



**BURLINGAME CITY COUNCIL
Unapproved Minutes
Regular Meeting on December 2, 2019**

STUDY SESSION

a. DISCUSSION OF SHORT-TERM RENTALS

CDD Gardiner began by stating that the purpose of the study session was for the Council to discuss residential short-term rentals and provide direction to staff regarding any future work on the issue.

CDD Gardiner stated that currently, the City requires short-term rental operations to have a business license. Additionally, the City's existing transient occupancy tax ("TOT") applies to short-term rentals when they meet the municipal code's definition of hotel. He noted that currently, the City doesn't have a program for monitoring or collecting TOT from short-term rentals and that only approximately 10% of rental operations have acquired business licenses.

CDD Gardiner reviewed the perceived community impacts of short-term rentals. He discussed a variety of elements that can affect the impact on the community including:

- Whether the short-term rental is a shared bedroom versus an entire unit
- Whether the owner is onsite
- Whether the unit is 100% dedicated to short-term rental

CDD Gardiner discussed neighboring communities' approaches to short-term rentals. He showed a table that listed the different jurisdictions and the requirements that were put on short-term rentals (this information can be found on page 5 of the staff report). He noted that there is no uniform approach.

City Attorney Kane discussed the issue of obtaining cooperation from the listing companies, such as Airbnb. She explained that if the listing company perceives the City as being cooperative, the City can obtain data from the company concerning how many listings there are in the city, where they are located, and how frequently they are rented. She noted that listing companies have sued cities for enacting total bans on short-term rentals.

City Attorney Kane discussed San Francisco's litigation with Airbnb that had cost the City a lot of money over the course of several years. She stated that San Francisco reached a settlement with Airbnb that included Airbnb giving the City access to their data in exchange for removing some of the limitations the City had imposed.

City Attorney Kane discussed the recent incident in Orinda in which a shooting occurred at an Airbnb during a house party. She stated that in the wake of this incident, cities looked at restricting large party/retreat rentals by requiring the host to be onsite. She added that another option is to require that the unit be rented for more than one night.

City Attorney Kane stated that the City has received very few complaints about short-term rentals. She added that she believes the City has at least 100 listings, with only a few of the owners having business licenses.

Councilmember Brownrigg stated that the staff report implies that the fiscal impact of collecting TOT from the 100 listings in the City would be the equivalent of one of the City's modest-sized hotels. He explained that he believed this was incorrect, as he didn't believe the short-term rental listings would have the same occupancy rates as the City's hotels. City Attorney Kane replied that staff's calculations were an attempt to give Council a sense of the scale of the fiscal impact. She noted that the impact also depends on whether the City can collect.

Councilmember Brownrigg stated that as the Council discusses regulating short-term rentals, he didn't believe the Council should consider the fiscal impact.

Councilmember Brownrigg asked if the City received any input from the hotels. City Attorney Kane replied in the affirmative. She explained that the hotels want the short-term rentals to pay TOT.

Councilmember O'Brien Keighran asked about pod-shares (multiple bunkbeds in one room for young professionals) and where they would fall under the regulations. City Attorney Kane replied that short-term rentals are defined as rentals for 30 days or less. Therefore, if you are renting a bunk for less than 30 days, it would be a short-term rental.

Councilmember O'Brien Keighran asked if the City could put a limit on the number of bedrooms that are rented. City Attorney Kane replied that a lot of the legality around short-term rentals is not well-established. Therefore, it would come down to the issue of property rights and the definition of a family. However, she explained that if the City regulates with the purpose of preventing noise and traffic problems, it could steer the City towards a defensible policy on the number of rooms that can be rented.

Councilmember O'Brien Keighran asked if there is State law regarding how many people are allowed in a rental unit. City Attorney Kane replied in the affirmative. But she noted that under the building code, it is a surprisingly small amount of square footage that is required per person.

Vice Mayor Beach asked if the City received a clamoring of people wanting the City to allow short-term rentals. City Attorney Kane replied that most of the people that want to undertake a short-term rental just do it.

Vice Mayor Beach asked if staff had a sense of whether the short-term rental properties in Burlingame are

single-family homes or ADUs. CDD Gardiner replied in the negative.

Vice Mayor Beach asked if towns like Atherton and Hillsborough that require short-term rentals to be for longer stays have been sued. City Attorney Kane replied that she would get back to Council with this information.

Vice Mayor Beach stated that her sense is that a shorter-term rental has more of an impact on a neighborhood than a longer rental. She noted that what she was hearing from staff is that the more restrictions the City puts on short-term rentals, the greater increase in the risk of litigation from listing companies. Additionally, she stated that if the City puts restrictions on short-term rentals, the listing companies may not share data with the City. City Attorney Kane stated that to get data from the listing companies, the City must be permissive. She noted that the City hasn't had any direct conversation with the listing companies.

Councilmember O'Brien Keighran discussed San Francisco's requirements that short-term rentals have business licenses, and hosts must be onsite for all but 90 days a year. City Attorney Kane replied that San Francisco's requirements were hard won, and that San Francisco has a team dedicated to the regulation of short-term rentals.

Councilmember O'Brien Keighran asked if the City was to receive several complaints about a short-term rental, could the City ban the owner from utilizing the property for short-term rentals. City Attorney Kane replied in the affirmative. She noted that if the City has the cooperation of the listing companies, the listing companies will then remove that property from their website.

Mayor Colson opened the item up for public comment. No one spoke.

Councilmember Ortiz stated that he doesn't believe that the City should ban short-term rentals. He explained that he believed that the City needed a more nuanced approach. He stated that the complaints he has received concern traffic and noise. Therefore, he explained that whatever regulations the City adopts, it should be with the focus on minimizing those issues for the neighbors.

Councilmember O'Brien Keighran stated the importance of regulating short-term rentals in a commonsense/empathetic way. She stated that she would like the owners to get a business license and pay TOT, and she would like to require the host to be onsite for most of the time. She voiced concern about owners utilizing their dining rooms, living rooms, and other rooms as bedrooms for short-term rentals. She noted that this usage would increase traffic and noise problems in small neighborhoods.

Vice Mayor Beach stated that two of the Council's infrastructure priorities are transportation and housing. She explained that she believed that short-term rentals might detract from achieving those goals. She stated that individuals in a single-family neighborhood didn't sign up to live next to short-term rentals. She noted that if the City approves short-term rentals, the owner must have a business license and pay TOT. Additionally, she requested that the host be onsite, the rental have a minimum stay requirement of a few days, and if the short-term rental receives two strikes, then it is no longer allowed to operate.

