plan to End Homelessness (Community Plan). To further refine and improve the City of Campbell's Housing Program, the City's Community Development Department had a Housing Program Consultant conduct an independent audit of the City's Housing Program. It was highly recommended that the City seek a capacity-building grant to support a Full Time Unhoused Specialist (Case Manager) to work directly with the City's unhoused community members and advance the Countywide Community Plan for the City of Campbell. The proposal before you respectfully requests that Destination Home consider awarding a capacity-building grant to fund the Unhoused Specialist position that will serve as a direct liaison to our unhoused residents, the community, and the County. The grant will aid in developing and advancing the "local" implementation of the Community Plan.

Description of the Position: Unhoused Specialist

A Full-Time Unhoused Specialist would work one-on-one with people experiencing Homelessness to conduct assessments, housing search and stability, employment/self-sufficiency, identify services and resources countywide, advise the team on a coordinated response, evaluation, and assess local homeless efforts. This position will work closely with many stakeholders to leverage available resources and ensure a cohesive, solution-focused, regional approach necessitating close

coordination and case conferencing with County departments, governmental agencies, community, and faith-based organizations. This position will provide an opportunity to create a response that includes all City Departments and operates within a trauma-informed framework.

Anticipated outcomes of Unhoused Specialist:

- Housing Problem Solve at the local level through the Unhoused Specialist by building relationships and trust with our Unhoused residents and conducting service navigation on their behalf.
- Develop and launch a local implementation plan for Campbell with specific targets and outcomes for each of the three Community Plan strategy areas referenced in the Community Plan within the first year.
- Work with Destination Home and the County Office of Supportive Housing to develop a local Affordable Housing Development Plan, focusing on supportive and highly low-income housing and other affordability levels as needed.
- Engage in ongoing regional discussions and collaborations to further the mission of the Community Plan, such as engaging the West Valley Cities to support their ability to contribute and engage on the issue of Homelessness.
- Facilitate educational opportunities with the community and stakeholders to encourage affordable housing and access to programs, to increase the community's awareness, and demystify affordable housing and Homelessness.

Below is an excerpt from the City's recent Housing Program Audit.

"Finding 5: Additional capacity and coordination are needed to develop a local Homeless Response System in sync with the County of Santa Clara Community Plan to End Homelessness to ensure it is implemented at the local level.

Recommendation: It is recommended that the City consider applying for a three-year Destination: Home capacity-building grant to hire a full-time unhoused specialist to support the coordination of Homeless services and provide direct assistance through proactive street outreach, an additional estimated \$130,931/year in salary and benefits.

Summary: According to the County of Santa Clara 2022 Point-In-Time Homeless Census Count, the City experienced a 191% increase, a reported jump from 74 unhoused individuals in 2019 to 216 individuals in 2022. The 2022 Point-in-Time Count estimated the number of homeless individuals in Santa Clara County in February 2022. Although the Count is imperfect, it is used to measure Homelessness across jurisdictions using a consistent methodology. As a result of the reported increase, City staff included a commitment to several homeless programs in the most recent 6th cycle Housing Element submitted to State HCD in January of 2023 to address this issue."

Homelessness is a complex problem requiring interagency, interdisciplinary, and intergovernmental-focused action to be effective. While the issue affects many City departments, such as the police department, fire department, parks and recreation, and code enforcement, it is

to the benefit of the City to identify one department as the primary leader responsible for coordinating the City's work on Homelessness.

Historically, smaller cities have relied on the County to provide health and human services. However, a municipality can evolve and develop an internal system that responds to its unhoused residents with compassion, support, and ultimately a roadmap to link local homeless residents to shelters and both interim and permanent housing opportunities. This is best done in conjunction with the County and local community-based organizations. While counties have many resources to support the community, including social services, health care, behavioral health, and the reentry justice system, cities maintain land use authority. A city's knowledge of the development pipeline and upcoming local housing opportunities in real-time, paired with intimate "on-the-ground" local knowledge of its unhoused residents, provides a realistic option for a city to evolve its response to Homelessness. Braiding together the city and county systems requires intention and significant coordination to work towards meaningful solutions for the local community. Furthermore, smaller cities can serve as innovative incubators and be agile enough to adjust as needed while creating a path of partnership and innovation.

The position of an unhoused specialist will provide direct services and street outreach while working closely with many stakeholders to leverage available resources and ensure a cohesive, solution-focused approach necessitating close coordination with City and County departments, other jurisdictions, governmental agencies, community, and faith-based organizations. Additionally, the position will promote the integration of services, identify existing and new affordable housing options, and secure funding to support the strategies identified to address and prevent Homelessness.

West Valley Regional Opportunity: The City of Campbell has begun preliminary conversations with our neighboring jurisdictions in the West Valley that have similar needs or may have such requirements in the future. It has been determined that exploring a partnership with the West Valley jurisdictions (Los Gatos, Saratoga, Cupertino, and Monte Sereno) on shared approaches for a regional homelessness program is of value. This position is intended to support the City of Campbell; however, there is a natural opportunity to help our fellow smaller West Valley jurisdictions. This group will continue to meet bimonthly and explore opportunities to share the benefit and costs of this role. This element is still evolving, but if we can harness their commitment, we welcome the opportunity to partner with them and share some of the cost of this role.

To solidify the City's commitment to producing Extremely Low-Income Housing, I have included relevant excerpts from the 6th Cycle Housing Element recently adopted by the Campbell City Council in January of 2023 and submitted to State HCD for review and approval.

"As defined by the RHNA, Campbell's new construction need for the 2023- 2035 planning period is 2,977, approximately tripling the numbers from the last RHNA cycle, distributed among different income categories as shown in Table II-15. State law requires that the City determine the subset of the very low-income regional need that constitutes the community's need for extremely low-income

housing. Based on U.S. Census data, HCD's Regional Housing Need Determination for the Bay Area estimates that 15.5 percent of the region's housing need is for 0-30 percent AMI households, while 25.9 percent is for 0-50 percent AMI households. Therefore, extremely low-income household needs represent 59.8 percent of the region's very low-income housing needs. The City is using this projection, which is the most conservative estimate for extremely low-income households, resulting in an estimated 450 units needed for extremely low-income households."

"Regional Housing Needs Allocation 2023-2035 Income Level Percent of Area Median Income (AMI) Units as per RHNA Percent of Total RHNA Extremely Low 0-30% is 450 ELI units."

"Unhoused Specialist/Coordinator: Through the implementation of Program H-5e (Homeless Assistance/Shelter Provisions), the City will seek to expand staffing capacity by pursuing funding to create a new Unhousing Specialist position which will work directly with persons experiencing homelessness and address their housing needs through the implementation of homeless programs and the development of a plan to target the creation of ELI units."

"Issue RFP for affordable housing development (pending outcome of feasibility analysis) and prioritize projects with include ELI units (mid-2024)."

"Expand City staffing capacity by pursuing funding to create a new Unhoused Specialist position to implement homeless programs and develop a plan to target the creation of ELI units. The Specialist will administer the Vulnerability Index-Service Prioritization Decision Assessment Tool (VI-SPDAT) to a minimum of 100 Housing Division Community Development Budget; Project Homekey; Measure A; Destination Home; other outside sources Apply to the County for a Destination: Home Capacity Building Grant for \$450,000 in Spring 2023. Pending the award of funds, fill the Program H-5e: Homeless Assistance/Shelter Provisions: Increase housing options and services for persons experiencing Homelessness in the community. The H.IV -73 CAMPBELL GENERAL PLAN | HOUSING homeless as a means of prioritizing resource allocation."

"The City shall partner with Affordable housing developers using available City funds (in-lieu fees/linkage fees), City-owned lands, or other resources to support the development of these units. Implement programs that incentivize/prioritize ELI housing (refer to Programs H1n, H-5e, H-5s, H-5y)."

"Extremely Low-Income (ELI): While the element briefly quantifies ELI households but should specifically analyze their housing needs, including tenure, overpayment, available resources and strategies, the effectiveness of the past programs, and the magnitude or disproportionate impacts on housing needs. Then, the element should add or modify programs as appropriate."

I appreciate your consideration.

Regards,
Rob Eastwood, Community Development Director

Growing List of Penalties for Local Governments Failing to Meet State Housing Law



California's Housing and Community Development (HCD) department in April 2021 issued guidance to cities and counties about the consequences of falling short in adopting or otherwise complying with previously adopted housing elements.

HCD noted that, under legislation enacted in recent years, it is authorized “to review any action or failure to act by a local government (that it finds) inconsistent with an adopted housing element or housing element law. This includes failure to implement program actions included in the housing element. HCD may revoke housing element compliance if the local government’s actions do not comply with state law.” And because housing elements are a mandatory part of a city or county’s General Plan, a noncompliant housing element could also impact its General Plan, potentially invalidating it as well. Localities in this situation are subject to a range of penalties or consequences, including:

Legal Suits and Attorney Fees: Local governments with noncompliant housing elements are vulnerable to litigation from housing rights’ organization, developers, and HCD. If a jurisdiction faces a court action stemming from its lack of compliance and either loses or settles the case, it often must pay substantial attorney fees to the plaintiff’s attorneys in addition to the fees paid to its own attorneys. Potential consequences of lawsuits include: mandatory compliance within 120 days, suspension of local control on building matters, and court approval of housing developments.

Loss of Permitting Authority: Courts have authority to take local government residential and nonresidential permit authority to bring the jurisdiction’s General Plan and housing element into substantial compliance with State law. The court may suspend the locality’s authority to issue building permits or grant zoning changes, variances, subdivision map approvals – giving local governments a strong incentive to bring their housing element into compliance.

Financial Penalties: Local governments are subject to court-issued judgements directing jurisdictions to bring a housing element into substantial compliance with state housing element law. If a jurisdiction’s housing element continues to be found out of compliance, courts can fine jurisdictions up to \$100,000 per month, and if they are not paid, multiply that by factor of six.

Court Receivership: Courts may appoint an agent with all powers necessary to remedy identified housing element deficiencies and bring the jurisdiction’s housing element into substantial compliance with housing element law.

Streamlined Ministerial Approval Process: Proposed developments in localities that have not yet made sufficient progress towards their allocation of the regional housing need are now subject to less rigorous “ministerial” approvals in order to hasten the production of housing and bring a jurisdiction into compliance with its state-determined housing need allocation.

OVER ▼

Housing Laws Figure Prominently in the News

Following are links to a sampling of recent news coverage documenting the risks and challenges faced by cities and counties in the new housing arena:

State can sue:

- In the face of unprecedented housing crisis, California takes action to hold cities accountable for standing in the way of housing <https://www.gov.ca.gov/2019/01/25/housing-accountability/>
- Huntington Beach loses housing case with state of California <https://web.archive.org/web/20210203030515/https://www.latimes.com/socal/daily-pilot/news/story/2021-02-02/huntington-beach-loses-housing-case-with-state-of-california>
- State may revoke Encinitas's compliance status with California housing law <https://www.sandiegouniontribune.com/communities/north-county/encinitas/story/2020-02-14/state-revokes-encinitas-compliance-status-with-california-housing-law>
- Under pressure from state, Simi reverses opposition to proposed 278-unit apartment complex <https://www.vcstar.com/story/news/local/communities/simi-valley/2020/02/08/apartments-low-income-housing-simi-valley-california/4679587002/>

Developers can sue:

- Holland & Knight First in California to Win Lawsuit Under New State Housing Law <https://www.hklaw.com/en/news/pressreleases/2020/05/holland-knight-first-in-california-to-win-lawsuit-new-housing-law>
- Developer Sues Millbrae Over Proposed Housing at Historic El Rancho Inn <https://sanfrancisco.cbslocal.com/2021/06/03/developer-sues-millbrae-over-proposed-housing-at-historic-el-rancho-inn/>

Third parties can sue:

- Controversial Vallco project can continue under SB 35, judge rules <https://sanjosespotlight.com/controversial-vallco-project-can-continue-under-sb-35-judge-rules/>
- City of Coronado sued over failing to comply with state law allowing expedited approval for accessory dwelling units <https://www.sandiegouniontribune.com/business/story/2021-01-21/coronado-sued-over-allegedly-denying-granny-flats>
- Los Altos drops appeal to court-approved housing development <https://www.mv-voice.com/news/2020/09/08/los-altos-drops-appeal-to-block-five-story-downtown-housing-project>
- City Takes Step That Could Expand Housing on the Westside <https://www.sfpublicpress.org/city-takes-step-that-could-expand-housing-on-the-westside/>

Individuals can sue:

- Clovis loses legal challenge, will be forced to zone and plan for low-income housing <https://www.fresnobee.com/news/local/article251227789.html>



Association of Bay Area Governments



Technical Assistant
for Local Planning

HOUSING

Conversely, an HCD-certified housing element brings with it eligibility for numerous state and regional funding sources, including:

- Permanent Local Housing Allocation
- Affordable Housing and Sustainable Communities Grants
- SB 1 Planning Grants
- CalHOME Program Grants
- Infill Infrastructure Grants
- Pro-Housing Design funding
- Local Housing Trust Funds
- Regional Transportation Funds (such as MTC's OneBayArea Grants)



Housing Element Compliance Incentives

Incentives for Housing Element Compliance: Various state grant and loan programs require an HCD-certified housing element. Examples of active state funding sources that require housing element compliance for eligibility include the following:

Permanent Local Housing Allocation (PLHA): Helps cities and counties increase the supply of housing for households at or below 60% of area median income, increase assistance to affordable owner-occupied workforce housing, assist persons experiencing or at risk of homelessness, facilitate housing affordability, meet RHNA requirements, and ensure geographic equity in fund distribution.

Affordable Housing and Sustainable Communities (AHSC): The AHSC Program funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas ("GHG") emissions. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds.

SB 1 Planning Grants: State-funded Sustainable Communities grants help cities pay for local transportation improvements.

CalHOME Program: The purpose of the CalHOME Program is to enable low- and very low-income households to become or remain homeowners through grants to local public agencies and nonprofit developers to assist individual first-time homebuyers through deferred-payment loans for down payment assistance, home rehabilitation, including manufactured homes not on permanent foundations, acquisition and rehabilitation, homebuyer counseling, self-help mortgage assistance, or technical assistance for self-help homeownership.

Infill Infrastructure Grants (IIG): IIG provides grant assistance, available as gap funding for infrastructure improvements necessary for specific residential or mixed-use infill development projects or areas.

Prohousing Designation Program: Prohousing designated jurisdictions will be awarded preference points on competitive funding applications (e.g. IIG, AHSC, Transformative Climate Communities (TCC), etc.). Local Early Action Planning (LEAP) and Regional Early Action Planning (REAP) grants can be utilized to establish prohousing policies for the purposes of eventually earning a Prohousing Designation.

Local Housing Trust Fund Program (LHTF): The LHTF Program provides matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing and emergency shelters.

Regional Transportation Funding: Transportation funding for some regions depend on local jurisdiction housing element compliance (e.g. **One Bay Area Grant funding (OBAG)**, **SANDAG's Active Transportation Grant Program**, etc.).

Housing Element Noncompliance Consequences

Penalties and Consequences of Housing Element Noncompliance

HCD is authorized to review any action or failure to act by a local government that it determines is inconsistent with an adopted housing element or housing element law. This includes failure to implement program actions included in the housing element. **HCD may revoke housing element compliance** if the local government's actions do not comply with state law. Examples of penalties and consequences of housing element noncompliance:

General Plan Inadequacy: The housing element is a mandatory element of the General Plan. When a jurisdiction's housing element is found to be out of compliance, its General Plan could be found inadequate, and therefore invalid. Local governments with an invalid General Plan can no longer make permitting decisions.

Legal Suits and Attorney Fees: Local governments with noncompliant housing elements are vulnerable to litigation from housing rights' organization, developers, and HCD. If a jurisdiction faces a court action stemming from its lack of compliance and either loses or settles the case, it often must pay substantial attorney fees to the plaintiff's attorneys in addition to the fees paid by its own attorneys. Potential consequences of lawsuits include: mandatory compliance within 120 days, suspension of local control on building matters, and court approval of housing developments.

Loss of Permitting Authority: Courts have authority to take local government residential and nonresidential permit authority to bring the jurisdiction's General Plan and housing element into substantial compliance with State law. The court may suspend the locality's authority to issue building permits or grant zoning changes, variances, or subdivision map approvals – giving local governments a strong incentive to bring its housing element into compliance.

Newer Consequences of Housing Element Noncompliance

Financial Penalties: Court-issued judgement directing the jurisdictions to bring its housing element in substantial compliance with state housing element law. If a jurisdiction's housing element continues to be found out of compliance, courts can multiply financial penalties by a factor of six.

Court Receivership: Courts may appoint an agent with all powers necessary to remedy identified housing element deficiencies and bring the jurisdiction's housing element into substantial compliance with housing element law.

HOW TO APPLY FOR THE AFFORDABLE HOUSING RENTAL AND OWNERSHIP PROGRAM (BELOW MARKET RATE)

What is Below Market Rate?

The Below-Market-Rate (BMR) Housing Program helps address the high cost of housing in Campbell by increasing the diversity and supply of affordable housing. The basic objective of the BMR Program is the provision of on-site affordable rental or ownership units within a new housing development.

How does the program work?

The City of Campbell's Below Market Rate (BMR) Program has been created to provide homeownership and rental opportunities that are more affordable than the private market for persons living or working in Campbell. The program requires that all interested parties follow these steps.