Councilmember Brownrigg stated the City needed to be careful not to capture HIP Housing and other similar programs when regulating short-term rentals. He stated that his concern focuses on a single-family home becoming a boarding house. Therefore, he wondered if the City should limit the number of renters allowed at a time. City Attorney Kane stated that she would need to further research this idea and how it would apply to the definition of family.

Mayor Colson stated that she reviewed how other cities have regulated short-term rentals. She explained that she agreed that owners should have a business license, the City should collect TOT, and the City should require a two-day rental minimum. She stated that she didn't want to ban short-term rentals.

Councilmember Brownrigg asked whether it is the City itself or the listing company that collects the TOT. City Attorney Kane stated that the companies don't directly collect the TOT, but some of their websites provide a mechanism for that payment.

Vice Mayor Beach asked if the City imposed a minimum stay requirement, would listing companies allow the City access to their data. City Attorney Kane replied that she would need to get back to Council with this information.

Councilmember O'Brien Keighran asked staff to send Council the San Francisco ordinance. City Attorney Kane replied in the affirmative and noted that Airbnb's general counsel has stated that Airbnb is not giving other cities the same deal that San Francisco was given.

Councilmember Ortiz asked if absent the cooperation from the listing companies, is the City relying on the individual owners to report and collect TOT. City Attorney Kane replied in the affirmative. She noted that there are third party data miners that the City could hire to obtain more information.

Councilmember O'Brien Keighran asked if the City could implement a fine if the City finds out that the property isn't registered as a short-term rental. City Attorney Kane replied in the affirmative.

Councilmember Ortiz stated that it sounded like there was a consensus amongst the Council for the host to be present for a portion of the year. The Council agreed.

City Attorney Kane noted that one of the risks of short-term rentals is that it removes units from the market for more permanent residents. She stated that it was her suggestion that any official BMR unit not be available for short-term rental. She explained that in January 2020, there are several new laws concerning ADUs that go into effect. Therefore, she will need to review how these affect short-term rentals.

Mayor Colson closed the study session and asked staff to further review Council's concerns.

1. CALL TO ORDER

A duly noticed meeting of the Burlingame City Council was held on the above date in the City Hall Council Chambers at 7:00 p.m.

2. PLEDGE OF ALLEGIANCE TO THE FLAG

The pledge of allegiance was led by Dina from Gatepath.

3. ROLL CALL

MEMBERS PRESENT: Beach, Brownrigg, Colson, O'Brien Keighran, Ortiz

MEMBERS ABSENT: None

4. REPORT OUT FROM CLOSED SESSION

There was no closed session.

5. UPCOMING EVENTS

Mayor Colson reviewed the upcoming events taking place in the city.

6. PRESENTATIONS

a. PRESENTATION BY GATEPATH

Gatepath CEO Bryan Neider stated that Gatepath would be celebrating its 100th year of service to the community in 2020! He explained that Gatepath is one of the largest providers of services to the intellectual and developmental disabilities community in the Bay Area. He noted that Gatepath has 13 locations in Santa Clara and San Mateo County with more than 300 dedicated staff members.

Mr. Neider stated that Gatepath reaches about 15,000 families, caregivers, and individuals each year. Moreover, Gatepath's core programs serve more than 1,200 individuals each day. He explained that Gatepath's goal is to provide a lifespan of services including pre-schools, employment programs, and senior programs to the community.

Mr. Neider stated that Gatepath's mission is to empower people with special needs to achieve their full potential through innovative, inclusive programs and community partnerships. He added that Gatepath's vision is a world where people of all abilities are fully accepted, respected, and included.

Mr. Neider discussed Gatepath's work in the community. He explained that Gatepath operates three locations in Burlingame with more than ten years of City grant funding for children and adult programs. He stated that the Learning Links Pre-School on Marco Polo was the first inclusive preschool in the region.

Mr. Neider discussed the importance of community support from the nonprofit sector including: client and workforce housing, employment opportunities, volunteerism, access to facilities, state and federal funding, voter accessibility, and improved transportation options.

Mr. Neider stated that on May 14, 2020, Gatepath will be holding a gala to celebrate its anniversary; Henry Winkler will serve as the MC, and Dr. Temple Grandin will be the keynote speaker. To find out more, go to www.gatepath.org.

The Council thanked Gatepath for their hard work in the community and congratulated Gatepath on their 100th anniversary.

b. UPDATE FROM HIP HOUSING

HIP Housing Associate Executive Director Laura Fanucchi presented Council with HIP Housing's 2020 calendar. The calendar includes artwork from local students on the importance of home.

Burlingame student Simone's artwork was chosen for the month of December, and she wrote that: "My home is very cozy and warm. It is full of love, strength, and creativity. I love my home because I am free to be."

Burlingame student Sophie's artwork was chosen for the cover, and she wrote: "Home is home no matter how small, how big, where it is, what the color it is, or the color of the people inside."

Ms. Fanucchi thanked Council for their continued support of the affordable housing programs. She noted that HIP Housing has seen a 29% increase in the number of Burlingame residents and employees that are applying to their programs.

Mayor Colson thanked HIP Housing and the young artists for their work.

c. UPDATE FROM THE SAN MATEO COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

San Mateo County Mosquito and Vector Control District ("District") board member Joe Galligan gave the Council an update on the work that the District has undertaken. He explained that the District exists because 100 years ago, the number one cause of death in California was malaria and mosquito-borne diseases.

Mr. Galligan reviewed some of the statistics from the previous year including:

- No West Nile virus detected in San Mateo County
- District average the same number of service requests as 2018 in Burlingame
- District received more calls about wasps and yellow jackets versus mosquitos

Mr. Galligan stated that financially, the District is doing very well. He noted that the District has no pension liability. He also discussed the awards that the District has received over the years.

Councilmember Brownrigg asked how the District is financed. Mr. Galligan stated that the District is funded by property taxes.

The Council thanked Mr. Galligan for his work with the District.

d. INFORMATION ON THE UPCOMING US CENSUS

US Census recruiting assistant Pat Belding shared with Council information about the upcoming census. He stated that every ten years, the United States federal government undertakes a census that helps to allocate future funding on the state, county, and local levels. He noted that anyone over 18 years old is eligible to work for the US Census. He reviewed the positions that are available and stated that the pay starts at \$24 an hour.

Mr. Belding asked the Council for any suggestions on advertising US Census job opportunities.

Councilmember Brownrigg asked when the jobs start. Mr. Belding stated that the positions last for eight weeks and can be renewed. He explained that if an individual puts an application in now, they should hear within two months.

Councilmember O'Brien Keighran asked if the City could put this in the e-newsletter. City Manager Goldman replied in the affirmative.

Councilmember O'Brien Keighran asked if Mr. Belding has approached the community colleges in the County. Mr. Belding replied in the affirmative.

Mayor Colson suggested that Mr. Belding work with the Burlingame Chamber of Commerce to get a table at the farmer's market. She also suggested that he work with the parent groups at Burlingame High School and Mercy High School.

7. PUBLIC COMMENT

Burlingame resident Matt Hilliard discussed SB 13 that concerns ADUs. He asked that Council review the legislation and its implications for Burlingame.

8. CONSENT CALENDAR

Mayor Colson asked the Councilmembers and the public if they wished to remove any item from the Consent Calendar. No item was removed.

Councilmember Ortiz made a motion to adopt the Consent Calendar; seconded by Councilmember O'Brien Keighran. The motion passed unanimously by voice vote, 5-0.

a. **APPROVAL OF CITY COUNCIL MEETING MINUTES FOR NOVEMBER 18, 2019**

City Clerk Hassel-Shearer requested Council adopt the City Council Meeting Minutes for November 18, 2019.

Vice Mayor Beach noted that the titles of the veterans that were recognized needed to be updated.

b. **ADOPTION OF A RESOLUTION REJECTING ALL BIDS RECEIVED FOR THE 1740 ROLLINS ROAD AND 842 COWAN ROAD PUMP STATIONS REPAIRS, CITY PROJECT NO. 85830**

DPW Murtuza requested Council adopt Resolution Number 148-2019.

c. **ADOPTION OF A RESOLUTION ACCEPTING GRANT FUNDS FROM THE CALIFORNIA LIBRARIES CULTIVATING RACE, EQUITY, AND INCLUSION INITIATIVE GRANT PROGRAM**

City Librarian McCulley requested Council adopt Resolution Number 149-2019.

d. **ADOPTION OF A RESOLUTION ACCEPTING GRANT FUNDS FROM THE BURLINGAME LIBRARY FOUNDATION FOR COMMUNITY ROOM UPGRADES**

City Librarian McCulley requested Council adopt Resolution Number 150-2019.

9. **PUBLIC HEARINGS**

a. **ADOPTION OF A RESOLUTION APPROVING AND LEVYING 2020 SAN MATEO COUNTY TOURISM BUSINESS IMPROVEMENT DISTRICT ASSESSMENTS ON HOTEL BUSINESSES WITH THE DISTRICT**

Finance Director Augustine stated that the Council has overseen the annual re-authorization hearing of the San Mateo County Tourism Business Improvement District (“TBID”) assessments for almost 20 years. Since the formation of the TBID, the City’s finance department has administered the bills and payments for the assessments.

Finance Director Augustine stated that the TBID includes 14 cities and more than 171 member hotels.

Finance Director Augustine asked the City Clerk if any protests had been received. City Clerk Hassel-Shearer replied in the negative.

Councilmember Brownrigg stated that the Council received an email from Palo Alto stating that the City was considering withdrawing from the TBID.

City Attorney Kane stated that for a City to be removed from TBID, their City Council must request this action from Burlingame. She explained that she discussed this timeframe with Palo Alto in July.

San Mateo County/Silicon Valley Convention Bureau Director of Sales Teipo Brown stated that Palo Alto is currently voting on whether to remove itself from the TBID.

City Attorney Kane stated that Palo Alto's decision would not affect the current decision before the Council on whether to approve the levying of assessments in 2020.

Mayor Colson opened the public hearing. No one spoke.

Vice Mayor Beach made a motion to adopt Resolution Number 151-2019; seconded by Councilmember Brownrigg. The motion passed unanimously by voice vote, 5-0.

10. STAFF REPORTS

a. "SEA CHANGE BURLINGAME" SUMMARY PRESENTATION

Mayor Colson stated that during the 2019 Goal Setting Session, the Council established five main infrastructure priorities. She explained that one of the priorities was Sea Level Rise Shoreline Protection and that she and Councilmember Brownrigg were assigned this priority.

Sustainability and Climate Management Fellow Andrea Pappajohn stated that Burlingame's Bayshore presents a unique and significant risk to the city. She explained that it is important to understand the magnitude of sea level rise that will happen in the future. Therefore, she worked with Sustainability Coordinator Sigalle Michael to provide the Council with some of the factors that should be considered when discussing sea level rise:

- The Burlingame Bayshore is approximately 2.5 miles long
- There are four main creeks (most likely pathways for significant flooding)
- There are 12 hotels with 3,700 hotel rooms that employ 3,000 people, and the TOT they generate makes up 40% of the City's General Fund budget

Ms. Pappajohn stated that the City was awarded a grant from the San Mateo County Office of Sustainability in November 2018 to study the Bayshore. She explained that the City hired Environmental Science Associates ("ESA") to undertake the study and introduced ESA representatives Ari Frink and Dane Behrens to discuss the findings from the study.

Mr. Frink stated that ESA's overall strategy for the study was to develop and identify strategies for the Bayshore to adapt to sea level rise. He explained that ESA established the following steps:

1. Identify the vulnerabilities on the Bayshore
2. Develop goals and objectives on what to protect and where
3. Develop strategies to protect those objectives
4. Evaluate the strategies for their environmental and economic benefits and impacts

Mr. Frink stated that ESA began the study in February 2019. He explained that since February, ESA has developed six memorandums and conducted four presentations to the technical advisory committee and community stakeholders. He stated that the risk and vulnerability assessment was completed in June 2019, and the identifying adaptation strategies memorandum will be presented at this meeting.