Step one

Attend the mandatory General Orientation Class. Register here: www.housekeys.org/events



Step three

Attend the optional Frequently Asked Questions (FAQ) Session for more one-on-one support. Sign up here: www.housekeys.org/events



Step five

Request an application ID for the City of Morgan Hill's Affordable Ownership or Affordable Rental Program. This allows you to find and enter a housing opportunity drawing!



Step two

Attend an optional Program Workshop for a more detailed, hands-on learning experience, if needed. Register here: www.housekeys.org/events



Step four

Create a MyHouseKeys Account here: www.myhousekeys.com. Required to be notified and lead about any upcoming BMR ownership or rental opportunities via email.



Step six

Attend a HUD approved Homebuyer course and receive a certificate of completion. Register here: answers.hud.gov/housingcourses/?language=en_US

¿COMO APPLICAR PARA EL PROGRAMA DE VIVIENDAS ASEQUIBLES? (BELOW MARKET RATE PROGRAM)

¿Qué es el programa de vivienda asequible?

El Programa de vivienda asequible ayuda a abordar el alto costo de la vivienda en Campbell al aumentar la diversidad y la oferta de viviendas asequibles. El objetivo básico del programa BMR es proporcionar unidades de propiedad o alquiler asequibles en el sitio dentro de un nuevo desarrollo de viviendas.

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Paso un

Asistir a la clase de Orientación General obligatoria. Regístrese aquí: www.housekeys.org/events



Paso tre

Asista a la sesión opcional de Preguntas frecuentes (FAQ) para obtener más apoyo personalizado. Regístrate aquí: www.housekeys.org/events



Paso cinco

Solicite una identificación de solicitud para el programa de propiedad asequible o alquiler asequible de la ciudad de Morgan Hill. ¡Esto le permite encontrar y participar en un sorteo de oportunidad de vivienda!



Paso dos

Asista a un taller de programa opcional para obtener una experiencia de aprendizaje práctica más detallada, si es necesario. Regístrase aquí: www.housekeys.org/events



Paso cuatro

Cree una cuenta MyHouseKeys aquí: www.myhousekeys.com. Se requiere que se le notifique y se informe sobre cualquier próxima propiedad de BMR o oportunidades de alquiler por correo electrónico.



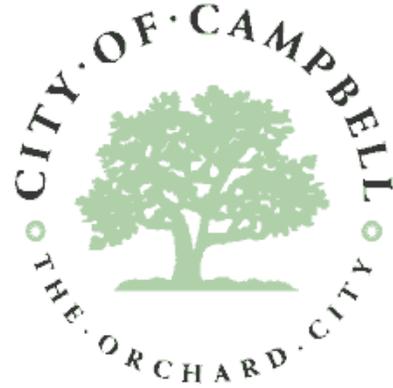
Paso seis

Asista a un curso para compradores de vivienda aprobado por HUD reciba un certificado de finalización. Regístrase aquí: answers.hud.gov/housingcounseling/s/?language=en_US

Appendix G
Projection of Fund 233

Cash Projection for Fund 233	Actual	Adopted	Projected	Projected	Projected	Projected	Projected						
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Beginning Cash Balance	1,236,045	1,103,712	1,333,407	1,477,366	1,404,270	1,372,287	1,320,520	1,144,275	792,692	581,883	354,732	110,885	(150,551)
Revenue													
Investment & Interest Income	20,984	20,903	49,616	70,800	91,471	34,242	47,676	50,000	34,086	25,021	15,253	4,768	-
Loan Payoffs	48,629	104,410	242,407	123,621	50,000	-	29,679	25,000	25,000	25,000	25,000	25,000	25,000
Sale of Property	-	355,582	-	8,934	-	-	-	-	-	-	-	-	-
In-Lieu Fees	-	-	-	-	-	104,432	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	190,839	-	-	-	-	-
Total Revenues	69,613	480,895	292,023	203,355	141,471	138,673	77,355	265,839	59,086	50,021	40,253	29,768	25,000
Expenditures													
Salary & Benefits	55,136	57,283	54,773	37,206	34,990	42,682	106,672	101,822	105,895	109,072	111,799	114,593	117,458
BMR Admin Fee (Nyanda)	30,000	137,200	137,200	228,703	153,200	137,199	165,408	160,000	164,000	168,100	172,303	176,610	181,025
Miscellaneous Expenditures	116,810	56,717	(43,909)	10,542	(14,736)	10,559	(18,480)	355,600	-	-	-	-	-
Total Expenditures	201,946	251,200	148,064	276,451	173,454	190,440	253,600	617,422	269,895	277,172	284,101	291,204	298,484
Ending Cash Balance	1,103,712	1,333,407	1,477,366	1,404,270	1,372,287	1,320,520	1,144,275	792,692	581,883	354,732	110,885	(150,551)	(424,034)
Net Change in Cash	(132,333)	229,695	143,959	(73,096)	(31,983)	(51,766)	(176,245)	(351,583)	(210,809)	(227,151)	(243,848)	(261,436)	(273,484)

Attachment: Campbell Housing Program Audit, Rebecca Garcia (Housing Program Update and



City of Campbell / HouseKeys Below Market Rate (BMR) Program Rental Application Guide [November 2018 Draft]



Rental Application Guide Below Market Rate (BMR) Program



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Rental Application Guide Below Market Rate (BMR) Program



1. INTRODUCTION

HouseKeys is the City of Campbell's Affordable Housing Program Administrator. This Rental Application Guide includes the guidelines, policies, and procedures that comprise the Affordable Rental Program for Below Market Rate (BMR) units.

Applying for, renting, and following leasing rules on an Affordable Rental Unit differs in many ways from renting at market rate. These differences include maintaining income eligibility during the entire lease term. It is important that prospective tenants understand the rules and procedures of the City's Affordable Housing Program ("Program") fully.

The Program Application Guide and other relevant information (e.g., Ordinances, procedures, and income limits), will be amended and updated from time to time. All proposed changes are subject to approval by the City Council prior to implementation and shall comply with state and federal affordable housing laws.

Updates to this Program Application Guide and other relevant information will be posted on the [HouseKeys website](#)

Please contact HouseKeys with any questions or concerns regarding this document or any other question regarding the City's affordable housing program:

Online: <http://www.housekeys2.com>

Email: programs@housekeys.org

Phone: 1-877-460-KEYS (5397)

Address: 70 N. First Street Campbell, CA 95008

ALL GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE



Rental Application Guide Below Market Rate (BMR) Program



2. ONLINE WEB PORTAL DASHBOARD OVERVIEW

<p>Information Profiles</p>	<p>Tools & Planning</p>	<p>Program Center</p>
<p>Information Profiles are used to gather important facts that determine your eligibility and qualification. These profiles will be used by the Program Administrator to complete your Program application and determine your eligibility to participate in Program activities.</p>	<p>There are many calculations involved in an Affordable Housing Program. From calculating the income category of your household, to determining your maximum restricted rent price and utility allowance, it's important to understand the math behind these Programs.</p>	<p>All Application, Opportunities, Opportunity Drawings, and Participation Activities are captured in your Program Center. As soon as you complete your initial registration, this is where you'll spend the most time participating in the Program.</p>
<p>Program File Cabinet</p>	<p>Program Marketplace</p>	<p>Community Center</p>
<p>As you start to apply for and participate in Program activities, your file cabinet is where you'll track progress, exchange information, and communicate with Program administrators.</p>	<p>The Program marketplace is where you can shop for ownership, rental, and financing opportunities.</p>	<p>The online community center will have a classroom, a bulletin board, and chatroom so you can stay educated, informed and in touch with other Program participants and stakeholders.</p>



Rental Application Guide Below Market Rate (BMR) Program



3. ESTABLISHING AN ACCOUNT (HOUSEHOLD PROFILE) IN THE MYHOUSEKEYS (WWW.MYHOUSEKEYS.COM)

The following five (5) actions are the initial steps needed to establish your household’s affordable housing account.

REGISTRATION PROCESS	ACTION OR MILESTONE
1. Initial Signup	 <p>Start out by completing our simple registration form. This step collects very basic information from you to establish a User Account, including your name, contact information, and your household size and income.</p>
2. Complete the Registration Wizard	 <p>The next step includes additional details about your address, household members, income profiles, and preference criteria. The preference criteria are described on Step 5 of the Registration Wizard. Completion of the Wizard will create a summary of your household and provide you with access to additional features of the Administrator Platform.</p>
3. Browse the Marketplace	 <p>The Marketplace allows you to shop for Ownership, Rental and Finance Program opportunities that interest you. Make sure to read the Program Profile and get an understanding for how it works, the intent, the rules and the process.</p>
4. Request an Application I.D.	 <p>The Application I.D. allows the Program Provider and Administrator to identify your household as a prospective applicant household. It also puts you on the notification list to receive information and updates.</p>
5. Find an Opportunity and Enter an Opportunity Drawing	 <p>Each Opportunity is placed into an Opportunity Drawing that allows HouseKeys to facilitate multiple applicant interest. Application I.D.s are prioritized through a Random Selection Process (Lottery) or by Time and Date Stamp (First-Come-First-Serve).</p>



Rental Application Guide Below Market Rate (BMR) Program



4. HOUSEHOLD INFORMATION PROFILES

HouseKeys holds orientation classes to introduce the Program and help applicant Households organize their application files and prepare for the application process. The application packet is broken down into 10 **Household Information Profiles**:

#	Information Profile Name	Description	Purpose
1	Location Profile	Where you live and where you work	The address where you live and work is an important factor in determining your eligibility. The county you presently live in, or may be moving to, is often used to determine how to categorize your household.
2	Member Profile	The people who live in your housing unit	The number of people in your household determines your household size and household size is used to determine income category.
3	Income Profile	Documenting the total income of all household members.	Income documentation is required by all household members who are 18 years of age or older
4	Expense Profile	Documenting monthly expense obligations	It's important to ensure that your total monthly expenses show that you can afford the monthly rent for the unit you are applying for
5	Asset Profile	Deposit Funds and other Assets	You need to document your rental deposit funds. Please note that Assets are included in income calculations using the income shown on statements or calculations used by the Program Underwriter. See Asset Limits below.
6	Liability Profile	Your Debt	Your debt adds to monthly expenses and the maximum monthly rent that you can afford is an important qualification factor
7	Credit Profile	Your Credit Score	All three credit bureaus (Equifax, Experian, and TransUnion) are evaluated to ensure you meet minimum credit requirements
8	Public Record Profile	Collections, Liens, Bankruptcies and Foreclosures	These are evaluated to determine whether or not there is any risk that the finalization of lease signing or meeting any of the property management requirements.
9	Demographics Profile	Applicant Characteristics	Demographic information is critical to ensure fair housing compliance and to track how Program Providers are meeting their housing goals.
10	Program Preference Profile	Program Factors that determine Applicant Priority	While all applicants may apply for a housing program, applicants that live and work where the program is located are prioritized in many jurisdictions.



Rental Application Guide Below Market Rate (BMR) Program



5. APPLICATION PROCESS

5A. APPLICATION PROCESS (ORIENTATION, PRE-APPLICATION, AND PREFERENCES)

The application process is summarized below and on the following pages:

ORIENTATION

- All applicants, co-applicants, married couples, domestic partners, and any person that can or will be on the lease, must complete the Orientation before being eligible to participate in an Opportunity Drawing. Any exceptions to this rule will be posted in the Opportunity Drawing details. Applicants can sign up for an orientation class on the HouseKeys website.

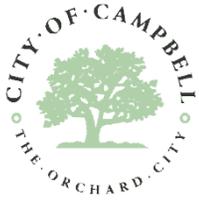
PRE-APPLICATION AND APPLICATION ID ASSIGNMENT

- Request an Application ID in the Program Center
- Answer all of the Pre-Application Questions in the Request Wizard
- The applicant will either receive a pass or fail rating based on the information in the pre-application wizard
- If the applicant passes, an Application ID will be assigned immediately. If there is a system delay or malfunction, Application IDs can take up to 10 business days to be assigned.
- An Application ID does not mean you are eligible or approved for the Program. It provides the applicant Household with the ability to enter Opportunity Drawings.

PREFERENCES AND RANKING

In all instances, the live in Campbell / work in Campbell / work-for Campbell preference (described in Section 9) will be used and verified by HouseKeys during the application process. Applicant Households that meet the stated preference criteria will be assigned a higher ranking. Once the preferred Household list is exhausted, HouseKeys will begin processing the files for the non-preference households.

Continued next page



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5B. APPLICATION PROCESS (OPPORTUNITY DRAWINGS)

Affordable Rental Opportunities are marketed through an Opportunity Drawing (i.e., lottery). Applicant Households enter an Opportunity Drawing using their Application ID number.

OPPORTUNITY NOTIFICATION

- A notification email will be sent out to Application ID holders. When a new Opportunity Drawing is released it will be posted in the Program Center
- Follow the instructions and review the terms in each Drawing Notification. It is the applicant Household's responsibility to follow all instructions in each Opportunity Drawing, based on the method used. Each Opportunity Drawing announcement will include the selection method, file submission instructions, and one or more deadlines that the applicant Household must meet.

OPPORTUNITY ENTRY

- Once the applicant reviews the Opportunity Drawing information and is certain that he/she can meet ALL listed requirements, the applicant can follow the instructions to Enter Drawing
- Applicant must complete Authorization Form for verification and sharing information with Property Management (landlord)
- Applicant must complete the Intent to Abide Form to confirm that the applicant understands the Program Requirements
- Applicant Households can only apply for one Opportunity Drawing at any one time. If an applicant Household has entered more than one drawing, the lowest ranked submission will be chosen. Applicant Households are allowed to opt out of any drawing as long as the "opt out form" is submitted before an applicant Household enters another drawing.
- If there is another Opportunity Drawing available at the same time, the applicant can opt out of one Opportunity Drawing to enter another, if it is done before the Opportunity Drawing submission deadline.
- If a household applies for two opportunities at the same time, and obtains two priority numbers, the applicant will be assigned the lower priority number.
- In some cases, the Opportunity Drawing will remain open until all applicable units are leased. Anyone who enters their Application ID into an Opportunity Drawing after the first deadline will be added to the end of the list using the time and date stamp of their Opportunity Drawing entry.
- Ranking and file request numbers are issued to set the processing order for each Opportunity Drawing. A new ranking and file request number will be issued every time an applicant Household participates in a new Opportunity Drawing. Ranking, file request, and Application ID numbers are not transferable.



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5C. APPLICATION PROCESS (OPPORTUNITY DRAWING METHODS)

When an Opportunity becomes available, HouseKeys uses the methods outlined below to determine the order in which Application IDs and files will be ranked and organized for review.

METHOD 1: LOTTERY SELECTION AND ASSIGNMENT

All applicant Households that enter their Application ID numbers into an Opportunity Drawing by the deadline will receive an Application ID ranking. If a Lottery is held, Application IDs will be chosen at random and assigned an Unfiltered Ranking number based on the order in which they were drawn.

Each Application ID on the Unfiltered Ranking list will be re-ordered to account for the Live/Work Preference and a new ranking list Filtered by Live/Work Preference will be created. The Unfiltered Ranking number becomes the tie breaker between households with the same preference category.

Please note: Applicant Households who do not meet the Occupancy Standard will be assigned a lower priority number, regardless of lottery placement, or other eligibility criteria (e.g., First Time Home Buyer [FTHB]).

METHOD 2: FORM SUBMITTAL (DATE & TIME STAMP) TIE-BREAKER

All applicant Households that enter their Application ID numbers into an Opportunity Drawing by the deadline will receive an Application ID ranking. The Unfiltered Ranking in this method is based on the time and date stamp that their entry form was completed.

As with Method 1, the Unfiltered Ranking number list is re-ordered based on Live/Work Preference and the Unfiltered Ranking number is used as the tie breaker between households with the same preference category.

Please Note: Applicant Households that do not meet the Occupancy Standard will be ranked last.



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5D. APPLICATION PROCESS (APPLICATION REVIEW)

TENANT APPLICATION REVIEW AND LANDLORD SCREENING

- The Administrator will determine the processing order of the applicants and their priority ranking
- Once the Administrator has finalized the application ranking and processing order, a list will be sent to the landlord to begin the background and credit check process using the previously signed authorization form. If the Administrator performs the background and credit check, this will be done immediately following the application ranking and processing order determination.

PROGRAM APPLICATION PACKAGE COMPLETION

- Once written confirmation has established that an applicant has met all requirements after credit bank background check, the Administrator will request the full application package for Underwriter review.
- Applicants must provide and return all necessary documents to underwrite the file to the Administrator within 3 business days.
- Documentation needs to be dated within 30 days of submission.
- Applicants/Co-applicants, and or household members who submit inaccurate information, altered documentation, or false documentation or certifications, will be disqualified.
- Once all documents are received, the Applicant will be provided with a Submission ID which will be their file in line for Processing and Underwriting

APPLICATION REVIEW

- The application package will be reviewed, and if complete, will be submitted to the underwriter for review
- If the application is incomplete, applicants will be given written notice to respond with any file updates or missing items
- Applications that remain incomplete after notifications and applicable grace periods, will not be processed or forwarded to the Underwriter for final review



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5E. APPLICATION PROCESS (APPLICATION UNDERWRITING AND APPEAL)

APPLICATION UNDERWRITING

- The Underwriter will complete the review and issue a Program Eligibility and Qualification Certification (AKA “Approval Letter”).
- It is important to note that the Program Underwriter may request additional items from the applicant. If the applicant does not respond within the grace period, or a denial is issued, the Underwriter will move to the next Submission ID holder.
- If approved, the Administrator will notify the landlord of the outcome so that the applicant can move on with the leasing documentation and lease/contract signing as described in the next section.