Mr. Frink discussed the main takeaways from the study:

1. Burlingame's shoreline is at risk from sea level rise, particularly starting at 100-year/1% flood
2. Burlingame will need to decide what to protect and to what level
3. Adaptation strategies recommended for Burlingame include raising levees at low points, managing creeks and sediment, and maintaining flood walls
4. Next steps include feasibility and hydrology studies to develop more fine-tuned understandings of how to implement solutions

Mr. Behrens reviewed the vulnerability assessment conclusions. He stated that ESA utilized mostly publicly available information and talked with City staff to get an idea of the main flood pathways and what the key flood variables are throughout the city. He showed pictures of raised levees, sheet pile floodwalls, tide gates and active barriers, and nature-based solutions for the community to give Council a better understanding of what these strategies would look like.

Mr. Behrens stated that ESA first determined what the key vulnerabilities are for the City on the Bayshore. He explained that ESA broke the shoreline into five reaches because there is a variability of conditions along the shoreline. He stated that the City's priority will be on the two reaches between the boundary line with Millbrae and Broadway. He explained that this is because the new FEMA floodplain from April shows a fair amount of the city being flooded under the 100-year flood event. Therefore, there is a lot of focus on this area in the study.

Mr. Behrens reviewed Reach 1, which covers from the City's northern border to Benihana. He stated that this segment experiences a lot of flooding in the FEMA 100-year event. He explained that ESA's suggestion is to bolster the existing shoreline in the areas where the City has opportunities to do so now. He stated that in some locations, there is room to raise the levy without losing any of the aesthetics of that area. However, where there are existing hotels or other developments, the City would need to raise the existing flood walls.

Mr. Behrens reviewed Reach 2, which covers from Benihana to Broadway. He stated that this reach has similar challenges to Reach 1. He noted that one of the things that the vulnerability study flagged was that with sea level rise, the creeks become major vulnerability points for flooding above Highway 101. He discussed the option of tide gates and the need to raise the shorelines of the creeks. He stated that the City could utilize the nature-based approach of constructing a beach backed by a fortified shoreline in this area.

Mr. Behrens reviewed Reach 3, which covers the area in front of the lagoon. This area of the shoreline is higher but also experiences some flood risk because it's no longer behind the SFO wave shadow. He noted the location of the wastewater treatment facility and stated that ESA recommends that protecting this area be studied in the short-term in order to make sure the facility is flood proof.

Mr. Behrens reviewed Reach 4, which covers the interior shoreline of the lagoon. He stated that there are opportunities for nature-based approaches in this reach.

Mr. Behrens reviewed Reach 5, which covers Burlingame Point. He explained that ESA's approach for this reach would be to raise the shoreline and keep tabs on ongoing development in the area.

Mr. Behrens summarized with the following key points:

- Raising the shoreline in Reaches 1 and 2 (from Millbrae to Broadway) would have substantial benefits
- In the short-term, raising the shoreline will likely require a combination of raising or building new levees and improving existing flood walls
- Aesthetic and recreational impacts of raising the shoreline can be mitigated by integrating the Bay Trail on the improved shoreline
- Raising the shoreline should be combined with a similar effort in raising low-lying portions of the banks of El Portal, Mills, and Easton Creeks
- Just offshore along parts of Reaches 2, 3, and 5, there are opportunities to create or enhance Bay habitats (e.g. living shorelines), and where feasible, they should be combined with an improved flood barrier system along the shoreline

Mr. Frink discussed San Mateo County's creation of the Flood and Sea Level Rise Resiliency District that is leading the nation. He stated that Burlingame should take advantage of these conversations and partner with other groups.

Mr. Frink highlighted the work that is to be done in the next five years

For 2020:

- Complete background studies for feasibility study
- Leverage existing and emerging resources and key topic areas

For 2021:

- Complete feasibility study
- Cost-benefit analysis
- Craft and sign MOU with operational landscape unit partners (Millbrae, SFO, FSLRRD)
- Begin public and stakeholder outreach

For 2022:

- Complete any final gap studies that were not studied regionally

For 2023:

- Begin design
- Decide on design criteria
- Determine funding source
- Continue MOU agreement coordination
- Continue public and stakeholder outreach

For 2024:

- Continue design
- Begin environmental compliance
- Continue public and stakeholder outreach

Mr. Frink discussed the work that would be done after 2024, including implementation of the adaptation strategy.

Councilmember Brownrigg stressed the importance of starting to work on sea level rise now. He stated that he didn't want the Council to leave a mess for City leaders 30 years from now. He explained that he felt an urgency to have a plan costed out at least at 30% engineering design. He stated that the City would be tapping different sources and agencies for assistance, but it is important to have a number in mind.

Mayor Colson stated that the City could start setting aside funds without knowing the exact number. She discussed the different sources that could assist the City in paying for the different adaptation strategies including federal, state, county, and private landowners.

DPW Murtuza stated that the next steps will provide a better detail of cost estimates.

Councilmember Brownrigg stressed the importance of making progress and asked if the different adaptations could be pieced together or if they had to have one strategy.

City Manager Goldman explained that the City would be focusing on Reach 1 and 2 to begin with and that different strategies would be implemented within each reach. She noted that in conversations with the consultants, more work needs to be done to obtain a better estimate of the cost of the projects.

Councilmember O'Brien Keighran asked if the City would need to do things differently if neighboring cities don't proceed at the same pace as the City.

Mayor Colson stated that the County's newly established district would assist with Councilmember O'Brien Keighran's concern. CDD Gardiner added that staff has been working with Millbrae to ensure that the two cities are talking to each other about their findings and proposed strategies.

Vice Mayor Beach discussed the value of undertaking the smaller more manageable projects now while the larger approach is refined and finalized.

Councilmember Ortiz stated that the City doesn't have time to wait for other cities to act as there is currently flooding happening in some of the reaches. He explained that he was in favor of creating a fund now for sea level rise.

Mayor Colson opened the item up for public comment.

Michael Barber from Supervisor Dave Pine's office discussed the different types of levees and what is considered a FEMA certified levee.

Councilmember O'Brien Keighran asked if there are major differences between certified levees and non-certified levees. Mr. Barber stated that to obtain FEMA certification, the levee must reach a higher engineering standard.

Councilmember Brownrigg stated that at a community meeting, Supervisor Pine noted that BCDC is beginning to rethink its absolute ban on encroaching on the Bay. He explained that this is relevant for Burlingame parcels that are near the Bay. He asked that Supervisor Pine's office let the City know how to approach those conversations with BCDC. Mr. Barber stated that as the City approves new projects on the Bay, the City should make sure that the project is allowing for enough space between the development and the Bay.

Mayor Colson closed public comment.