APPEAL

- If the applicant does not agree with the Processor or Underwriter decision, the applicant Household will have 3 business days to appeal. The applicant Household will need to submit clear and sufficient documentation, along with an appeal form that details why they feel the decision is inaccurate, within the timeframe given.
- Administrator Management will review the Appeal and all documentation.
- Administrator will contact the applicant regarding the status of the appeal approximately 7 business days from the date the complete Appeal Package was submitted. Administrator may require additional time as will be indicated during the status notification
- Administrator is unable to hold properties for households in the application or appeal process. Administrator will move on to the next Application ID holder after the initial appeal review



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6. BELOW MARKET RATE MAXIMUM RENTAL RATES (Updated Annually)

Maximum Rental Rates: Maximum BMR rental rates are updated annually using the formula defined in the City's [Inclusionary Ordinance](#).

"Affordable rent" means monthly rent, including utilities and all fees for housing services, which do not exceed the following:

- 1. For lower-income households: one-twelfth of thirty percent of sixty percent of area median income, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit, and one additional person for each additional bedroom thereafter.*
- 2. For very low-income households: one-twelfth of thirty percent of fifty percent of area median, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit, and one additional person for each additional bedroom thereafter.*

The allowance for utilities is based on estimates published by the Santa Clara Housing Authority and the California Department of Housing and Community Development (HCD).

Area median income (AMI) is the household income for the median (i.e., middle) household in a region. Each year, the Federal Department of Housing and Urban Development (HUD) calculates the median income for every metropolitan region in the country.

The United States Census Bureau uses a series of terms to determine the definition of a household. The basic meaning of Household is an occupied housing unit. A Householder (Primary Applicant) is the person whose name the housing unit is rented to or owned by. Members of the household share familial ties, living space, expenses, debts and/or assets with the Householder.

Rent Adjustments: The BMR rental rate may be increased once in a 12-month period. Rent adjustments will be based on the updated income limits published by the California Department of Housing and Community Development (HCD) annually and posted on the Administrator website.



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7. TENANT SELECTION, LEASE SIGNING, AND MOVE IN

Once an applicant is selected and their file is fully underwritten, and a Program Approval is issued, the Administrator will contact the Landlord and provide the name of the selected applicant to coordinate the next step which is signing the lease agreement and all Program related documents.

1. Lease/Contract Signing:

- a. The landlord will schedule an appointment with the applicant to go over all documents and sign the lease agreement.
- b. The landlord may ask the tenant for other documents needed to finalize the move-in (e.g. renter's insurance).
- c. The applicant must comply with all Landlord requirements.

2. Move in Process:

- a. The landlord may start the move-in process with the applicant once all of the rules and regulations for the project are explained and accepted by the applicant.
- b. The landlord shall provide Administrator staff with a copy of the lease agreement, renter's insurance, and all other documents deemed necessary to document the file for Administrator records.
- c. Once all documents have been approved by the landlord and Administrator and signed by the applicant, the "applicant" becomes a "participant" and must comply with all BMR Program rules and regulations, including but not limited to submitting all required Annual Certification documentation described on the following page.



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8. PARTICIPANT / TENANT COMPLIANCE, RESONSIBILITIES, AND ANNUAL RECERTIFICATION

Participant/Tenant Compliance and Responsibilities:

1. The tenant shall comply with all rules and regulations set forth by the Landlord or development.
2. The tenant shall also comply with all Affordable Program (BMR) requirements for the duration of the lease.
3. Tenant must notify Owner/Manager within ten (10) working days of any and all changes in family structure, family size, employment income etc.

Annual Recertification Process:

1. All BMR tenants shall be recertified once per year, at the end of the lease term, for compliance with all Program requirements including, but not limited to income and family size.
2. Administrator will initiate the Recertification Process with the Owner/Manager as described in the next section.
3. The Program Coordinator will require a full and complete application package for any household asking for a lease extension or a new lease.
4. The tenant will be required to sign the “Intent to Abide” disclosure/form.
5. The tenant will have 30 days to submit all required documentation, following notification of the annual recertification process.
6. Refusal by tenant to promptly provide all required documents for re-certification will result in a 60-day Termination of Lease and a Notice to Vacant will be sent out.

Enforcement

1. If tenant fails to cure the violation, the City/Administrator will exercise its legal right to coordinate with Property Owner, Landlord, and/or the Management Company to initiate Unlawful Detainer proceedings
2. The City/Administrator reserves the option to apply to a court of competent jurisdiction if it deems legal action is appropriate



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9. THE APPLICATION FILE STRUCTURE & APPLICATION CRITERIA

Program Eligibility and Qualification Criteria

The primary role of a Program Administrator is to determine the eligibility and qualification of applicant Households. A Program Processor serves the role of gathering the documents needed to evaluate the application and a Program Underwriter reviews the application to determine if it meets Program requirements.

It is important to understand that there is a lot of information needed to determine whether an application meets all the Program requirements. The application criteria used to determine whether an applicant Household will be approved fall into one of two categories:

- **Program Eligibility Criteria:** These are standards that define the characteristics of the target households who are best served by the Program and help the Program provider meet its intended goals. These standards often follow legal definitions and published documentation requirements. Underwriters evaluate Program Eligibility Criteria to determine if households “check eligibility boxes” that include, but are not limited to, residence address, employment address, household size requirements, total household income requirements, and whether an applicant meets the legal standard to be defined as a first-time homebuyer. Program Underwriters need to consider Program eligibility for the years prior to the rental application.
- **Program Qualification Criteria:** Once it is determined that an applicant is eligible for the Program, the Program Underwriter must also make sure that the rental opportunity is affordable for the applicant and that they are tenant-ready. In addition to requiring applicants attend orientation classes, the underwriter ensures that the tenant understands what they are signing up for and is comfortable with the annual income recertification.



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10A. ELIGIBILITY FACTORS AND PREFERENCE CRITERIA FOR RENTAL OF BMR UNITS

The City's Inclusionary Housing Ordinance establishes a priority system for allocating the limited number of affordable rental units. First priority (for up to ten percent of all affordable units) shall be given to income eligible employees of the City of Campbell. Second priority is given to income eligible existing Campbell residents and third priority is given to income eligible persons employed within the city limits of the City of Campbell. If a particular address is in question, Administrator will check with City staff to determine if the property is within the City's jurisdictional boundaries.

The preference system will be used to establish a ranking of applicants. An eligible household will be ranked according to where they live or work. While an applicant who lives or works within the city limits will have priority over an applicant who does not, residency/employment status is not a requirement for the Program, and all individuals and households may apply. Households comprised of applicants who do not reside or work in Campbell may occupy a BMR unit if there are no eligible Campbell residents or workers on the eligibility list for occupancy.

PROGRAM PREFERENCE CRITERIA*	
Priority 1: Work for City (for up to 10% of units)	Must currently work for the <i>City of Campbell</i> government entity at least 20-hours per week, and held their position for at least 6-months Employee must have passed probation
Priority 2: Live in Campbell	Must currently live in Campbell and maintained residency for at least 6-months
Priority 3: Work in Campbell	Must currently work at a business located in Campbell at least 20-hours per week, and held position for at least 6-months * This category includes Campbell School District employees. The district office is located in Campbell although the school building may be located in another city

*Eligibility will be evaluated at the time of lottery submission and verified again prior to occupancy



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10B. OCCUPANCY STANDARDS FOR PROGRAM UNITS

Applicant/Co-Applicants must occupy the property as their principal residence. This means that the Applicant/Co-Applicants must use the property as their primary place of residence and the property must be tenant-occupied upon renting for the term of the lease agreement. Use of the property for additional rental purposes, including temporary leases, sub-leasing or room rentals are not allowed under the Program and will trigger immediate action.

To ensure that the City's limited BMR units are used efficiently, a household must be of a size equal to the number of bedrooms in the BMR unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMR Unit is two people per bedroom, plus one additional person. The table below shows the minimum and maximum household size based on the number of bedrooms. In some cases, an exception to the minimum standard may be made where no other qualified renter can be approved within 30-days of holding the lottery.

The City's BMR Administrator will verify household occupancy once per year for the Term of the Lease Agreement between the City and the renter(s).

Note: Maximum Household size is subject to change per property management or Affordably Housing Agreement documents.

PROGRAM OCCUPANCY STANDARDS		
Number of Bedrooms	Minimum Household Size	Maximum Household Size
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11



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10C. INCOME ELIGIBILITY CRITERIA

Income Eligibility is based on household size (number of persons in the household) and whether a household's income is below income category limits published annually by the California Department of Housing and Community Development (HCD) on their [HCD website](#) as well as the Program Website. These resources should be used to determine the income percentage and income category that is applicable to your household.

Campbell's housing ordinance presently defines the three income types most often used in their affordable homeownership program

- "Very low-income Household" means a household whose household income does not exceed very low-income limits applicable to Santa Clara County
- "Lower-Income Household" means a household whose household income does not exceed the lower income limits applicable to Santa Clara County.
- "Moderate-Income Household" means a household whose household income does not exceed one hundred twenty percent of the area median income applicable to Santa Clara County

It is very important for the applicant Household to know BOTH:

- Applicant Household Income as a percentage of the published County Median Income (calculated by dividing Household Income by the published Median Income Amount) applicable to your household size
- Whether or not applicant Household Income is below the published income category limit applicable to your household size (e.g. Extremely Low, Very Low, Low, Median, or Moderate)

Income earned from assets, such as dividends, interest, rental income, business income, etc., is included in the household's annual income pursuant to the [Code of Federal Regulations](#), Title 24, Part 5 income inclusions (§ 5.609). Income calculation is also guided by [California Code of Regulations](#), Title 25, Chapter 6.5 Program Operations, Gross Income (§ 6914). To qualify for the City of Campbell BMR Program, your household's combined gross annual income cannot exceed the maximum income limit for your household size, as established by the HCD. All household members ages 18 or older must have their income verified. Household members that do not work or will not have any income in the next 12 months must complete a zero-income affidavit.

Note: The income categories for a particular development may vary in accordance with the Affordable Housing Agreement.



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10D. ASSET LIMITATION

In addition to meeting the income limit, there are restrictions on the amount of assets that a household may have to be eligible for the City of Campbell's Program. For households applying to be a renter of a BMR unit, the limit is 100% of household AMI.

Asset limit = 100% of household AMI

The Administrator will review household income and assets for all occupants, including temporary occupants. To determine total household assets, Administrator will review the household's total assets according to monthly financial statements and/or other valuations. A six-month average will be calculated just prior to Program application to determine eligibility and avoid applicant "asset dumping" (asset liquidation or transfer to other parties). Assets held in IRS-recognized retirement accounts (401-k's, IRA's, etc.) are not included for the purpose of determining whether an Applicant meets the Program asset limits. However, retirement and insurance payments will be used to determine gross household income.



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11. QUALIFICATION FACTORS

RENT TO INCOME RATIO

- To qualify, applicants must have income at least 2 times the tenant paid rental amount for Below Market Rent (BMR) rental units. Applicants may be accepted with conditions, such as additional security deposit or guarantor.
- No more than 50% of the applicant's income can go to the rent payment. For example, if income is \$30,000, the maximum rent cannot exceed \$1,250.00 (50% of \$30,000/12). Additional debts will also be taken into consideration.
- If a guarantor is required, the guarantor's income must be 5 times the tenant paid rental amount.

CREDIT

- The applicant shall pay the required non-refundable fee to the landlord in the form of a money order or cashier check.
- A credit report is required for all applicants and co-applicants
- All applicants/co-applicants must pass the landlord's credit check and a background check.
- The minimum credit score is 620 (in addition to Landlord Requirements).
- An applicant with an unsatisfactory credit report will be denied.
- Excessive collection accounts, including utility accounts (regardless of status) will result in denial of the rental application. All utility collection accounts within the last 2 years must be paid in full and confirmation presented with the application in order to be approved.
- An applicant whose credit report contains more positive than negative history may be approved subject to an additional deposit.
- Bankruptcy (regardless of discharge) or repossession within the last 2 years will be grounds for denial of the application or may require an additional deposit for approval.
- Applicants with a foreclosure history over 2 years old may be accepted without an additional deposit. Applicants with a more recent foreclosure history may be approved with an additional deposit.
- Rental housing debt, evictions, or collections will result in automatic denial of the application.
- Any unresolved tax liens will negatively impact the overall applicant screening result.



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11. QUALIFICATION FACTORS (CONTINUED)

BACKGROUND SCREENING

- All applicants will be screened for criminal history at initial application.
- A felony conviction or adjudication for a felony offense against persons or property in the last seven years will result in an automatic denial of application.
- A misdemeanor conviction may result in denial of application or lease renewal with consideration given to the nature of the conviction.
- Applicants or current residents appearing on the list of known terrorists and/or wanted fugitives as provided by the Office of Foreign Asset Control (OFAC), federal agencies (including the FBI or other state and local law enforcement agencies) will be denied.

GUARANTORS

- Acceptable guarantors must reside in the United States and qualify in each of the above categories. An additional deposit may be accepted if a qualified guarantor is not available.

RENT HISTORY

- Applicants (except first time renters) must have at least 12 months of verifiable and positive residency history immediately preceding application.
- First-time renters or applicants with no verifiable residency history will require payment of an additional deposit or acceptable guarantor in lieu of immediate past rental history.
- Residency history that includes prior evictions, multiple late payments, returned checks, poor housekeeping, conduct disturbing the rights and comforts of other residents, unauthorized occupants, property damage or failure to adhere to the policies and regulations of the community or management company will result in automatic denial of the application.
- Landlord reference indicating the landlord would not re-let to the applicant due to lease violation is grounds for automatic denial of the application.
- If the applicant owned his/her immediate prior residence, mortgage history will be verified through a credit report or other documentation of homeownership.

IDENTIFICATION

All applicants will be asked to provide positive identification including a copy of a valid driver's license and social security card.



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12. INCOME INCLUSION AND EXCLUSION

The Federal and State government both have rules that determine how Gross Income is calculated and what income types are included and excluded from the Gross Income total.

Application Criteria Description

- The gross amount, before any payroll deduction, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
- The net income from the operation of a business or profession (for this purpose, expenditure for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business). The adding back of certain deductions will be subject to underwriter approval (e.g. depreciation).
- Interest, dividends and other net income of any kind from real or personal property.
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as outlined in "exclusions" section)
- Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on a passbook savings rate, up to 10%. The current passbook savings rate used by the Administrator is 2.5%
- Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

The following is an abbreviated list of items that are excluded from income:

- Casual, sporadic or irregular gifts
- Amounts which are specifically for or in reimbursement of the cost of medical expenses
- Lump-sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses
- Foster child care payments
- The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household
- **See full inclusion list on the Program Website**



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Income Review Procedures

Income maximums are based on “gross” income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61), whether or not exempt from federal income tax. Administrator projects future income based on the gross income on each applicant’s past income. In addition to other items deemed necessary to make this income determination, the Administrator may request up to 4 of the most recent year-to-date pay statements and the previous year’s final pay statement. Administrator must review income documentation for all Household members 18 years and older, regardless of dependency status. Applicants without income will need to sign a Zero-Income Affidavit provided by the Administrator. Unemployment benefits are considered income.

Please Note: All Variable Income is subject to Underwriter Approval. Each circumstance is different and must be considered using the documentation in the file. The terminology in this Guide is meant to be used as a basic guide to help prospective applicant Household’s understand how this income type is considered during the underwriting process.

For employed applicants, annual income is generally derived by dividing the year-to-date gross income by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year (12 months). Please note that a Verbal and Written Verification of Employment may be required to be completed by the Employer issuing the pay statements.

#	How Often Paid	How to Determine Annual Income
1	Paid Annually	Annual Gross Pay
2	Paid Monthly	Use monthly gross payment x 12
3	Paid Twice Monthly	Twice monthly gross pay x 2 pay periods x 12
4	Paid Biweekly	Biweekly gross pay x 26 pay periods
5	Paid Weekly	Weekly gross pay x 52 pay periods
6	Paid Hourly	Hourly gross pay x average # of hours per week x 52 weeks
7	Government Employees with Annual Award Letters	Income may be derived by referring to the Annual Award Letter



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Variable Income (Tips, Overtime, Bonuses, etc.)

Please Note: All Variable Income is subject to Underwriter Approval. Each circumstance is different and must be considered using the documentation in the file. The words below are meant to be used as a basic guide to help prospective applicant Household's understand how this income type is considered during the underwriting process.

Tips, Overtime, Bonus, and other "variable income amounts" (amounts that change with each pay period) will be annualized separately from the base income outlined on the chart above. All income will be annualized and totaled unless the applicant can provide documentation from the employer. The employer must be available to complete a verbal verification of employment with the Administrator. In cases, where the variable income item is a one-time occurrence, the amount will be removed from the annualized calculation of income and added in a one-time total to determine the annual income.

Example: An applicant earns \$60,000 per year based on base monthly pay statements of \$5,000 ($\$5,000 \times 12$). In addition to the base income show, the applicant received a \$2,500 one-time bonus in the first quarter of the year. If annualized, the \$2,500 quarterly bonus would total \$10,000 and the total income would be \$70,000 (\$60,000 base + \$10,000 annualized bonus income). If proper documentation shows that the \$2,500 is a one-time payment, and Administrator is able to verify and validate this information, the \$2,500 would be added to the \$60,000 base. The alternative total income would be \$62,500 (\$60,000 base + \$2,500 one-time bonus).