Mayor Colson thanked staff and ESA for the presentation.

b. LANDSCAPE MAINTENANCE OF CALIFORNIA DRIVE FROM LINCOLN AVENUE TO MURCHISON DRIVE FOR BIKE LANE SAFETY

Parks and Recreation Director Glomstad discussed the challenges that the City is having in maintaining the landscape on California Drive from Lincoln Avenue to Murchison Drive. She explained that in the past, the maintenance activities occurred on a bi-annual basis and required 220 staff hours to complete.

Parks and Recreation Director Glomstad explained that recently, the Public Works department installed a dedicated bike lane on California Drive and requested that the Parks Division increase the landscaping frequency to four times per year. She stated that this would help to ensure a clear bike path by preventing vegetation encroachment into the bike lane while still maintaining the visual screen for the residents along California Drive. She explained that this increase in work for the Parks Division would result in negative impacts to other areas under the purview of the Parks Division. Therefore, staff issued a proposal requesting bids for the maintenance work. She explained that the City only received one bid in the amount of \$65,000 per maintenance trimming. Therefore, while staff had anticipated that the total cost of four trimmings would be \$65,000, the actual cost is approximately \$260,000.

Parks and Recreation Director Glomstad stated that staff determined a second option, from the four landscaping trimmings per year, which would be to have the contractor significantly lift and cut back the landscaping along California Drive and perform this maintenance once a year. She explained that the staff conducted a small sample of this method and showed the Council a picture of what it would look like. She noted that the larger cut back would expose more of the train tracks, and at some points create direct access to the tracks. The contractor estimated that the cost of undertaking a lift and large cut back once a year would cost the City \$69,000.

Councilmember Ortiz asked what the height of the lift would be. Parks and Recreation Director Glomstad replied that it would be five feet.

Councilmember Ortiz stated that financially, the larger cut back makes more sense, but the concern is the aesthetic look of the cutback.

Councilmember O'Brien Keighran asked if the neighbors knew about the potential lift and cut back. Parks and Recreation Director Glomstad replied in the negative. She noted that it would affect about 33 homes near Lincoln Avenue.

Councilmember O'Brien Keighran asked if the major cut back would be done on a yearly basis. Parks and Recreation Director Glomstad stated that City Arborist Disco thought it could be done once every two years. She added that staff would undertake smaller trims as necessary.

Vice Mayor Beach stated that she was trying to think of other options that wouldn't affect the aesthetics as much as a large cut back. She asked if instead of hiring the contractor or spending 440 staff hours to trim the landscape on a bi-annual basis, if staff considered hiring another park staff member. Parks and Recreation Director Glomstad replied in the affirmative. However, she noted that the maintenance of California Drive takes staff off-line for two days and that this has a negative effect on the City's parks.

Vice Mayor Beach asked if there are certain months where there is a more intense growing period that would allow for the cutting to only be done three times a year versus four. City Arborist Disco stated that the biggest impact is in the spring and the summer.

Vice Mayor Beach stated that the City's trees are a sensitive subject in the city and many people in the community will be upset about a deep cut. She explained that the City should be prepared for more than the 33 homes being upset with the change. DPW Murtuza stated that staff could try three times a year instead of four to see how it goes and then report back to Council.

Councilmember Ortiz stated that the initial extensive cut will be the worst, and then the greenery will grow in. City Arborist Disco replied in the affirmative.

Councilmember Brownrigg stated that three years ago when the City built the bike lane, he had hoped that the City would buy land from Caltrain in order to create a more robust treescape behind the lane. He stated that he thought the City should be more intentional about planting a treescape to future proof the Caltrain tracks. He explained that he believed that the City should undertake a deep cut and that people would get used to the aesthetics.

Parks and Recreation Director Glomstad stated that staff could work with the contractor on which areas to go deeper based on what is behind the trees.

Mayor Colson opened the item up for public comment.

Burlingame resident Manito Velasco stated that he believed the cut back was not just for bicycle safety but also to ensure a clear line of sight for drivers.

Mayor Colson closed public comment.

Mayor Colson stated that her suggestion was to undertake Option 2, a significant lift and cut back, under the supervision of City Arborist Disco. She asked that all the homes between Lincoln Avenue and Murchison Drive on California Drive be noticed prior to the start of work. Additionally, she asked that staff contact Caltrain about the need for a fence between the tracks as more of the train tracks would be exposed during the cut back.

Councilmember O'Brien Keighran concurred with Mayor Colson.

Vice Mayor Beach stated that she knew Caltrain's vision is to have fencing along the tracks. She explained that she wished there was a more surgical approach that could be taken to maintain the landscape.

Mayor Colson thanked staff for their work on this matter.

c. DISCUSSION OF PROGRAMS TO ASSIST RENTERS FACING NO-CAUSE EVICTIONS AND AUTHORIZATION TO PROVIDE SUPPLEMENTAL FUNDING TO SAMARITAN HOUSE FOR THIS PURPOSE

City Manager Goldman stated that in November 2019, the Council held a public hearing on whether to adopt an urgency ordinance that would prevent no-fault evictions during the interim period between when AB 1482 was adopted and when it became effective on January 1, 2020. She explained that Council determined that instead of adopting an urgency ordinance, that the City should create an emergency fund to assist renters that were facing no-fault evictions during the interim period.

City Manager Goldman explained that staff determined that in order to prevent a gift of public funds issue, the City should utilize Samaritan House to distribute funds. She stated that the staff report suggests giving Samaritan House \$15,000 to be utilized for Burlingame renters to assist with their relocation and security deposit costs. She explained that this would be similar to CAA Tri-County's Housing Industry Foundation that was started 30 years ago to assist families facing unforeseen circumstances that jeopardize their housing stability. She added that SAMCAR has an informal program to assist renters.

Mayor Colson opened the item up for public comment.

Burlingame resident Eileen voiced her support for the proposal.

Mayor Colson closed public comment.

Councilmember Brownrigg made a motion to provide \$15,000 in supplemental funding to Samaritan House for the purpose of assisting Burlingame renters facing no-cause evictions; seconded by Councilmember O'Brien Keighran. The motion passed unanimously by voice vote, 5-0.

d. CONSIDERATION OF A RESOLUTION AUTHORIZING THE CITY OF BURLINGAME TO BECOME A NONCHARTER ADDITIONAL MEMBER OF THE CALIFORNIA COMMUNITY HOUSING AGENCY (CALCHA)

Councilmember Brownrigg thanked the Council for agendizing this matter on short notice. He noted that usually the City wouldn't contemplate a matter of this nature without study sessions and more time. He explained that the reason the Council is discussing it is because there is a once in a decade opportunity for the City that requires the government to move quickly.