Seasonal Workers: Administration will not annualize current income for seasonal workers who provide a Verification of Employment from their employer (s) verifying that the work does not occur year-round

Self-Employed Income: All self-employed applicants must submit a notarized Self-Employed Affidavit provided by Administrator. If self-employed for 2 or more years, Administrator will use verifiable (verified using Form 4506-T) federal income tax returns and review the net income for as many as 3 years of tax returns to determine the projected annual income. If self-employed less than 2 years, Administrator will review the submitted Profit & Loss Statement and use it to determine projected annual income. Additional documentation may be needed from the Self-Employed Household Member in order to determine projected annual income.

Calculating Income from Cash Income: In the case of an applicant who is paid cash for employment, Administrator will require a Verification of Employment from the applicant's employer to confirm annual income and IRS Tax Verification Form 4506-T to confirm that no taxes were paid.



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Variable Income (Continued)

Income from Commercial Property or Land Owned: The net income from any commercial property or land owned by any applicant shall be counted toward the annual Household income.

Unemployed Applicants: Unemployed applicants who are receiving no income at all should submit a Zero-Income Affidavit as provided by Administrator in place of income statements. Applicants receiving unemployment benefits do not need to complete the Zero-Income Affidavit as unemployment benefits are considered income.

Additional Notes on Income Calculation

If applicant has recently changed positions with employer, HouseKeys will determine the effect of the change on the applicant's eligibility and opportunity to receive bonus or overtime pay in the future

If applicant who has historically been employed on a part-time basis indicates that he or she will now be working full time (or vice versa), obtain written confirmation from borrower's employer

A verbal verification of employment (VOE) may be required for each employer

All material alterations, and/or omissions from the initial Registration, Application ID Questions, Opportunity Drawing Entry Form, Application Submission and Supporting Documents; including but not limited to household size, income and asset information, etc., are not permissible and will render all future re-submissions ineligible for review and approval for a period of one year. Exceptions for re-submissions are significant life events such as a job/career change, marriage, death, or the birth of a child and are at the discretion of the Administrator.



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13. REASONABLE ACCOMMODATION AND EXCEPTION REQUESTS

Accommodations in Program rules, policies, practices, or services, when such accommodations may be necessary to afford persons with disabilities, or a household with a member with disabilities, equal opportunity to apply for a BMR home. The requested accommodation must be reasonably related to the particular disability of the household member, and must be necessary in order to provide the household with equal access to housing.

Households or individual applicants unable to produce any particular document required in the application form for legitimate reasons beyond their control (natural disaster, military service, refugee status, domestic violence, witness protection program, disability etc.) may request an exception for that particular document.

Upon such request, Administrator may request a reasonably equivalent alternative document, and/or any additional supporting documentation deemed necessary by the Program Processor and Program Underwriter to verify eligibility of the Applicant/Co-Applicant and/or their entire Household.

Exceptions related to disabilities (reasonable accommodations) may be requested according to this procedure, with a brief description of the exception(s) needed due to the Applicant's disability. The City and Administrator will consider the requested exception and will provide a written response within 14 calendar days, stating if the requested exception can be granted in full or part and the reason for such decision. The Administrator may approve or deny such request. If denied, Applicants may submit an appeal of such denial to the City.



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14. LANDLORD COMPLIANCE AND OWNER / MANAGEMENT RESPONSIBILITIES

1. **General Compliance:** The landlord shall comply with all Program requirements and provide requested documentation to the City/Administrator in accordance with these Program Guidelines, the Developers Affordability Agreement, and the City's Inclusionary Housing Ordinance.
2. **Current Records.** The landlord shall keep current and updated BMR tenant/participant records that relate to Program eligibility (e.g. household member occupancy changes, employment loss, income changes, etc.).
3. **Annual Recertification:** Owner / Manager shall, upon request, provide Administrator with all required Annual Audit documents listed on the Program checklist, for review and approval, as part of the annual recertification process.
4. **Tenant Income Changes:** Following notification to and verification by Administrator, the Owner / Manager shall terminate the tenant's lease and send the tenant a notice to vacate if the tenant's income level exceeds the maximum income limit for that particular PROGRAM unit.
5. **Vacancies:** Owner / Manager shall notify Administrator in writing, using Exhibit A of the rental guide, upon vacancy of any BMR unit.
 - a. Administrator will set up a lottery and start processing applications within 60 to 90 days of receiving the notice.
 - b. Administrator will provide a list of potential tenants to the Owner / Manager for review and approval.
 - c. Owner / Manager shall provide Administrator with the following documents for all approved tenants:
 - 1) Copy of the credit report
 - 2) Copy of the background check.
 - 3) Letter of approval once a tenant has been approved by the Owner / Manager for occupancy.
 - 4) copy of the lease agreement
 - 5) Updated rent roll
 - 6) All other relevant reports or documents, as requested by the Administrator / City



City of Campbell / HouseKeys Below Market Rate (BMR) Program Ownership Application Guide [November 2018 Draft]



Ownership Application Guide Below Market Rate (BMR) Program



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Ownership Application Guide Below Market Rate (BMR) Program



1. INTRODUCTION

HouseKeys is the City of Campbell's Affordable Housing Program Administrator. This Ownership Application Guide includes the guidelines, policies, and procedures that comprise the Affordable Ownership Program for Below Market Rate (BMR) homes.

Buying, owning, and selling an Affordable Below Market Rate (BMR) Ownership Unit differs in many ways from buying, owning, and selling at market rate. It is important that the buyers and sellers of BMR Ownership Units understand the rules and procedures of the City's Affordable Housing Program ("Program") fully.

The Program Application Guide and other relevant information (e.g., Ordinance procedures and income limits) will be amended and updated from time to time. All proposed changes are subject to approval by the City Council prior to implementation and shall comply with state and federal affordable housing laws.

Updates to this Program Application Guide and other relevant information will be posted on the [HouseKeys website](#)

Please contact HouseKeys with any questions or concerns regarding this document or any other question regarding the City's affordable housing program:

Online: <http://www.housekeys2.com>

Email: programs@housekeys.org

Phone: 1-877-460-KEYS (5397)

Address: 70 N. First Street Campbell, CA 95008

ALL GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE.



Ownership Application Guide Below Market Rate (BMR) Program



2. ONLINE WEB PORTAL DASHBOARD OVERVIEW

		
<p>Information Profiles</p> <p>Information Profiles are used to gather important facts that determine your eligibility and qualification. These profiles will be used by the Program Administrator to complete your Program application and determine your eligibility to participate in Program activities.</p>	<p>Tools & Planning</p> <p>There are many calculations involved in an Affordable Housing Program. From calculating the income category of your household, to determining your maximum restricted rent price and utility allowance, it's important to understand the math behind these Programs.</p>	<p>Program Center</p> <p>All Application, Opportunities, Opportunity Drawings, and Participation Activities are captured in your Program Center. As soon as you complete your initial registration, this is where you'll spend the most time participating in the Program.</p>
		
<p>Program File Cabinet</p> <p>As you start to apply for and participate in Program activities, your file cabinet is where you'll track progress, exchange information, and communicate with Program administrators.</p>	<p>Program Marketplace</p> <p>The Program marketplace is where you can shop for ownership, rental, and financing opportunities.</p>	<p>Community Center</p> <p>The online community center will have a classroom, a bulletin board, and chatroom so you can stay educated, informed and in touch with other Program participants and stakeholders.</p>



Ownership Application Guide Below Market Rate (BMR) Program



3. ESTABLISHING AN ACCOUNT (HOUSEHOLD PROFILE) IN THE MYHOUSEKEYS (WWW.MYHOUSEKEYS.COM)

The following five (5) actions are the initial steps needed to establish your household's affordable housing account.

REGISTRATION PROCESS	ACTION OR MILESTONE
1. Initial Signup	 <p>Start out by completing our simple registration form. This step collects very basic information from you to establish a User Account, including your name, contact information, and your household size and income.</p>
2. Complete the Registration Wizard	 <p>The next step includes additional details about your address, household members, income profiles, and preference criteria. The preference criteria are described on Step 5 of the Registration Wizard. Completion of the Wizard will create a summary of your household and provide you with access to additional features of the Administrator Platform.</p>
3. Browse the Marketplace	 <p>The Marketplace allows you to shop for Ownership, Rental and Finance Program opportunities that interest you. Make sure to read the Program Profile and get an understanding for how it works, the intent, the rules and the process.</p>
4. Request an Application I.D.	 <p>The Application I.D. allows the Program Provider and Administrator to identify your household as a prospective applicant household. It also puts you on the notification list to receive information and updates.</p>
5. Find an Opportunity and Enter an Opportunity Drawing	 <p>Each Opportunity is placed into an Opportunity Drawing that allows HouseKeys to facilitate multiple applicant interest. Application I.D.s are prioritized through a Random Selection Process (Lottery) or by Time and Date Stamp (First-Come-First-Serve).</p>



Ownership Application Guide Below Market Rate (BMR) Program



4. HOUSEHOLD INFORMATION PROFILES

HouseKeys holds orientation classes to introduce the Program and help applicant Households organize their application files and prepare for the application process. The application packet is broken down into 10 **Household Information Profiles**:

#	Information Profile Name	Description	Purpose
1	Location Profile	Where you live and where you work	The address where you live and work is an important factor in determining your eligibility. The county you presently live in, or may be moving to, is often used to determine how to categorize your household.
2	Member Profile	The people who live in your housing unit	The number of people in your household determines your household size and household size is used to determine income category.
3	Income Profile	Documenting the total income of all household members.	Income documentation is required by all household members who are 18 years of age or older
4	Expense Profile	Documenting monthly expense obligations	It's important to ensure that your total monthly expenses show that you can afford the monthly rent for the unit you are applying for
5	Asset Profile	Deposit Funds and other Assets	You need to document your rental deposit funds. Please note that Assets are included in income calculations using the income shown on statements or calculations used by the Program Underwriter. See Asset Limits below.
6	Liability Profile	Your Debt	Your debt adds to monthly expenses and the maximum monthly rent that you can afford is an important qualification factor
7	Credit Profile	Your Credit Score	All three credit bureaus (Equifax, Experian, and TransUnion) are evaluated to ensure you meet minimum credit requirements
8	Public Record Profile	Collections, Liens, Bankruptcies and Foreclosures	These are evaluated to determine whether or not there is any risk that the finalization of lease signing or meeting any of the property management requirements.
9	Demographics Profile	Applicant Characteristics	Demographic information is critical to ensure fair housing compliance and to track how Program Providers are meeting their housing goals.
10	Program Preference Profile	Program Factors that determine Applicant Priority	While all applicants may apply for a housing program, applicants that live and work where the program is located are prioritized in many jurisdictions.



Ownership Application Guide Below Market Rate (BMR) Program



5. APPLICATION PROCESS

5A. APPLICATION PROCESS (ORIENTATION, PRE-APPLICATION, AND PREFERENCES)

The application process is summarized below and on the following pages:

ORIENTATION

- All applicants, co-applicants, married couples, domestic partners, and any person that can or will be on title, must complete the Orientation before being eligible to participate in an Opportunity Drawing. Any exceptions to this rule will be posted in the Opportunity Drawing details. Applicants can sign up for an orientation class on the HouseKeys website.

PRE-APPLICATION AND APPLICATION ID ASSIGNMENT

- Request an Application ID in the Program Center
- Answer all of the Pre-Application Questions in the Request Wizard
- The applicant will either receive a pass or fail rating based on the information in the pre-application wizard
- If the applicant passes, an Application ID will be assigned immediately. If there is a system delay or malfunction, Application IDs can take up to 10 business days to be assigned.
- An Application ID does not mean you are eligible or approved for the Program. It provides the applicant Household with the ability to enter Opportunity Drawings.

PREFERENCES AND RANKING

In all instances, the live in Campbell / work in Campbell / work-for Campbell preference (described in Section 9) will be used and verified by HouseKeys during the application process. Applicant Households that meet the stated preference criteria will be assigned a higher ranking. Once the preferred Household list is exhausted, HouseKeys will begin processing the files for the non-preference households.

Continued next page



Ownership Application Guide Below Market Rate (BMR) Program



5B. APPLICATION PROCESS (OPPORTUNITY DRAWINGS)

Affordable Ownership Opportunities are marketed through an Opportunity Drawing (i.e., lottery). Applicant Households enter an Opportunity Drawing using their Application ID number.

OPPORTUNITY NOTIFICATION

- A notification email will be sent out to Application ID holders. When a new Opportunity Drawing is released it will be posted in the Program Center
- Follow the instructions and review the terms in each Drawing Notification. It is the applicant Household's responsibility to follow all instructions in each Opportunity Drawing, based on the method used. Each Opportunity Drawing announcement will include the selection method, file submission instructions, and one or more deadlines that the applicant Household must meet.

OPPORTUNITY DRAWING ENTRY

- Once the applicant reviews the Opportunity Drawing information and is certain that he/she can meet ALL listed requirements, the applicant can follow the instructions to Enter Drawing
- Applicant must complete Authorization Form for verification and sharing information with Lender
- Applicant must complete the Intent to Abide Form to confirm that the applicant understands the Program Requirements
- Applicant Households can only apply for one Opportunity Drawing at any one time. If an applicant Household has entered more than one drawing, the lowest ranked submission will be chosen. Applicant Households are allowed to opt out of any drawing as long as the "opt out form" is submitted before an applicant Household enters another drawing.
- If there is another Opportunity Drawing available at the same time, the applicant can opt out of one Opportunity Drawing to enter another, if it is done before the Opportunity Drawing submission deadline.
- If a household applies for two opportunities at the same time, and obtains two priority numbers, the applicant will be assigned the lower priority number.
- In some cases, the Opportunity Drawing will remain open until all applicable units are sold. Anyone who enters their Application ID into an Opportunity Drawing after the first deadline will be added to the end of the list using the time and date stamp of their Opportunity Drawing entry.
- Ranking and file request numbers are issued to set the processing order for each Opportunity Drawing. A new ranking and file request number will be issued every time an applicant Household participates in a new Opportunity Drawing. Ranking, file request, and Application ID numbers are not transferable.



Ownership Application Guide Below Market Rate (BMR) Program



5C. APPLICATION PROCESS (OPPORTUNITY DRAWING METHODS)

When an Opportunity becomes available, HouseKeys uses the methods outlined below to determine the order in which Application IDs and files will be ranked and organized for review.

METHOD 1: LOTTERY SELECTION AND ASSIGNMENT

All applicant Households that enter their Application ID numbers into an Opportunity Drawing by the deadline will receive an Application ID ranking. If a Lottery is held, Application IDs will be chosen at random and assigned an Unfiltered Ranking number based on the order in which they were drawn.

Each Application ID on the Unfiltered Ranking list will be re-ordered to account for the Live/Work Preference and a new ranking list Filtered by Live/Work Preference will be created. The Unfiltered Ranking number becomes the tie breaker between households with the same preference category.

Please note: Applicant Households who do not meet the Occupancy Standard will be assigned a lower priority number, regardless of lottery placement, or other eligibility criteria (e.g., First Time Home Buyer [FTHB]).

METHOD 2: FORM SUBMITTAL (DATE & TIME STAMP) TIE-BREAKER

All applicant Households that enter their Application ID numbers into an Opportunity Drawing by the deadline will receive an Application ID ranking. The Unfiltered Ranking in this method is based on the time and date stamp that their entry form was completed.

As with Method 1, the Unfiltered Ranking number list is re-ordered based on Live/Work Preference and the Unfiltered Ranking number is used as the tie breaker between households with the same preference category.

Please Note: Applicant Households that do not meet the Occupancy Standard will be ranked last.



Ownership Application Guide Below Market Rate (BMR) Program



5D. APPLICATION PROCESS (LOAN REQUIREMENTS, APPLICATION FILE REQUEST, AND APPLICATION COMPLETION)

MORTGAGE LOAN REQUIREMENTS

The applicant Household must obtain a loan pre-approval from an Administrator-approved Lender to enter an Opportunity Drawing. Applicant Household must have acceptable payment-to-income ratios and show enough liquid assets (e.g. cash) to successfully close on the proposed home purchase. Any down payment assistance or closing cost assistance that will be used will need to have a written pre-approval from the program provider as well.

- Applicants must obtain a mortgage pre-approval letter, on mortgage company letter, with loan officer information, including their National Multistate License System (NMLS) ID number and packet must include:
 - Uniform Residential Loan Application and Uniform Underwriting and Transmittal Summary
 - Verification of Employment and Verification of Assets
 - Credit Report and Automated Underwriting System Findings (e.g. Desktop Underwriter Findings)

APPLICATION RANKING AND FILE REQUESTS

- The Opportunity Drawing Terms and Notifications will indicate when, where and how the Program Application Package needs to be submitted
- Applicants must provide a complete Program Application Package, including exhibits and the supporting documents listed on the Document Checklist, to HouseKeys by the deadline stated in the Opportunity Drawing Notification.

PROGRAM APPLICATION PACKAGE COMPLETION

- Documentation needs to be dated within 30 days of submission.
- Applicants/Co-applicants, and or household members who submit inaccurate information, altered documentation, or false documentation or certifications, will be disqualified.
- Once all documents are received, the Applicant will be provided with a Submission ID which will be their file in line for Processing and Underwriting



Ownership Application Guide Below Market Rate (BMR) Program



5E. APPLICATION PROCESS (APPLICATION REVIEW AND UNDERWRITING)

APPLICATION REVIEW

- The application package will be reviewed, and if complete, will be submitted to the underwriter for review
- If the application is incomplete, applicants will be given written notice to respond with any file updates or missing items
- Applications that remain incomplete after notifications and applicable grace periods, will not be processed or forwarded to the Underwriter for final review

APPLICATION UNDERWRITING

- The Underwriter will complete the review and issue a Program Eligibility and Qualification Certification (AKA “Approval Letter”).
- It is important to note that the Program Underwriter may request additional items from the applicant. If the applicant does not respond within the grace period, or a denial is issued, the Underwriter will move to the next Submission ID holder.
- If approved, the Administrator will notify the landlord of the outcome so that the applicant can move on with the leasing documentation and lease/contract signing as described in the next section.

APPEAL

- If the applicant does not agree with the Processor or Underwriter decision, the applicant Household will have 3 business days to appeal. The applicant Household will need to submit clear and sufficient documentation, along with an appeal form that details why they feel the decision is inaccurate, within the timeframe given.
- Administrator Management will review the Appeal and all documentation.
- Administrator will contact the applicant regarding the status of the appeal approximately 7 business days from the date the complete Appeal Package was submitted. Administrator will notify the applicant if additional time is needed.
- Administrator is unable to hold properties for households in the application or appeal process. Administrator will move on to the next Application ID holder after the initial appeal review

Application Changes: No Application changes are allowed after an application is submitted and after an application deadline has passed unless the change is (1) the removal of an applicant, (2) the addition of an applicant’s spouse, domestic partner or new household member in the case of an adoption or new guardianship; (3) an update of income qualification, such as a new job or a job that has ended; or (4) correction of technical errors, such as phone number or other non-qualifying information. All applications must be reviewed for income qualification within one hundred and twenty (120) days prior to the Close of Escrow of a BMR Unit.



Ownership Application Guide Below Market Rate (BMR) Program



6. BELOW MARKET RATE OWNERSHIP PRICING AND CITY'S PURCHASE OPTION

The purpose of the Below Market Rate (BMR) program is to provide long-term affordable homeownership opportunities for low and moderate-income households. Households that purchase a BMR home will be required to sign affordable housing documents to ensure the home remains affordable, and the homeowner occupies the home, for the entire restricted term (generally 45 years). As agreed to in the affordable housing documents, a homeowner may choose to sell the BMR home during the restricted term; however, the home will be sold at the restricted price. BMR units are priced using the formula defined in the City's [Inclusionary Ordinance](#):

"Affordable ownership cost" means average monthly housing costs during the first calendar year of a household's occupancy, as determined by the City, including mortgage payments, loan insurance fees, if any, property taxes, reasonable allowances for utilities and property maintenance and repairs, homeowners insurance and homeowners association dues, if any, which do not exceed the following:

- 1. For lower-income households: one-twelfth of thirty percent of seventy percent of area median income, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit and one additional person for each additional bedroom thereafter.*
- 2. For moderate-income households: one-twelfth of thirty-five percent of one hundred ten percent of area median income, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit and one additional person for each additional bedroom thereafter.*

Area median income (AMI) is the household income for the median (i.e., middle) household in a region. Each year, the Federal Department of Housing and Urban Development (HUD) calculates the median income for every metropolitan region in the country. The United States Census Bureau uses a series of terms to determine the definition of a household. The basic meaning of Household is an occupied housing unit. A Householder (Primary Applicant) is the person whose name the housing unit is rented to or owned by. Members of the household share familial ties, living space, expenses, debts and/or assets with the Householder.

If the owner wishes to sell during the restricted term, the City has the option to either purchase the BMR home for the restricted price or assign the BMR home to another eligible buyer for the restricted price. The City is not obligated to purchase but the seller is obligated to give the City the option to do so. Homeowners can sell their home at a market rate price at the end of the restricted term.



Ownership Application Guide Below Market Rate (BMR) Program



7. THE APPLICATION FILE STRUCTURE & APPLICATION CRITERIA

Program Eligibility and Qualification Criteria

The primary role of a Program Administrator is to determine the eligibility and qualification of applicant Households. A Program Processor serves the role of gathering the documents needed to evaluate the application and a Program Underwriter reviews the application to determine if it meets program requirements.

It is important to understand that there is a lot of information needed to determine whether an application meets all the program requirements. The application criteria used to determine whether an applicant Household will be approved fall into one of two categories:

- **Program Eligibility Criteria:** These are standards that define the characteristics of the target households who are best served by the program and help the program provider meet its intended goals. These standards often follow legal definitions and published documentation requirements. Underwriters evaluate Program Eligibility Criteria to determine if households “check eligibility boxes” that include, but are not limited to, residence address, employment address, household size requirements, total household income requirements, and whether an applicant meets the legal standard to be defined as a first-time homebuyer. Program Underwriters need to consider program eligibility for up to three years before the application date and up to a year after the estimated close of escrow date¹.
- **Program Qualification Criteria:** Once it is determined that an applicant is eligible for the program, the Program Underwriter must also make sure that the home purchase is affordable for the applicant and that they are mortgage and home-purchase ready. In addition to requiring applicants to attend first-time homebuyer classes, an underwriter will evaluate the application to ensure successful and sustainable homeownership.

¹ “Up to three years” speaks to the First-Time Homebuyer status that is typically verified using 3 years of tax returns. Since Total Household Income is projected forward, it’s important to understand that the Program Underwriter is considering income circumstances going forward one year.



Ownership Application Guide Below Market Rate (BMR) Program



8. FIRST-TIME HOMEBUYER EDUCATION AND TITLE REQUIREMENTS

First-Time Homebuyer Education Workshop Requirement

All applicants who will take title to the property must attend and complete a first-time homebuyer in-person education workshop and receive a certificate of completion from a HUD and Administrator-approved First-Time Homebuyer Education Provider before going into contract on a BMR Unit. A copy of the certificate of completion is required and certificates will be accepted for up to two years after completion.

Title Requirements

All adult Household members must appear as an owner or co-owner on the BMR Unit title. They also must co-sign for any purchase loan (unless they are a non-borrowing spouse) and sign all affordable housing documents (as defined on page 2) for the BMR Unit with the following exceptions:

1. Legal dependents of titleholders as claimed on the most recent federal income tax return or legal minor children of titleholders. Spouses or Domestic Partners are not considered dependents;
2. Household members younger than age 24 who are the child of a titleholder who will reside in the BMR Unit as their primary residence, regardless of being named as a dependent on the federal tax form of a titleholder; and
3. Recent immigrants with insufficient credit history as defined as a person who has been in the United States for 2 years or less as supported by entrance documentation or a sworn statement and lender documentation of the reason for a loan denial, including a copy of applicant's credit report.



Ownership Application Guide Below Market Rate (BMR) Program



9. ELIGIBILITY FACTORS AND PREFERENCE CRITERIA FOR OWNERSHIP OF BMR UNITS

The City's Inclusionary Housing Ordinance establishes a priority system for allocating the limited number of affordable rental units. First priority (for up to ten percent of all affordable units) shall be given to income eligible employees of the City of Campbell. Second priority is given to income eligible existing Campbell residents and third priority is given to income eligible persons employed within the city limits of the City of Campbell. If a particular address is in question, Administrator will check with City staff to determine if the property is within the City's jurisdictional boundaries.

The preference system will be used to establish a ranking of applicants. An eligible household will be ranked according to where they live or work. While an applicant who lives or works within the city limits will have priority over an applicant who does not, residency/employment status is not a requirement for the Program, and all individuals and households may apply. Households comprised of applicants who do not reside or work in Campbell may occupy a BMR unit if there are no eligible Campbell residents or workers on the eligibility list for occupancy.

BMR PREFERENCE CRITERIA*	
Priority 1: Work for City (for up to 10% of units)	Must currently work for the <i>City of Campbell</i> government entity at least 20-hours per week, and held their position for at least 6-months Employee must have passed probation
Priority 2: Live in Campbell	Must currently live in Campbell and maintained residency for at least 6-months
Priority 3: Work in Campbell	Must currently work at a business located in Campbell at least 20-hours per week, and held position for at least 6-months. This category includes Campbell School District employees. The district office is located in Campbell although the school building may be located in another city.

*Eligibility will be evaluated at the time of opportunity drawing submission and verified again prior to occupancy



Ownership Application Guide Below Market Rate (BMR) Program



9B. OCCUPANCY STANDARDS FOR BMR UNITS

Applicant/Co-Applicants must occupy the property as their principal residence. This means that the Applicant/Co-Applicants must use the property as their primary place of residence and the property must be owner-occupied upon purchase for the life of the deed restrictions. Use of the property for additional ownership purposes, including temporary leases, sub-leasing or room rentals are not allowed under the program and will trigger immediate action.

To ensure that the City's limited BMR homes are used efficiently, a household must be of a size equal to the number of bedrooms in the BMR unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMR unit is two people per bedroom, plus one additional person. The table below shows the minimum and maximum household size based on the number of bedrooms. In some cases, an exception to the minimum standard may be made where no other qualified buyers are remaining in the Opportunity Drawing or within 30-days from the time that the first file is requested from Opportunity Drawing entrants.

The City's BMR Administrator will verify household occupancy once per year for the life of the restriction term (generally 45-years).

Note: Maximum Household size is subject to change per property management or Affordably Housing Agreement documents.

PROGRAM OCCUPANCY STANDARDS		
Number of Bedrooms	Minimum Household Size	Maximum Household Size
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11



Ownership Application Guide Below Market Rate (BMR) Program



9C. INCOME ELIGIBILITY CRITERIA

Income Eligibility is based on household size (number of persons in the household) and whether a household's income is below income category limits published annually by the California Department of Housing and Community Development (HCD) on their [HCD website](#) as well as the Program Website. These resources should be used to determine the income percentage and income category that is applicable to your household.

Campbell's housing ordinance presently defines the three income types most often used in their affordable homeownership program

- "Very low-income Household" means a household whose household income does not exceed very low-income limits applicable to the County
- "Lower-Income Household" means a household whose household income does not exceed the lower income limits applicable to the County.
- "Moderate-Income Household" means a household whose household income does not exceed one hundred twenty percent of the area median income applicable to the County

It is very important for the applicant Household to know BOTH:

- Applicant Household Income as a percentage of the published County Median Income (calculated by dividing Household Income by the published Median Income Amount) applicable to your household size
- Whether or not applicant Household Income is below the published income category limit applicable to your household size (e.g. Extremely Low, Very Low, Low, Median, or Moderate)

Income earned from assets, such as dividends, interest, rental income, business income, etc., is included in the household's annual income pursuant to the [Code of Federal Regulations](#), Title 24, Part 5 income inclusions (§ 5.609). Income calculation is also guided by [California Code of Regulations](#), Title 25, Chapter 6.5 Program Operations, Gross Income (§ 6914). To qualify for the City BMR Program, your household's combined gross annual income cannot exceed the maximum income limit for your household size, as established by the HCD. All household members ages 18 or older must have their income verified. Household members that do not work or will not have any income in the next 12 months must complete a zero-income affidavit.

Note: The income categories for a particular development may vary in accordance with the Affordable Housing Agreement.



Ownership Application Guide Below Market Rate (BMR) Program



9D. ASSET LIMITATION CRITERIA

In addition to meeting the income limit, there are restrictions on the amount of assets that a household may have to be eligible for the City BMR Program. For households applying to be an owner of a BMR unit, the limit is 50% of household AMI plus the down-payment up to 20% of the BMR price, post-closing (after the close of escrow).

Asset limit = 50% of household AMI plus the down-payment up to 20% of the BMR price

So for example, the asset limitation for a 4-person household purchasing a 3-bedroom moderate income home with a 20% down payment would be approximately \$185,000 where AMI is \$150,000 and the BMR price is \$550,000.

ASSET LIMITATION EXAMPLE		
Maximum Household Income	Example Purchase Price	Example Asset Limit
\$150,000: (50% = \$75,000)	\$550,000: (20% = \$110,000)	\$185,000: (\$75,000 + \$110,000)

There is also a minimum loan amount of 70% of the purchase price. So, for example, with a Sales Price of \$550,000 the first loan amount cannot be lower than \$385,000. All-cash purchase escrows will not be allowed.

The Administrator will review household income and assets for all owner-occupants, temporary occupants, and other occupants, regardless of such household member’s interest in purchasing or occupying a BMR home. To determine total household assets, HouseKeys will review the household’s total assets according to monthly financial statements and/or other valuations. A six-month average will be calculated just prior to Program application to determine eligibility and avoid applicant “asset dumping” (asset liquidation or transfer to other parties). Assets held in IRS-recognized retirement accounts (401-k’s, IRA’s, etc.) are not included for the purpose of determining whether an Applicant meets the Program asset limits. However, retirement and insurance payments will be used to determine gross household income.



Ownership Application Guide Below Market Rate (BMR) Program



9E. FIRST-TIME HOME BUYER CRITERIA

To be eligible for the City's BMR homeownership program, all household members on Title must be a first-time homebuyer, except as provided below. A first-time home buyer (FTHB) is an individual who has NOT had an ownership interest in a home in the three years immediately preceding their application date, except as follows:

- (1) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family; or
- (2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
- (3) An existing BMR homeowner who no longer meets the occupancy standards in these guidelines and otherwise qualifies to purchase a larger or smaller BMR home at the time of re-application.

Notwithstanding the forgoing, the following interests shall not by themselves, disqualify an applicant from falling within the definition of first time home buyer:

- Applicants who own a mobile home are not considered home owners under the BMR program and are eligible to participate. However, if the mobile home unit is not sold and is retained by the homeowner, the property will be included in asset income calculations along with any rental income.
- Ownership in timeshares.
- Beneficiary of a trust for which the trustor/trustee is still living.
- Ownership of shares in a limited equity co-op.

To verify FTHB status, HouseKeys will review 3 years of federal tax returns to confirm that the applicant has not claimed any of the tax deductions associated with homeownership (e.g. deductions of mortgage interest or property tax payments). If not legally obligated to file, the applicant must complete a Jurat explaining the reason along with supporting documents. HouseKeys will also review a credit report for mortgage loans and perform title searches to confirm the applicant is not an owner of record on any existing properties for at least 3 years. The applicant must not be on title for any housing unit at all, whether they live in the unit or not. Other documentation may be requested to determine first time homebuyer status.



Ownership Application Guide Below Market Rate (BMR) Program



10. APPLICATION CRITERIA – ENTERING HOUSEHOLD INFORMATION INTO THE PROGRAM APPLICATION

10A. Household Size, Location & Member Identification

The Household Location and Member Profiles capture the basic information used by the Program Underwriter to determine who is part of the household and which members will become the title-holding homeowners.

Information Profile	Criteria	Criteria Description
Location Profile	Verification of Residence Location	<ul style="list-style-type: none"> At least one member of the applicant Household, who will be taking title to the property, must provide the following proof of residency for the 6 months preceding their entry to an Opportunity Drawing: <ul style="list-style-type: none"> One utility bill with a City address dated within 45 days preceding the application date for the BMR Unit. Utility bills can include gas, electric, garbage, or water; or Current paystubs with City address; or A current, formal lease with a City address
Location Profile	Verification of Employment Location	<ul style="list-style-type: none"> Administrator shall verify that a person works in the City by reviewing an applicant's paystubs. If an applicant's employer is not based in City, or if a person's paystubs do not reflect a City work address, the applicant must supply a letter from the employer stating that the person works primarily in City and demonstrates that at least 75% of their working hours are in City
Member Profile	IDENTIFICATION	<ul style="list-style-type: none"> All applicants will need to provide positive identification including a copy of valid driver's license and a copy of a valid social security card.
Member Profile	HOUSEHOLD SIZE	<ul style="list-style-type: none"> Any household members not living in the same household at the time of application will need to be a co-applicant for the first mortgage loan and on title to form a household Tax returns and current addresses will be used to determine household size All applicants, co-applicants, married couples, partners, domestic partners etc. that are on title will have to occupy the property for 45 years per the signed deed restrictions



Ownership Application Guide Below Market Rate (BMR) Program



10B. Income Review Procedures

Income maximums are based on “gross” income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61), whether or not exempt from federal income tax. Administrator projects future income based on the gross income on each applicant’s past income. In addition to other items deemed necessary to make this income determination, the Administrator may request up to 4 of the most recent year-to-date pay statements and the previous year’s final pay statement. Administrator must review income documentation for all Household members 18 years and older, regardless of dependency status. Applicants without income will need to sign a Zero-Income Affidavit provided by the Administrator. Unemployment benefits are considered income.

For employed applicants, annual income is generally derived by dividing the year-to-date gross income by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year (12 months). Please note that a Verbal and Written Verification of Employment may be required to be completed by the Employer issuing the pay statements.

#	How Often Paid	How to Determine Annual Income
1	Paid Annually	Annual Gross Pay
2	Paid Monthly	Use monthly gross payment x 12
3	Paid Twice Monthly	Twice monthly gross pay x 2 pay periods x 12
4	Paid Biweekly	Biweekly gross pay x 26 pay periods
5	Paid Weekly	Weekly gross pay x 52 pay periods
6	Paid Hourly	Hourly gross pay x average # of hours per week x 52 weeks
7	Government Employees with Annual Award Letters	Income may be derived by referring to the Annual Award Letter

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Ownership Application Guide Below Market Rate (BMR) Program



10C. Income Inclusion and Exclusion

The Federal and State government both have rules that determine how Gross Income is calculated and what income types are included and excluded from the Gross Income total.