Councilmember Brownrigg stated that he believes the housing crisis will be solved with two approaches: construction of new housing and preservation. He explained that tonight's discussion will focus on preserving housing stock.

CDD Gardiner stated that the California Community Housing Agency ("CalCHA") has provided the City with the opportunity to become a noncharter additional member. He explained that CalCHA has undertaken an innovative new program that advances moderate income housing opportunities.

CDD Gardiner explained that CalCHA was formed pursuant to a joint exercise of powers agreement between Kings County and the Housing Authority of Kings County. He stated that under a Joint Powers Agreement ("JPA"), multi-family developments are acquired through public bond financing. The bonds are issued with a 30-year term, with amortization beginning in year 15. He noted that under CalCHA's program, the property taxes on the multi-family development would not be collected and instead would be utilized to maintain a reduction of rents for moderate income households in the development.

CDD Gardiner stated that there is no cost to the City to participate.

CDD Gardiner stated that after year 15, the City has the option to acquire or take over the project for the outstanding bond obligations.

Councilmember Brownrigg stated that there are a lot of programs that are designed to create affordable housing for people that make up to 60% of AMI. He discussed the starting salary for teachers in Burlingame (approximately \$55,000) and stated that from the start, most teachers are priced out of affordable housing. He explained that CalCHA's program aims at preserving housing for that missing middle with three tiers of affordability:

- 60% to 80% of AMI
- 80% to 100% of AMI
- 100% to 120% of AMI

He noted that this would assist families with annual household incomes between \$60,000 and \$115,000. He added that the median salary of a Burlingame teacher is \$78,000, and, therefore, most teachers would qualify.

Councilmember Brownrigg stated that to be able to protect 100 units of affordable housing for the missing middle is a profound opportunity.

Councilmember Brownrigg stated that by signing on, the City would lose \$160,000 a year in property taxes but that one Summerhill project will put twice that amount of property tax in the City's coffers. He added that in 30 years, the City would be handed a \$100 million purchased multi-family development that with escalation would be worth \$200 to \$300 million for the City.

Councilmember O'Brien Keighran asked if the City is involved in any JPA where it does not have voting rights. City Attorney Kane replied in the negative.

Councilmember O'Brien Keighran stated that it concerned her to be involved in a JPA where the City doesn't have voting rights.

City Attorney Kane stated that staff struggled a bit with this item due partially to the compressed timeframe but also because staff hasn't seen documentation of some of the program's elements that have been discussed. She gave the example of the notion that the City gets title of the property at the end of the bond term. However, she was unable to find anything that says that or that would require that to be so in 30 years. She explained that the only document that she could see that governs with a mandate is the JPA agreement itself.

City Attorney Kane discussed the bonds that would be used to purchase the property and stated that in order to issue the bonds, there are several requirements. However, staff has been unable to review those documents or bond documents from a previous deal.

Councilmember O'Brien Keighran asked if CalCHA was able to purchase the desired property in Burlingame, would any of the "missing middle" units count towards the City's RHNA numbers. Mayor Colson replied in the negative.

Councilmember O'Brien Keighran stated that because of AB 1482, she was unclear how much the City would really benefit from this project. She noted that under AB 1482, even the new stock would be under rent control after 15 years.

CDD Gardiner stated that the way the project works is that the rents are set at a moderate-income threshold, and when new renters move in, the rents would continue to be set at a moderate-income level. He noted that the maximum that the rent would be increased is 4%. AB 1482 allows for 5% plus CPI.

Councilmember O'Brien Keighran stated that even if the City joins the JPA, there is no guarantee that the building will be sold to CalCHA. CDD Gardiner replied in the affirmative.

City Attorney Kane stated that if the City becomes a noncharter additional member of the JPA, the mechanism would then exist for the JPA to acquire other properties in Burlingame. She added that one of the questions she has is that in the description of the program, there is a current policy of the board not to acquire properties without the City's approval; however, no such restriction exists in the JPA.

Vice Mayor Beach asked about the City's residential impact fee ordinances and whether developers were choosing to pay the impact fees or build affordable units. CDD Gardiner stated that almost all the developers are choosing to build affordable units versus paying the fee. He noted that it would be a while before these units are move-in ready. He added that staff was surprised that some of the developers are going into the lower income category rather than moderate.

Vice Mayor Beach discussed the option under the JPA for the City to acquire the propriety in year 15. She asked if there was an estimate of what this would cost.

Mayor Colson replied to Vice Mayor Beach's question in the negative. She stated that during the first 15 years, only interest on the bond would be paid, and no principal would be paid down. Therefore, if the bond was issued at \$100 million, and the City decided to purchase the building in 15 years, the City would owe \$100 million. She stated that during the next 15 years (15 to 30 year period), the bond is amortized with both interest and principal. Mr. Jordan Moss, founder of the Catalyst Housing Group that is CalCHA's asset manager, replied in the negative. He explained that a cash sweep, also known as turbo amortization, is built into the process. He stated that what this means is that all excess cash is being fed into amortization as soon as that cash is available.

Mayor Colson asked if the turbo amortization begins after 15 years. Mr. Moss replied in the negative and stated that the turbo amortization begins on day one.

Mr. Moss stated that one of the hard things in talking about this program is that every asset is different. He gave the example of a development that CalCHA purchased in Fairfield. He stated that because the development was in Fairfield, CalCHA was able to get a much better initial yield than what they would expect to get in Burlingame. He explained that the spread between their financing cost and the initial yield is what allows them to start feeding money into the amortization. He noted that by no means is there some restriction within the bond documents that states that CalCHA can only make interest payments for 15 years. He cautioned that CalCHA ensures that they give themselves enough wiggle room so that if there is a massive downturn in the economy, they won't be in a position of default. He explained that this can only be done by requiring them to make interest-only payments for the first 15 years. He noted that the goal of CalCHA is to feed excess funds into amortization from the beginning.