Application Criteria Description

- The gross amount, before any payroll deduction, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
- The net income from the operation of a business or profession (for this purpose, expenditure for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business). The adding back of certain deductions will be subject to underwriter approval (e.g. depreciation).
- Interest, dividends and other net income of any kind from real or personal property.
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as outlined in "exclusions" section)
- Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on a passbook savings rate, up to 10%. The current passbook savings rate used by the Administrator is 2.5%
- Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

The following is an abbreviated list of items that are excluded from income:

- Casual, sporadic or irregular gifts
- Amounts which are specifically for or in reimbursement of the cost of medical expenses
- Lump-sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses
- Foster child care payments
- The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household
- **See full inclusion list on the Program Website**



Ownership Application Guide Below Market Rate (BMR) Program



10D. Variable Income (Tips, Overtime, Bonuses, etc.)

Please Note: All Variable Income is subject to Underwriter Approval. Each circumstance is different and must be considered using the documentation in the file. The words below are meant to be used as a basic guide to help prospective applicant Household's understand how this income type is considered during the underwriting process.

Tips, Overtime, Bonus, and other "variable income amounts" (amounts that change with each pay period) will be annualized separately from the base income outlined on the chart above. All income will be annualized and totaled unless the applicant can provide documentation from the employer. The employer must be available to complete a verbal verification of employment with the Administrator. In cases, where the variable income item is a one-time occurrence, the amount will be removed from the annualized calculation of income and added in a one-time total to determine the annual income.

Example: An applicant earns \$60,000 per year based on base monthly pay statements of \$5,000 ($\$5,000 \times 12$). In addition to the base income show, the applicant received a \$2,500 one-time bonus in the first quarter of the year. If annualized, the \$2,500 quarterly bonus would total \$10,000 and the total income would be **\$70,000** (\$60,000 base + \$10,000 annualized bonus income). If proper documentation shows that the \$2,500 is a one-time payment, and Administrator is able to verify and validate this information, the \$2,500 would be added to the \$60,000 base. The alternative total income would be **\$62,500** (\$60,000 base + \$2,500 one-time bonus).

Seasonal Workers: Administration will not annualize current income for seasonal workers who provide a Verification of Employment from their employer (s) verifying that the work does not occur year-round

Self-Employed Income: All self-employed applicants must submit a notarized Self-Employed Affidavit provided by Administrator. If self-employed for 2 or more years, Administrator will use verifiable (verified using Form 4506-T) federal income tax returns and review the net income for as many as 3 years of tax returns to determine the projected annual income. If self-employed less than 2 years, Administrator will review the submitted Profit & Loss Statement and use it to determine projected annual income. Additional documentation may be needed from the Self-Employed Household Member in order to determine projected annual income.

Calculating Income from Cash Income: In the case of an applicant who is paid cash for employment, Administrator will require a Verification of Employment from the applicant's employer to confirm annual income and IRS Tax Verification Form 4506-T to confirm that no taxes were paid.



Ownership Application Guide Below Market Rate (BMR) Program



Variable Income (Continued)

Income from Commercial Property or Land Owned: The net income from any commercial property or land owned by any applicant shall be counted toward the annual Household income.

Unemployed Applicants: Unemployed applicants who are receiving no income at all should submit a Zero-Income Affidavit as provided by Administrator in place of income statements. Applicants receiving unemployment benefits do not need to complete the Zero-Income Affidavit as unemployment benefits are considered income.

Additional Notes on Income Calculation

If applicant has recently changed positions with employer, the Administrator will determine the effect of the change on the applicant's eligibility and opportunity to receive bonus or overtime pay in the future

If applicant who has historically been employed on a part-time basis indicates that he or she will now be working full time (or vice versa), obtain written confirmation from borrower's employer

A verbal verification of employment (VOE) may be required for each employer

All material alterations, and/or omissions from the initial Registration, Application ID Questions, Opportunity Drawing Entry Form, Application Submission and Supporting Documents; including but not limited to household size, income and asset information, etc., are not permissible and will render all future re-submissions ineligible for review and approval for a period of one year. Exceptions for re-submissions are significant life events such as a job/career change, marriage, death, or the birth of a child and are at the discretion of the Administrator.



Ownership Application Guide Below Market Rate (BMR) Program



10E. Determining Mortgage and Home Purchase Readiness

Affordable homeownership programming requires that applicant Households who meet the basic requirements for being considered eligible, must also prove that the home purchase fits within their household budget and that they are able to successfully obtain mortgage financing. The following table summarizes the information needed by the Underwriter to approve a household:

Income Profile & Expense Profile	HOUSING PAYMENT TO INCOME RATIO	<ul style="list-style-type: none"> To qualify, an applicant’s total housing payment, including principal & interest, taxes, insurance, and association dues cannot exceed 40% of the income for Below Market (BMR) home. For example, if your annual income is \$90,000 your maximum monthly house payment cannot exceed \$3,000 or \$36,000 per year (40% of \$90,000 = \$36,000 divided by 12 = \$3,000). Additional debts will also be taken into consideration and cannot exceed 45% of income. Non-borrowing applicant’s debt will be added to ratios
Expense Profile	RENT HISTORY	<ul style="list-style-type: none"> Applicants/co-applicants will need to show the last 6 months of rent history HouseKeys will review the current rent vs. the new housing payment for affordability. Any circumstance where the new housing payment exceeds 150% of current rent will be considered a “Payment Shock” risk. For example, if your current rent is \$1,000 per month, then any housing payment exceeding \$1,500 per month would be considered a potential payment shock risk (\$1,000 x 150% = \$1,500). If Payment Shock risk exists, the underwriter may make an exception if compensating factors are present in the file (e.g. post-close reserves)
Asset Profile	DOWN PAYMENT	<ul style="list-style-type: none"> The minimum down payment for the BMR program is 3% of the purchase price with first mortgage loan amount equal to 97% of the purchase price. The minimum 3% of the purchase price must come from the applicant’s own funds, and be present in the applicant’s account for at least 6 months A gift can be used for any down payment amount more than 3% of the purchase price Note: In some cases, mortgage financing programs may require 5% of the purchase price in order to be approved



Ownership Application Guide Below Market Rate (BMR) Program



10F. Public Record and Default Risk

In addition to determining home purchase readiness, the Program Underwriter must also determine the risk of the property being lost to foreclosure or the risk of a lien being attached to the property that can adversely affect the resale process or excess sale proceeds. The following table summarizes the information needed by the Underwriter to reduce risk and approve a household:

<p>Liability Profile & Credit Profile</p>	<p>CREDIT REPORT AND CREDIT SCORES</p>	<ul style="list-style-type: none"> • A credit report is required for all applicants and non-borrowing applicants • The credit report must include information from all three credit bureaus (Experian, TransUnion, Equifax) and use a mortgage-risk model (used by licensed mortgage lenders) • The lowest median (middle) score is used • The minimum credit score is 620 • An applicant or co-applicant with an unsatisfactory credit report will be denied. • We will be reviewing the Credit Report to identify all of the account balances and monthly payments • The monthly payments on your credit report will be used to determine the total debt ratio (total debt and household payments divided by monthly income) • As stated above, the total debt ratio cannot exceed 45% of monthly income
<p>Public Record Profile</p>	<p>PUBLIC RECORD SEARCH (DETERMINED USING A STATEMENT OF IDENTITY FORM)</p>	<ul style="list-style-type: none"> • An applicant or Co-applicant may apply for consideration under the following circumstances: <ul style="list-style-type: none"> • Chapter 13 bankruptcy – after 2 years from discharge or 4 years from dismissal. • Chapter 7 – after 4 years from discharge • Short Sale/Deed in Lieu - after 4 years • Foreclosure - after 7 years • All applicants, co-applicants, and non-borrowing spouse cannot have liens outstanding at the time of the home purchase • All liens, including IRS liens, or any past due money owed to the IRS, shall be required to be paid off prior to being issued a program approval.



Ownership Application Guide Below Market Rate (BMR) Program



11. TRANSACTION AND DOCUMENT HANDLING

File Stacking (List of Documents Needed for Each Stage of the Transaction)

If application is approved, and the applicant Household is cleared to move forward with the purchase, the applicant's lender must supply the following documentation to the Administrator (**Financing File Stacking Order**):

1. Lender Checklist (listing all the loan documents)
2. Loan Application with final figures and lending terms (currently known as a 1003)
3. Uniform Underwriting and Transmittal Summary (currently known as 1008)
4. Mortgage Loan Commitment Letter
5. Loan Estimate

Routing documents to the City for signatures can take 10 to 14 business days. Before any transaction documentation can be sent to the City for signature, the following documents will need to be in the Administrator's file (**Pre-Close Stacking Order**):

1. Estimated Settlement Statement – Seller (Re-Sale and Acquisition Transactions Only)
2. Estimated Settlement Statement – Buyer
3. Estimated Settlement Statement – Master
4. Copy of 1st Lender Note & Deed of Trust
5. Copy of 1st Lender Escrow Instructions
6. 1st Lender Request for Notice of Default
7. Copy of any Subordinate Lender Notes and Deeds of Trust
8. Copy of any Subordinate Lender Escrow Instructions
9. Subordinate Lender Request for Notice of Default

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Ownership Application Guide Below Market Rate (BMR) Program



After closing, the Title Company must provide the following to the Administrator (**Post-Close Stacking Order**)

1. Executed BMR Agreements Docs, Notes and Deeds of Trust
2. Recorded Agreement
3. Recorded Request for Notice of Default
4. Final Settlement Statement – Seller (Re-Sale and Acquisition Transactions Only)
5. Final Settlement Statement – Buyer
6. Final Settlement Statement – Master
7. Alta Policy

Length of Escrow and Fall-Out Risk

The typical escrow period for a BMR Unit sale is 90 days. This period can stretch out longer if the property is under construction and there are delays. Applicant Households must be prepared for a long escrow period and to continually keep their file updated to comply with the one hundred twenty-day (120-Day) application review period. Households must be eligible and qualified through to close of escrow. Unfortunately, a change in the application file during the escrow period can cause the applicant Household to become disqualified and lose out on the purchase opportunity.



Ownership Application Guide Below Market Rate (BMR) Program



12. REASONABLE ACCOMMODATION AND EXCEPTION REQUESTS

Accommodations in Program rules, policies, practices, or services, when such accommodations may be necessary to afford persons with disabilities, or a household with a member with disabilities, equal opportunity to apply for a BMR home. The requested accommodation must be reasonably related to the particular disability of the household member, and must be necessary in order to provide the household with equal access to housing.

Households or individual applicants unable to produce any particular document required in the application form for legitimate reasons beyond their control (natural disaster, military service, refugee status, domestic violence, witness protection program, disability etc.) may request an exception for that particular document.

Upon such request, Administrator may request a reasonably equivalent alternative document, and/or any additional supporting documentation deemed necessary by the Program Processor and Program Underwriter to verify eligibility of the Applicant/Co-Applicant and/or their entire Household.

Exceptions related to disabilities (reasonable accommodations) may be requested according to this procedure, with a brief description of the exception(s) needed due to the Applicant's disability. The City and Administrator will consider the requested exception and will provide a written response within 14 calendar days, stating if the requested exception can be granted in full or part and the reason for such decision. The Administrator may approve or deny such request. If denied, Applicants may submit an appeal of such denial to the City.



City of Campbell / HouseKeys Below Market Rate (BMR) Program Ownership Participation Guide

[November 2018 Draft]



Program Participation Guide Below Market Rate (BMR) Ownership



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Attachment: BMR Guidelines; established by CC Res. 12375 (Housing Program Update and HouseKeys



Program Participation Guide

Below Market Rate (BMR) Ownership



1. INTRODUCTION

HouseKeys is the City of Campbell's Affordable Housing Program Administrator. This Program Participation Guide includes the guidelines, policies, and procedures that comprise the affordable homeownership program for below market rate (BMR) homes.

Buying, owning, and selling an Affordable Below Market Rate (BMR) Ownership Unit differs in many ways from buying, owning, and selling a market rate. It is important that the buyers and sellers of BMR Ownership Units understand the rules and procedures of the Program fully.

The Program Participation Guide and other relevant information (e.g., Ordinance procedures and income limits) will be amended and updated from time to time, so long as such rules, policies and procedures do not violate any affordable housing laws. All proposed changes are subject to approval by the City Council prior to implementation.

Updates to this Program Participation Guide and other relevant information will be posted on the [HouseKeys website](#)

Please contact the City or HouseKeys regarding any conflicts between this Program Participation Guide, the Developer's Affordable Housing Agreement, the owner's BMR Agreement, and/or the City's recorded documents.

Please contact HouseKeys with any questions or concerns regarding this document or any other question regarding the City's affordable housing program:

Online: <http://www.housekeys2.com>

Email: programs@housekeys.org

Phone: 1-877-460-KEYS (5397)

Address: 70 N. First Street Campbell, CA 95008

ALL GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE



Program Participation Guide

Below Market Rate (BMR) Ownership



2. ONLINE WEB PORTAL DASHBOARD OVERVIEW

<p>Information Profiles</p> <p>Information Profiles are used to gather important facts that determine your eligibility and qualification. These profiles will be used by the Program Administrator to complete your Program application and determine your eligibility to participate in Program activities.</p>	<p>Tools & Planning</p> <p>There are many calculations involved in an Affordable Housing Program. From calculating the income category of your household, to determining your maximum restricted rent price and utility allowance, it's important to understand the math behind these Programs.</p>	<p>Program Center</p> <p>All Application, Opportunities, Opportunity Drawings, and Participation Activities are captured in your Program Center. As soon as you complete your initial registration, this is where you'll spend the most time participating in the Program.</p>
<p>Program File Cabinet</p> <p>As you start to apply for and participate in Program activities, your file cabinet is where you'll track progress, exchange information, and communicate with Program administrators.</p>	<p>Program Marketplace</p> <p>The Program marketplace is where you can shop for ownership, rental, and financing opportunities.</p>	<p>Community Center</p> <p>The online community center will have a classroom, a bulletin board, and chatroom so you can stay educated, informed and in touch with other Program participants and stakeholders.</p>

Attachment: BMR Guidelines; established by CC Res. 12375 (Housing Program Update and HouseKeys



Program Participation Guide

Below Market Rate (BMR) Ownership



3. ESTABLISHING AN ACCOUNT IN THE HOUSEKEYS SYSTEM

The following four (4) actions are the initial steps needed to establish your household’s affordable housing account. In some cases, the participant may have already established an online account. If you have not established an account, or you need to update your account, please complete the following steps.

REGISTRATION PROCESS	ACTION OR MILESTONE
1. Initial Signup	 <p>Start out by completing our simple registration form. This step collects very basic information from you to establish a User Account, including your name, contact information, and your household size and income.</p>
2. Complete the Registration Wizard	 <p>The next step includes additional details about your address and household members. Completion of the Wizard will create a summary of your household and provide you with access to additional features of the Administrator Platform.</p>
3. Request a Participation I.D.	 <p>The Participation I.D. allows the Program Provider (City of Campbell) and the Administrator (HouseKeys) to confirm your identify and match you up with the Program File. It also will be used to track your Service Request Tickets.</p>
4. Open a Service Request Ticket	 <p>Whether you want to remodel your BMR home, refinance your mortgage, sell your BMR home, or ask a general question – it all starts with opening a Service Request Ticket so that the Administrator can gather the information needed to help you. The online form also creates a timestamp, so we can answer your question in the order received and in a timely manner.</p>

Attachment: BMR Guidelines; established by CC Res. 12375 (Housing Program Update and HouseKeys



Program Participation Guide

Below Market Rate (BMR) Ownership



4. HOUSEHOLD INFORMATION PROFILES

When you establish an account in the MyHouseKeys system, Household Information Profiles are used to organize information about your household. This information is used to help you complete your annual certifications. While there are 10 total information profiles listed in the Program Application Guide, the list below includes the five (5) that involve your program participation and compliance.

#	Information Profile Name	Description	Purpose
1	Location Profile	Where you live and where you work	Most Restriction Agreements have an owner occupancy certification to confirm that you occupy the property the minimum 10 out of 12 months per year.
2	Member Profile	The people who live in your housing unit	You will be asked to confirm that no renters are living in your household without city notice and approval
3	Expense Profile	Documenting monthly expense obligations	Every refinance request must be reviewed by the administrator to ensure that the payment-to-income ratio of any proposed financing is in line with the program guidelines.
4	Liability Profile	Your Debt	Keeping your mortgage paid on time is not only good for your credit report, but it is an important part of making sure that the home is not at risk of loss due to owner default. If a homeowner falls behind on their mortgage (a default of the BMR Agreement), the City reserves the option to purchase the home at the restricted resale price (minus any money owed) to avoid foreclosure.
5	Public Record Profile	Collections, Bankruptcies, Foreclosures, Liens, and	Bankruptcies, collections, liens, foreclosures, and divorces shall be reported directly to the City of Campbell / BMR Administrator for the entirety of the BMR term. These types of events are all part of the public record and notices are issued by the County that includes the property address. As the City and Administrator monitor these events, you may be contacted to ensure that the property is not at risk of being lost from the City's BMR portfolio during the entire BMR term (generally 45-years). Failure of the owner to directly notify the City/Administrator of these types of events is a default of the BMR Agreement and subject to immediate action. The City reserves the option to purchase the home at the restricted resale price (minus any money owed) in the case of default.

Attachment: BMR Guidelines; established by CC Res. 12375 (Housing Program Update and HouseKeys



Program Participation Guide

Below Market Rate (BMR) Ownership



5. PROGRAM PARTICIPATION

The purpose of the Below Market Rate (BMR) program is to provide long-term affordable homeownership opportunities for low and moderate-income households in the City of Campbell. Households that purchase a BMR home will be required to sign affordable housing documents to ensure the home remains affordable and the homeowner occupies the home, for the entire restricted term (generally 45 years). Homeowners can sell their home at a market rate price at the end of the restricted term (46th year). Between the time the BMR home is purchased and the 46th year is reached, there will be a series of requests and communications between the homeowner, the City and the Administrator. For example, the homeowner may request to refinance a mortgage, remodel the home, or initiate a property resale. In addition, the City/Administrator will request compliance certifications (generally occurring annually for the entire BMR term). Failure to complete these annual compliance certifications is a default of the BMR Agreement and subject to immediate action. The rules governing these, and other issues of concern, are outlined in the “Occupancy, Resale, and Refinancing Restriction Agreement, with Option to Purchase at Restricted Price” (otherwise known as the “Agreement”), as well as the Program Guidelines.

Generally, when a request is made to review any refinance or sale request, there are three stages of review:

1. Preliminary Review of the Agreement and Program File to determine whether the participant Household is following the program rules and/or the Agreement language allows the homeowner request.
2. Evaluation of the proposed financing package or sale transaction to ensure that it fits program guidelines and complies with Agreement language.
3. Coordinating and tracking the transaction to make sure that approved vendors are used and/or that the home is sold to an eligible purchaser from the program applicant list. BMR Transactions take longer than conventional financing and sale transactions because of the number of payoffs needed, the city authorization required, and the legal documents involved.

Each review stage can take 30 to 90 days to complete, dependent upon the details involved with each request. It is important that any current or prospective BMR homeowner review their Agreement in its entirety to make sure that they understand the conditions and restrictions that they will be expected to adhere to during the Agreement term. BMR homeowners should seek their own legal counsel if further clarification is needed.



Program Participation Guide

Below Market Rate (BMR) Ownership



6. RESALE PRICE DETERMINATION

Each resale restriction agreement has a price determination method that outlines how the resale price is calculated if the City were to exercise its option to purchase the unit, assign its option to a designee or eligible buyer, or instruct the Administrator to facilitate a resale to an eligible purchaser. The City / Administrator will use the price determination method contained in the Owner's BMR agreement unless otherwise determined by the City. There are five primary ways that resale prices are determined:

#	Price Determination Method	Description
1	Indexed Price Based on Consumer Price Index	Throughout the year, the U.S. Department of Labor's Bureau of Labor Statistics publishes a Consumer Price Index for metropolitan areas throughout the United States. This determination method allows for a resale price that is based on the increase in the Housing Component of the Consumer Price Index based on the month and year of purchase.
2	Indexed Price Based on Area Median Income	Each year, the State of California Department of Housing and Community Development publishes the statewide income limits . This determination method allows for a resale price that is based on an increase in the applicable Median Income based on the year of purchase and the year of resale.
3	Equity Share Agreement	Some Agreements have an Equity Share Provision that is based on the initial subsidy provided by the City when the BMR Unit was purchased.
4.	Shared Appreciation	Some agreements require a percentage of the Fair Market Value to be paid to the City as a Shared Appreciation Payment. The remaining appreciation share amount is paid to the Owner.
5.	Promissory Note for First Time Homebuyer Loan or other Mortgage Assistance Loan	Some Agreements include a loan. Depending on the terms of the promissory note, the principal and interest will be due in full when the home is resold or when the or within a specified term (e.g., 45 years). In other cases, payments may be required more frequently.
6.	Promissory Note for Forgivable Loan	Some agreements include a forgivable loan. Depending on the terms of the promissory note, the loan may be forgiven in full if the approved BMR homeowner remains in the home for the entire BMR term (generally 45 years). If the home is sold before the end of the BMR term, the principal and interest are due in full; however in some cases, the amount due will be reduced by a certain percentage each year until there is no balance remaining.

Attachment: BMR Guidelines; established by CC Res. 12375 (Housing Program Update and HouseKeys



Program Participation Guide Below Market Rate (BMR) Ownership



7. PRICE DETERMINATION METHODS COMMONLY USED IN CITY OF CAMPBELL AGREEMENTS

Sale Proceeds Due to Owner Vs. Proceeds Due to City: Depending on the Price Determination Method used, the Fair Market Value of the home, and any liens and/or encumbrances recorded (including any interest or fees owed at time of sale), there will be a portion of the sale proceeds that are due to the Owner and a portion of the sale proceeds that are due to the City. The City's portion is considered Program Equity or Public Equity.

All BMR Homeowners must be in good standing with the program at the point that they would like to sell their home or refinance their home. If there are outstanding compliance findings, the City reserves the right to reject a request to sell or refinance.

Indexed Price Based on Area Median Income (Inclusionary Housing Units)

Each year, the State of California Department of Housing and Community Development publishes the [statewide income limits](#). This determination method allows for a resale price that is based on an increase in the applicable Median Income based on the year of purchase. The table below includes an example of how the City / Administrator determines the BMR resale price:

Example of Indexed Price Determination	Information
Date of Resale	August 1, 2018
Date of Purchase	March 1, 2005
Original Purchase Price	\$300,000
Santa Clara County Median Income for Household of 4 at Time of Purchase	\$105,500
Santa Clara County Median Income for Household of 4 at Tie of Resale	\$125,200
Dollar Amount Change in Applicable Median Income	\$19,700
Percentage Change in Applicable Median Income	18.673%
Purchase Price Multiplier (Percentage Change + 1)	1.18673
Gross Maximum Restricted Resale Price Based on Applicable Median Income Change (Original Purchase price multiplied by the Purchase Price Multiplier)	\$356,019 (300,000 x 1.18673)
Capital Improvement Credit (if Applicable) (All improvements must be pre-approved to obtain credit)	\$25,000
Deferred Maintenance Deduction Charged to Homeowner (if Applicable)	(\$5,000)
Net Preliminary Maximum Restricted Resale Price	\$376,019

Attachment: BMR Guidelines; established by CC Res. 12375 (Housing Program Update and HouseKeys



Program Participation Guide

Below Market Rate (BMR) Ownership



7. PRICE DETERMINATION METHODS (continued)

Equity Share Agreement (Density Bonus Units)

Under Campbell's equity sharing model (if applicable), the owner can sell the home immediately and capture a portion of the equity gained on the property after deducting the City share and the affordable subsidy (the difference between the affordable price and the market price). The City will acquire the subsidized difference as well as a share of the appreciation equal to the ratio of the city's initial subsidy to the fair market value of the home at the time of initial sale.

The Equity Share Percentage (%) is determined by dividing the Subsidy Amount by the Original Market Value. The example below shows two sales scenarios where the unit was purchased for \$475,000 with an Original Market Value of \$800,000

Example of Equity Share Determination	Resale Scenario 1	Resale Scenario 2
Sales Price at Time of Resale	\$800,000	\$1,000,000
Original Market Value at Time of Purchase	\$800,000	\$800,000
Appreciation	\$0	\$200,000
BMR Price	\$475,000	\$475,000
Subsidy Amount (Original Market Value minus BMR Price)	\$325,000	\$325,000
City's Equity Share Percentage	40.625%	40.625%
Subsidy amount divided by Original Market Rate Value	325,000/800,000	
Amount Paid to the City based on Subsidy Percentage	\$0	\$81,250
Total Gross Excess Sales Paid to the City (initial subsidy plus equity share)	\$325,000 (\$325,000 + 0)	\$406,250 (\$325,000 + 81,250)
Total Gross Excess Sales Paid to the Owner (this amount does not include the homeowner's paid principal amount)	\$0	\$108,000



Program Participation Guide

Below Market Rate (BMR) Ownership



8. OWNERSHIP AND ESTATE PLANNING

A “Transfer” means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Home, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest (unless the lease is approved in advance by the City), or land contract.

Transfers by devise or inheritance to an existing spouse, Domestic Partner, child, surviving joint tenant, or a spouse as part of a dissolution proceeding in connection with marriage – are not considered Transfers. All Transfers must be approved by the City in advance and may be subject to the City’s Option to Purchase (See Section 5 to see description of “City’s Option to Purchase”).

Payable-on-Death (POD) Accounts and Transfer-on-Death (TOD) Deeds are two methodologies that will be considered for BMR Owners to designate beneficiaries and avoid having a BMR Unit become part of a probate case.

In the event a Transfer occurs, or a person receives the Home by devise, inheritance, or operation of law due to death of the Owner, the person inheriting the Home (the “Inheriting Owner”) must have their income and eligibility reviewed and approved by the City or Administrator to determine if they are an Eligible Purchaser. If approved, new documents will need to be signed and a new BMR term (generally 45-years) will be enforced.

New purchasers of BMR Units may not purchase the BMR Unit through a trust of any kind, including but not limited to living trusts. Existing BMR Owners may not transfer ownership of their BMR Units to trusts of any kind, including living trusts.

Owners of BMR Units should keep in mind that the Estate of the Owner is entitled to the Owner due proceeds upon any transfer that takes place during the Agreement term.



Program Participation Guide

Below Market Rate (BMR) Ownership



9. COMPLIANCE, ANNUAL CERTIFICATION, & ENFORCEMENT

All BMR homeowners will be re-certified once a year for compliance with their signed and recorded deed restrictions on the property, including but not limited to occupancy, current title, and liens. Homeowners shall provide the program Administrator with all pertaining documents listed on the program checklist (provided annually), in order to complete the full re-certification review and receive a certificate of compliance.

ANNUAL COMPLIANCE CERTIFICATION

1. The Owner will receive an annual notification via US mail for the annual certification process. This notification will include a questionnaire and request for supporting documents (e.g., most current utility bill, mortgage statement, and insurance declaration page). The owner will have 30 days to comply.
2. If an owner does not comply with the requirements or documentation within 30 days of the annual certification notice being sent, a 2nd notice will be sent providing a final deadline.
3. If the homeowner does not comply after the 2nd notice, the City will take enforcement actions, as described on the following page.

CERTIFICATION PROCESS

Once all documents are received, the City or Administrator will:

1. Ensure that there are no inconsistencies with the application file (e.g., misinformation or fraud committed during the application process);
2. Determine if the property is owner occupied and confirm that the BMR home is not being rented;
3. Review all liens against the property to ensure the property is not over encumbered;
4. Review all transfers of title on the property reports;
5. Review default notices or statements of any loans, taxes, or Homeowner Association dues; and
6. Determine if the property is adequately insured and if secondary liens (i.e. down payment assistance loans, city loans or state loans) are referenced on the Insurance Declaration page.

If any of the above review steps require additional information from the Owner, a document request will be made and the Owner will be provided with a deadline to return the requested documents to the Administrator.



Program Participation Guide Below Market Rate (BMR) Ownership



9. COMPLIANCE, ANNUAL CERTIFICATION, & ENFORCEMENT (Continued)

CERTIFICATION OF COMPLIANCE

The BMR Owner will receive a certificate of compliance if the review is approved and in compliance with the requirements above.

ENFORCEMENT ACTIONS AND TIMELINES

If the homeowner does not comply after the 2nd notice, the City or Administrator will file a Notice of Default with the County Recorder's Office and the homeowner will be notified. This Notice of Default becomes public record and may trigger additional action by any lenders who have an interest in the property.

If the homeowner is out of compliance on any of the above requirements, the homeowner will be provided with 60 days to comply and will be provided with action steps needed to cure any defaults (if there are possible actions to cure the default).

90 Days from the date that the Notice of Default is filed with the County Recorder's Office, the City or Administrator will file a complaint with a court of competent jurisdiction. The City or Administrator will negotiate during mediation hearings in good faith prior to a trial date, but if an agreement is not reached, the case will be followed through to conclusion.

If the owner fails to cure the violation, the City will exercise its Option to Purchase the BMR home from the homeowner at a restricted resale price, described earlier in this Guide.

The City/Administrator reserves the option to apply to a court of competent jurisdiction if it deems legal action appropriate



Program Participation Guide

Below Market Rate (BMR) Ownership



10. REFINANCE & SUBORDINATIONS REQUESTS

The information below and on the following page outlines the process for refinancing existing City loans, or subordination of any loan or deed of trust associated with a BMR property. Subordination of loans not issued by the City is necessary to protect the City's interest in maintaining the affordability of the property for the duration of the restriction term (typically 45 years). In most cases, the City's interest will be subordinate to any mortgage loans on the home, as outlined in the deed of trust and/or the signed resale restriction documents.

SUBORDINATION REQUIREMENTS

BMR homebuyers may be allowed to refinance up to 90% of the Maximum Restricted Sale Price described in the signed deed restriction, or the remaining balance of the loan amount, whichever is less. The total payoff amounts for all recorded liens and encumbrance amounts are used to determine the 90% maximum refinance percentage. This percentage is sometimes called the Maximum Combined Loan to Value (Max CLTV). Please note the following requirements:

1. Accrued interest on any subordinate financing will be considered in the Max CLTV.
2. HouseKeys will calculate the maximum restricted sale price according to the deed restrictions.
3. The refinance amount cannot exceed 90% of the maximum restricted sale price.
4. If the remaining balance of the original first loan is more than 90% of the restricted price, the original loan shall be paid down.
5. No cash out is allowed if there are any City loans.
6. Payoff of purchase money mortgages are not considered cash out.
7. Payoff of equity lines or junior financing that are not purchase money loans are considered cash out.
8. Homeowners cannot add or change names to title without approval of the City/Administrator.
9. Any request to change names on title shall be submitted to the City with supporting documents.
10. If the requested change is due to marriage, the person being added will need to be on the first mortgage
11. Addendums to the BMR agreement will need to be signed by any person added to the title or associated loan.
12. If the requested change is due to divorce, addendums to the subordinate financing and BMR agreement shall be signed.
13. A Performance Deed of Trust is required to protect the BMR deed restrictions and will be recorded against the property.

Continued next page



Program Participation Guide

Below Market Rate (BMR) Ownership



10. REFINANCE & SUBORDINATIONS REQUESTS (Continued)

MORTGAGE REQUIREMENTS

1. First mortgage loan terms of 30, 20, or 15-year fixed rate fully amortized
2. Equity lines, lines of credit (HELOCs), etc. or any junior loans are not allowed
3. Adjustable rate, interest only, negative amortization, or balloon payments loans are not allowed
4. Homeowner is required to use a loan officer on the City's BMR program approved lender list
5. Rate and term refinance up to \$1,500 maximum cash out
6. Recurring closing cost will not be allowed to be financed
7. Non-recurring closing cost will be allowed to be financed as long as the new loan amount does not exceed 90% of the restricted value
8. Escrow will be required to be opened with a Title company in Santa Clara County

Please Note: FHA/VA loans do not typically work with resale restricted properties due to federal requirements and/or lender requirements. Please check with your lender to ensure that they have reviewed the restrictions and whether the legal department has accepted the use of Government National Mortgage Association ("Ginnie Mae") financing with your resale restricted property.

REQUEST TO REFINANCE PROCESS

1. Complete the BMR Homeowners Inquiry Form on the [Campbell Program website](#)
2. HouseKeys will calculate the maximum restricted sale price within 14 days of receiving a complete application. However, if more information is needed, the process will be delayed until HouseKeys receives the requested information. Once all of the information is received and a price has been issued, it is valid for 6 months.
3. Homeowners shall then complete the refinance request forms and provide all of the supporting documentation to HouseKeys
4. HouseKeys will review the fully-packaged refinance request file and issue a final approval or denial of the request within 14 days of receipt of all required documents.

Continued next page



Program Participation Guide Below Market Rate (BMR) Ownership



10. REFINANCE & SUBORDINATIONS REQUESTS (Continued)

MINIMUM REQUIRED DOCUMENTS FROM THE HOMEOWNER FOR REFINANCE / SUBORDINATION REQUESTS

<u>OWNER DOCUMENTS</u>	<u>LENDER DOCUMENTS</u>	<u>ESCROW COMPANY DOCUMENTS</u>
<ol style="list-style-type: none"> Signed BMR refinance application Current mortgage statements with all balances Current Federal Tax returns 2 months consecutive paystubs 2 months current bank statements Copy of Driver's License and Social Security Card Subordination fee 	<ol style="list-style-type: none"> Borrower's authorization Credit report 1008 (transmittal) 1003 (application) DU (desktop underwriting) Preliminary Report Appraisal Approval letter 	<ol style="list-style-type: none"> Estimated Closing statement Payoff demand letter

REFINANCE REQUEST APPROVAL

Once all documents are received, HouseKeys will:

- Determine if the refinance follows the deed restrictions and does not exceed the maximum restricted price
- Determine if the borrower is in a better financial situation with the new refinance terms.
- Determine whether all requirements have been met.
- Review any additional liens on the property.
- Determine whether all existing loans, HOA dues and taxes are current. If not current, the application will be rejected.
- Once approved, subordination documents and escrow instructions will be drawn and routed to the City for signatures.

Please note that City signatures can take up to 14 business days to obtain. It is highly suggested that you do not lock any interest rates on your proposed financing until you obtain city signatures.



Program Participation Guide

Below Market Rate (BMR) Ownership



11. CAPITAL IMPROVEMENTS AND SPECIAL ASSESSMENTS

Homeowners must receive approval from the City / Administrator prior to making any capital improvements to a BMR home. BMR homeowners may begin claiming capital improvements toward their Maximum Resale Price, no sooner than 1 year after the BMR Unit was first occupied. Exceptions may be made for critical modifications (e.g., accessibility improvements) during the first year, if pre-approved by the City. Following City / Administrator approval for capital improvements, BMR Owners may begin submitting documentation of completed work for future credit. The City or Administrator will review all capital improvement claims and categorize them into three distinct categories:

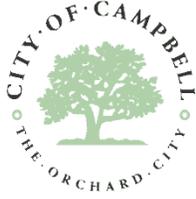
Eligible Capital Improvements: Major structural system upgrades, new additions to the BMR Unit and improvements related to increasing the health, safety and energy efficiency of the property. The Improvements must conform with applicable building codes, and be pre-approved by the City in writing. To receive future credit, the initial cost must exceed one percent (1%) of the purchase price paid by the Owner. Improvements that meet these criteria will be given a maximum 100% credit, as determined by the City / Administrator.