Mayor Colson asked if Catalyst Housing Group, as the asset manager, makes the determination on when to start paying the principal. Mr. Moss replied in the negative. He explained that there is a bond trustee in place. He noted earlier comments about staff not being able to review bond documents. He stated that he is happy to share bond documents from a prior deal. He added that one of the documents is a bond indenture, which is standard for any municipal offering. He explained that it outlines exactly how the flow of funds works. He stated that one of the funds is an Excess Revenue Fund that goes directly into the debt service fund to pay amortization on the bonds.

Mr. Moss discussed the annual HUD increases. He stated that there is a fallacy in the housing world that affordable housing rent grows by 2% a year. He explained that if you go back over and look at any 30 to 40 year period of time, the annual HUD allowable increases are closer to 3.5% to 3.7% annually. Therefore, if

this is compounded, its growth is significant over time. He noted that this growth with turbo amortization will create significant equity that accrues to the City in year 15. He stated that Catalyst Housing Group believes there will be around \$75 million of equity by year 15.

Mayor Colson stated that if the City chooses to take over the property between years 15 and 30, the City would have to pay off the outstanding debt. Mr. Moss replied that the City is never forced to take title.

Mayor Colson asked if there was a default on the bonds, would the bonds be recoured to the property. Mr. Moss replied that the bonds are solely backed by the project revenues.

Mayor Colson stated that she believed Catalyst Housing Group's model showed it taking 30 to 34 years for full amortization. Mr. Moss stated that it would depend on the pricing of the specific asset. However, he believed that the Burlingame property will reach full amortization during the 30-year bond period.

Councilmember Brownrigg compared the bond repayment to a housing mortgage. He stated that you pay more interest at the front end, and there are flat payments. He noted that by year 25, there will be \$20 to 30 million of debt that needs to be paid off. However, at that point you will have a significant amount of equity, so that if you wanted to refinance, you could do that, and have the asset for whatever is the remainder of the debt.

Councilmember Ortiz asked if he was correct that if the City joined the JPA, it would allow CalCHA to purchase other properties in Burlingame without the City's approval. Mr. Moss replied in the negative.

Councilmember Ortiz asked how it would work if the City joins the JPA, and CalCHA finds another property it wishes to purchase in Burlingame. Mr. Moss stated that part of what the JPA is trying to avoid is the scenario in the future, where they are asking local governments to move at the speed of commerce. He explained that under the JPA, the City would delegate to the City Manager the ability to enter into purchase option agreements on a per deal basis. He stated that CalCHA would work with the City Manager on each asset.

City Attorney Kane asked where in the JPA documents is the JPA restricted from purchasing additional properties in Burlingame without the approval of the City/City Manager. Mr. Moss stated that Orrick, bond counsel to CalCHA, must issue a clean opinion that municipal bonds are being properly issued and utilized. He explained that Orrick would not issue this opinion without approval from the underlying jurisdiction.

Councilmember Ortiz and City Attorney Kane discussed language in Orrick's letter attached to the staff report that would require approval from the City for future property purchases. City Attorney Kane and City Manager Goldman noted that because this language is not in the JPA, CalCHA could change its policy and allow for purchases without City approval.

Mr. Moss stated that within the resolution it states that "Whereas, subsequent to becoming a non-charter Additional Member of CalCHA, any existing rental housing within City limits which CalCHA intends to acquire and finance with tax-exempt bonds must receive support and approval from the City."

City Attorney Kane stated that the resolution is language of the City but that it doesn't guarantee that outcome as it is not in the JPA governing documents.

Mr. Moss stated that CalCHA would have no problem signing a side letter that states that CalCHA needs approval from the City to acquire and finance tax-exempt bonds for other properties in the city.

City Attorney Kane noted that the JPA could be amended so that it is clear to all parties that they need the approval of the City.

Mayor Colson stated that the problem is that this is a 30-year agreement, and chances are none of the Council are going to be here in 30 years. Therefore, at the City level, things need to be clear, so that future Councils have a definitive understanding of the agreement.

Mayor Colson discussed how the City's investment would be future property tax dollars. She stated that she checked with BSD and learned that they have no clear path to becoming a basic aid district. She explained that as a result, the decrease in property taxes would impact the State level funding for schools.

Mayor Colson asked about the establishment of CalCHA. Mr. Moss stated that GPM Municipal Advisors, staff to CalCHA, serves as staff to another JPA called CalPFA. He explained that the initial intent was to utilize CalPFA. However, as conversations continued, it became clear that they needed to set up a separate entity whose sole focus was the missing middle.

Councilmember Brownrigg stated that with respect to the veto power of the City on allowing CalCHA to purchase additional properties in Burlingame, the City can negotiate a side letter with the JPA that makes it clear that the City must first approve. Mr. Moss replied in the affirmative. He added that the City could also just leave the JPA.

Mayor Colson asked if the City leaves the JPA, would the City still get title to the property. Mr. Moss replied in the affirmative. He added that once the bonds have been repaid, all the equity will accrue to the City. He explained that included in Orrick's opinion is that these bonds must be purchased for a public benefit and the benefit here is twofold: 1) provide affordable housing and 2) any of the equity that builds up is granted to the City.

Mr. Moss gave the example of if the City went dark for thirty years and didn't take phone calls from CalCHA. If the property is sold at the end of 30 years, the money would be wired to the City.

Mayor Colson stated that if the market tanks and the bonds are unable to be paid resulting in the bondholders foreclosing on the property, the property would be sold and liquidated. She explained that the bondholders would then be paid their pro-rated share. Therefore, in the worst-case scenario, there is no recourse back to the City.

Councilmember Brownrigg asked Mr. Moss to explain how CalCHA envisions moving from the current rents in the building to the three affordable rent levels. Mr. Moss stated that the building that CalCHA is trying to acquire has one, two, and three-bedroom units. He discussed the current rates versus what the rates would be at 80% AMI:

Number of Bedrooms	Current Rent	80% AMI
One Bedroom	\$3,400	\$2,867
Two Bedroom	\$3,950	\$3,224
Three Bedroom	\$5,250	\$3,582

He noted that the 80% AMI cap is \$90,000.

Councilmember Brownrigg stated that because it is based on AMI, whoever moves in next might see a rent reduction. He explained that under CalCHA's proposal, two-thirds of the units would be under 100% AMI.

Mayor Colson noted that the tax exemption doesn't just impact the City, but it also impacts the County and schools. She discussed the property that Stanford bought in Redwood City that was taken off the tax roll. She stated that her biggest concern is not the one project, it is the broader situation where the City is getting a lot of new housing units, and if those come off the property tax rolls, it could create issues for the County and schools. She stressed the importance of the City being able to veto a property from becoming tax exempt.