Eligible Replacement and Repair: Eligible Replacement and Repair includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. Costs that meet these criteria will be given a maximum 50% credit for repairs, as determined by the City / Administrator.

Ineligible Costs: Cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. Homeowners may undertake these projects at their discretion, however they will not be given capital improvements credit.

Procedure for Submitting Capital Improvements : BMR Owners must submit proof of capital improvements to the City / Administrator for review within 6-months of the completion of the project. In order to document the improvements, each BMR Owner must submit the following documentation: (1) A list of the capital improvements with a description on a form provided by Administrator; (2) The receipt and invoice for each eligible improvement; (3) Proof of payment, such as a cancelled check, bank account statement or credit card bill; (4) A copy of site or building permits, if required; and (5) Contractor's license number for Projects exceeding \$500. Upon receipt of a complete capital improvements claim, the Administrator staff may arrange a site visit to inspect the completed Project.

Once the improvements have been verified, the Administrator will send a written response to approve or deny the capital improvements within 60 days of original receipt. This information will be placed in the property file for use when the property is sold.



Program Participation Guide

Below Market Rate (BMR) Ownership



11. CAPITAL IMPROVEMENTS AND SPECIAL ASSESSMENTS (Continued)

Special Assessments

Homeowner's Association (HOA) initiated special assessments are considered capital improvements and will be added to the resale price of the home at the full amount of the special assessment paid by the BMR Owner. In order to receive credit for special assessments, homeowners must submit the following documentation within 6-months of payment: (1) An invoice for the special assessment; (2) Proof of payment, such as a cancelled check, bank account statement or credit card bill; and 3) documentation from the HOA.

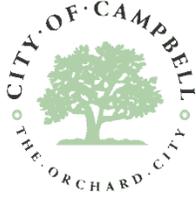
Capital Improvements Cap

At the time of sale, the City will cap all eligible capital improvements at 10% of the resale price. This is to preserve the affordability of the BMR unit.

Maintenance and Insurance Requirements

The Owner shall maintain the Home, including landscaping, in good repair and in a neat, clean and orderly condition and will not permit deterioration of the Home.

The Owner shall maintain a standard all risk property insurance policy equal to the replacement value of the Home, naming the City as an additional insured. The insurance amount shall be adjusted every five years by appraisal, if requested by the City. Additional insurance requirements are set forth in the City Deed of Trust.



Program Participation Guide

Below Market Rate (BMR) Ownership



12. OWNERSHIP CHANGES, RE-SALES, AND APPROVED VENDORS

The information below, and on the following page, outlines the process for transferring or changing ownership of the BMR home.

OWNERSHIP CHANGES

- Homeowners must review their BMR deed restrictions in order to determine if title can be transferred.
- Outside of divorce, marriage or name change, the new owner must be eligible and qualified for the BMR program, as determined by the City / Administrator.
- Written approval from the City/Administrator is required.
- Changes are not permitted if the homeowner has violated any of their Deed Restrictions.
- Any request to remove, add, or otherwise change ownership of the BMR home shall be accompanied by the following documents:
 - Divorce: Copy of court order
 - Name change: Copy of legal documents
 - Marriage: Copy of Marriage Certificate
 - New ownership: All required documents per the City / Administrator
- Trusts are not allowed.
- Inheritance is not permitted, unless otherwise allowed per the deed restrictions

RE-SALES

- The homeowner shall complete a ticket (request) on the HouseKeys website to begin the process for potential resale.
- The homeowner shall provide all requested documents to the Administrator in order to begin processing the resale request.



Program Participation Guide Below Market Rate (BMR) Ownership



12. OWNERSHIP CHANGES, RE-SALES, AND APPROVED VENDORS (Continued)

- Once all required documents have been received, the Administrator will:
 - Review the deed restrictions along with any liens recorded on the property.
 - Assignment of Option is required if owners wants to continue with sale
 - Complete an initial walk-through of the property, to determine the amount of work needed to sell the BMR home.
 - Schedule inspections of the property (contractors, appraiser, vendors, etc.)
 - Obtain a preliminary quote from vendors.
 - Review quotes and schedule a walk-through of the property with the City.
 - Adjust contractor/vendor bids, if needed, and obtain a final quote for property improvements.
 - Obtain approval of the quote from the City.
 - Calculate the Maximum Restricted Sale Price per the deed restrictions, accounting for all required and approved improvements to the property.
 - Create the listing agreement or purchase agreement if needed.
 - Prepare the property for resale through the Lottery/Opportunity Drawing process.
- All real estate/transaction fees are the responsibility of the seller.
- The owner shall sign the Property Pricing form and Opportunity documents.

APPROVED VENDORS

All vendors shall be approved by the Administrator. The table below outlines the minimum requirements for any vendor associated with resale of the property:

CONTRACTORS	• Contractors shall have a valid California Contractor License.
LENDER/LOAN OFFICERS	• Loan Officers shall have previously attended HouseKeys loan officer orientation class. • The lender's legal department shall approve all BMR documents prior to resale.
TITLE COMPANY	• The Title Company shall be based in the County of Santa Clara.
APPRAISER	• Appraisers shall have a valid California State Certification or California State License that has not expired.



City of Campbell

Below Market Rate (BMR) Homebuyers

Eligibility Guide



City of Campbell Eligibility Guide

Below Market Rate (BMR) Homebuyers



INTRODUCTION

On October 3, 2006, the City Council adopted Campbell's Inclusionary Housing Ordinance (Chapter 21.24), finding that the lack of affordable housing in Campbell forces many residents to pay a very high percentage of their income for housing. Through the inclusionary ordinance, at least 15% of the units in a new housing development of ten or more units will be price or rent restricted for low- and moderate-income households. Implementation of the inclusionary ordinance is a necessary part of the City's efforts to meet its General Plan Housing Element goals and objectives and its region wide affordable housing obligations.

On June 7, 2016, the City Council selected HouseKeys to administer the City's affordable housing programs. In addition to general administration of these programs, HouseKeys determines the eligibility of individuals and households interested in owning a Below Market Rate (BMR) home in the City of Campbell.

This Eligibility Guide¹ answers basic questions regarding eligibility for the City of Campbell's limited number of affordable ownership units, including Campbell's preference criteria (page 2), occupancy standards (page 3), first-time homebuyer standards (page 4), asset limits (page 5), and income limits (page 6).

For more information on the City's Below Market Rate Program:

Online: <http://www.housekeys2.com>

Email: bmr@housekeys.org

Phone: 1-877-460-KEYS (5397)

Address: 70 N. First Street Campbell, CA 95008

The City of Campbell reserves the right to change information contained in this Eligibility Guide and used for program implementation without prior notice or obligation.

¹ A more comprehensive set of BMR Guidelines is being drafted and will be available at a later date.



City of Campbell Eligibility Guide

Below Market Rate (BMR) Homebuyers



PREFERENCE CRITERIA FOR RENTAL OR PURCHASE OF BMR UNITS

When the City adopted its Inclusionary Housing Ordinance in 2006, the City Council established a preference for allocating the limited number of affordable rental and ownership units. First priority (for up to ten percent of all affordable units) shall be given to income eligible employees of the City of Campbell. Second priority is given to income eligible existing Campbell residents and third priority is given to income eligible persons employed within the city limits of the City of Campbell. If a particular address is in question, HouseKeys will check with City staff to determine if the property is within the City’s jurisdictional boundaries.

The preference system will be used to establish a ranking of applicants. An eligible household will be ranked according to where they live or work. While an applicant who lives or works within the city limits will have priority over an applicant who does not, residency/employment status is not a requirement for the program, and all individuals and households may apply. Households comprised of applicants who do not reside or work in Campbell may occupy a BMR unit if there are no eligible Campbell residents or workers on the eligibility list for occupancy.

BMR PREFERENCE CRITERIA	
Priority 1: Work for City (for up to 10% of BMR units)	Must work for the <i>City of Campbell</i> government entity at least 20-hours per week for at least 6-months* Employee must have passed probation
Priority 2: Live in Campbell	Must have lived in Campbell for at least 6-months*
Priority 3: Work in Campbell	Must work at a business located in Campbell at least 20-hours per week for at least 6-months* *This category includes employees of the Campbell School District even though their physical office or school building may be located in San Jose

*Eligibility will be evaluated at the time of lottery submission and verified again prior to occupancy



City of Campbell Eligibility Guide

Below Market Rate (BMR) Homebuyers



OCCUPANCY STANDARDS FOR BMR UNITS

Applicant/Co-Applicants must occupy the property as their principal residence. This means that the Applicant/Co-Applicants must use the property as their primary place of residence and the property must be owner-occupied upon purchase and for the life of the deed restrictions. Use of the property for rental purposes, including temporary leases or room rentals are not allowed under the program and will trigger immediate action.

To ensure that the City's limited BMR units are used efficiently, a household must be of a size equal to the number of bedrooms in the BMR unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMR home is two people per bedroom, plus one additional person. Thus, to be eligible to purchase a three-bedroom unit, a household must contain at least three members, but no more than seven members. In some cases, an exception to the minimum standard may be made where no other qualified buyer/renter can be approved within 30-days of holding the lottery.

The City's BMR Administrator will verify household occupancy once per year for the life of the 45-year BMR Agreement between the City and the homeowner(s).

BMR OCCUPANCY STANDARDS		
Number of Bedrooms	Minimum Household Size	Maximum Household Size
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11



City of Campbell Eligibility Guide

Below Market Rate (BMR) Homebuyers



FIRST-TIME HOME BUYER REQUIREMENT

To be eligible for the City of Campbell's BMR homeownership program, all household members on Title must be a first-time homebuyer, except as provided below. A First-Time Home Buyer (FTHB) is an individual who has NOT had an ownership interest in a home in the three years immediately preceding their application date, except as follows:

- (1) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family; or
- (2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
- (3) An existing Campbell BMR homeowner who no longer meets the occupancy standards in these guidelines and otherwise qualifies to purchase a larger or smaller BMR home at the time of re-application.

Notwithstanding the forgoing, the following interests shall not by themselves, disqualify an applicant from falling within the definition of first time home buyer:

- Applicants who own a mobile home are not considered home owners under the BMR program and are eligible to participate. However if the unit is not sold the property will be asset income along with any rental income.
- Ownership in timeshares.
- Beneficiary of a trust for which the trustor is still living
- Ownership of shares in a limited equity co-op

To verify FTHB status, HouseKeys will review 3 years of federal tax returns to confirm that the applicant has not claimed any of the tax deductions associated with homeownership (e.g. deductions of mortgage interest or property tax payments). If not legally obligated to file, the applicant must complete a Jurat explaining the reason along with supporting documents. HouseKeys will also review a credit report for mortgage loans and perform title searches to confirm the applicant is not an owner of record on any existing properties for at least 3 years. The applicant must not be on title for any housing unit at all, whether they live in the unit or not. Other documentation may be requested to determine first time homebuyer status.



City of Campbell Eligibility Guide

Below Market Rate (BMR) Homebuyers



ASSET LIMITATION

In addition to meeting the income limits, there are restrictions on the amount of assets that a household may have to be eligible for the City of Campbell’s BMR Program. For households applying to be an owner of a BMR unit, the limit is 50% of household AMI plus the down-payment up to 20% of the BMR price. So for example, the asset limitation for a 4-person household purchasing a 3-bedroom moderate income home with a 20% down payment would be approximately \$147,950 where AMI is \$107,100 and the example BMR price is \$472,000².

Asset limit = 50% of household AMI plus the down-payment up to 20% of the BMR price

The City will review household income and assets for all owner-occupants, temporary occupants, and other occupants, regardless of such household member’s interest in purchasing or occupying a BMR home. To determine total household assets, HouseKeys will review the household’s total assets according to monthly statements and/or other valuations. A six-month average will be used to avoid applicant “asset dumping” (asset liquidation or transfer to other parties) just prior to Program application in order to meet the asset limits. Assets held in IRS-recognized retirement accounts (401-k’s, IRA’s, etc.) are not included for the purpose of determining whether an Applicant meets the Program asset limits. However, retirement and insurance payments will be used to determine gross household income.

² 20% of 472,000 = \$94,400; 50% of \$107,100 = \$53,550; \$94,400 + \$53,550 = \$147,950.



City of Campbell Eligibility Guide

Below Market Rate (BMR) Homebuyers



HOUSEHOLD SIZE AND INCOME

Eligibility income limits are based on household size and a percentage of the Santa Clara County Area Median Income (AMI) published by the Department of Housing and Community Development. AMI means that fifty percent of all household incomes in the county are more than 100% AMI and fifty percent of the household incomes are less than 100% AMI. In Campbell, the moderate income limit is 120% of AMI, while the low income limit is 80% of AMI. Use the table below to determine which income level your household falls under. All household members ages 18 or older must have their income verified. Household members that do not work or will not have any income in the next 12 months must complete a zero-income affidavit.

CALIFORNIA DEPT. OF HOUSING & COMMUNITY DEVELOPMENT 2016 SANTA CLARA COUNTY SINGLE FAMILY INCOME LIMITS (as of MAY 24, 2016)								
	Number of Persons in Household							
Income Category	1	2	3	4	5	6	7	8
Moderate Income 120% AMI	\$89,950	\$102,800	\$115,650	\$128,500	\$138,800	\$149,050	\$159,350	\$169,600
Median Income 100% AMI	\$74,950	\$85,700	\$96,400	\$107,100	\$115,650	\$124,250	\$132,800	\$141,350
Low Income 80% AMI	\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450	\$105,250	\$112,050

Income earned (or imputed) from assets, such as dividends, interest, rental income, business income, etc., is included in the household's annual income pursuant to the Code of Federal Regulations, Title 12, Part 5 income inclusions (§ 5.609).

Please also see Section 4 of this document regarding asset limitations.

Note: Income is looked at differently to qualify for a mortgage. It's possible to be income eligible for the program, but not a loan, and vice-versa.



*City
Council
Report*

Item: 13
Category: COUNCIL COMMITTEE REPORTS
Meeting Date: June 20, 2023

TITLE: Council Committee Reports

RECOMMENDED ACTION

That the City Council report on activities from their committee assignments.

DISCUSSION

This is the section of the City Council Agenda that allows the City Councilmembers to report on items of interest and the work of City Council Subcommittees.

MAYOR BYBEE

Cities Association of Santa Clara County:

Board Representative

Legislative Action Committee and City Selection Committee

City Attorney Performance/Compensation Subcommittee

City Clerk Performance/Compensation Subcommittee

City Manager Performance/Compensation Subcommittee

Finance Subcommittee

Friends of the Heritage Theater Liaison

Legislative Subcommittee

Silicon Valley Animal Control Authority Board (SVACA)

West Valley Mayors and Managers

VICE MAYOR LANDRY

Advisory Commissioner Appointment Interview Subcommittee

City Attorney Performance/Compensation Subcommittee

City Clerk Performance/Compensation Subcommittee

City Manager Performance/Compensation Subcommittee

Education Subcommittee

Economic Development Subcommittee

Santa Clara Valley Water District County Water Commission

Santa Clara County Library District JPA Board of Directors

West Valley Clean Water JPA (Alt.)

West Valley Solid Waste Authority JPA (Alt.)

West Valley Mayors and Managers (Alt.)

COUNCILMEMBER FURTADO

Advisory Commissioner Appointment Interview Committee

DCBA Liaison

Santa Clara County Emergency Operational Council (EOAC)**

Silicon Valley Regional Interoperability Authority (SVRIA)

West Valley Clean Water JPA

West Valley Sanitation District

West Valley Solid Waste Authority JPA

Association of Bay Area Governments (Alt.)

Silicon Valley Animal Control Authority Board (SVACA) (Alt.)

Valley Transportation Authority Policy Advisory Committee (Alt.)

COUNCILMEMBER LOPEZ:

Association of Bay Area Governments

Bay Area Quality Management District Board of Directors**

Economic Development Subcommittee

Finance Subcommittee

League of Cities Peninsula Division Executive Committee**

Legislative Subcommittee

Santa Clara County Housing and Community Development Advisory Committee

Silicon Valley Clean Energy Finance and Audit Committee

Valley Transportation Authority Board of Directors**

Campbell Historical Museum & Ainsley House Foundation Liaison (Alt.)

Cities Association of Santa Clara County:

Board Representative (Alt.)

Legislative Action Committee and City Selection Committee (Alt.)

Friends of the Heritage Theater Liaison (Alt.)

Santa Clara Valley Water District: County Water Commission (Alt.)

Silicon Valley Clean Energy JPA Board of Directors (Alt.)

West Valley Sanitation District (Alt.)

COUNCILMEMBER SCOZZOLA

Campbell Historical Museum & Ainsley House Foundation Liaison

Education Subcommittee

Silicon Valley Clean Energy JPA Board of Directors

Valley Transportation Authority Policy Advisory Board

DCBA Liaison (Alt.)

Santa Clara County Housing and Community Development Advisory Committee (Alt.)

Santa Clara County Library District JPA Board of Directors (Alt.)

****appointed by other agencies**

Prepared by:



Andrea Sanders, City Clerk