Vice Mayor Beach asked if CalCHA pitched this project to any other city in San Mateo County. Mr. Moss stated that the current members of CalCHA are: Santa Rosa, Fairfield, Menlo Park, Mountain View, Marin County, and the City of Larkspur.

Vice Mayor Beach asked what the incentive is to pay market value and not above market value for a property. Mr. Moss stated that there is a point where the numbers don't make sense. He explained that the property that they are looking to acquire is a value-add asset where the business plan of the individual that buys it is to significantly renovate the property. He noted that this makes it a challenging opportunity in terms of preserving the housing for the missing middle.

Vice Mayor Beach asked if staff had enough time to review the JPA agreement. City Attorney Kane stated that the JPA agreement it is very straightforward. She noted that the questions she still has are about documents she has been unable to review.

Mayor Colson stated that the JPA documents mention that it can expand its membership to include more voting members. She asked if the JPA would be amenable to expanding the board. Mr. Moss stated that he has no insight into how the expansion of the board would work.

Mayor Colson asked what would happen if the JPA decided to remove Catalyst Housing Group and utilize another asset manager. Mr. Moss stated that he isn't hired by the JPA. He explained that GPM Municipal Advisors is staff to the JPA.

Mayor Colson asked if the JPA could terminate GPM. Mr. Moss replied in the affirmative. He stated that he spent two years putting the group together and creating a financial model that would address the missing middle. He added that he doesn't have a contract with CalCHA or GPM. He explained that he brings opportunities to the JPA through GPM, and then they jointly underwrite and make decisions on property management. He noted that as the asset manager, he can be replaced by the JPA.

Mayor Colson asked if Mr. Moss would be building out his organization as the program grows. Mr. Moss replied that they have built their team in order to allow for growth. He stated that they have taken on advisors and three full-time employees.

Mayor Colson asked if an offer is made on the property and they acquire it, who finances the purchase between the point of sale and when the bonds are issued. Mr. Moss replied that Catalyst Housing Group puts up the earnest money deposit, negotiates the purchase and sale agreement, and handles the due diligence. He stated that everything is assigned to the JPA at the time of closing.

Councilmember Ortiz asked how much of the asset will be amortized during the first 15 years. Mr. Moss stated that every asset is different, and he doesn't know where the bonds will price. He stated that if he had to guess, it will be about 25% amortized.

Councilmember Brownrigg asked if the repayment of the bonds is a flat amount. Mr. Moss stated that the required debt payment is flat.

Mayor Colson asked if it is variable rate loan. Mr. Moss replied in the affirmative and added that it is a fixed rate loan.

Mayor Colson stated that if the Council enters the JPA, the City would want to receive thorough reporting. Mr. Moss stated that this could be done.

Mayor Colson opened the item up for public comment. No one spoke.

Councilmember Ortiz stated that he has a lot of questions about the proposal. He expressed his intrigue about the opportunity and preserving affordable housing in the city.

Councilmember O'Brien Keighran asked if the decision had to be made tonight. City Manager Goldman stated that the City had been told that the property will be placed on the market around December 9. Therefore, to allow CalCHA the opportunity to participate in that sale, a decision needed to be made at the meeting.

Vice Mayor Beach thanked colleagues, especially Mayor Colson and Councilmember Brownrigg, for undertaking a deep dive into this matter. She stated that it sounded like a brilliant structure. However, she stated that she wished it had come to the Council earlier so that the City had more time to review the proposal. She explained that she was concerned that staff didn't have enough time to study the matter and

that some of Council's concerns went unanswered. She stated that she would like staff to be able to review a pro forma from CalCHA.

Vice Mayor Beach stated that it makes her concerned to make decisions this quickly. She stated that she believed there would be a lot more opportunities to undertake a project of this nature in Burlingame.

Mayor Colson stated that there might not be more opportunities. She explained that there are economies of scale that are required to issue these bonds. Therefore, it needs to be at least a 100 to 150 unit multi-family development.

Councilmember O'Brien Keighran stated that she doesn't like jumping into a JPA where the City doesn't have voting rights. She expressed her concern that this item was being rushed, and a policy was being built so that one building could be purchased in the city. She explained that she believed the City was doing a good job on creating affordable housing. She added that it concerns her that the City Attorney is asking a lot of questions and doesn't have all the documentation she wants. She noted that the City would be making decisions that decrease property tax for the County and schools, and neither party is involved in these conversations.

Councilmember Brownrigg stated that he is worried that Council will spend a lot of time and political capital getting developers to build new units in the city. He explained that if the City moves forward with the JPA, the City would give up \$5 million in property taxes over 30 years. He stated that he called Summerhill to see how much it would cost to build 17 affordable units. He was told it would cost \$6 million. He stated that for \$5 million over 30 years, the City can guarantee that over 100 units stay affordable.

Councilmember Brownrigg stated that he isn't too worried about not the City not having a seat on the JPA as this will probably be the only property in Burlingame where this financing model works. He explained that the JPA is a warehouse for bond payments. He noted that the key underlying feature is not the JPA, but who is managing the property and ensuring that maintenance is done, and rents are paid.

Councilmember Brownrigg stated that the reason to sign on to the JPA was to preserve affordable housing for people in the community.

Mayor Colson asked if Mr. Moss had made the same proposal to Redwood City. Mr. Moss replied in the affirmative. He stated that Redwood City was understaffed at the time, and that the plan was to circle back.

Councilmember Ortiz asked Mr. Moss to describe the process by which the market rate tenants are replaced with below market rate tenants. Mr. Moss explained that CalCHA has a non-displacement clause. He stated that when existing leases roll, they reach out to the tenant and state that before they renew their lease, they'd like to know the tenant's household size and household income. He stated that if they qualify within one of the affordable tiers, the tenant receives a reduction in rent. But, for tenants that are above the three tiers, they are asked to continue paying market rate. He stated that tenant turnover is approximately 50% annually, and that even with rent control, places like San Francisco continue to see turnover.

Councilmember Ortiz asked if the market rate tenants will see rent increases in accordance with AB 1482. Mr. Moss replied in the affirmative. He noted that CalCHA has not yet created a policy on how to handle AB 1482, but CalCHA does have an existing policy that doesn't allow a double-digit increase.

Vice Mayor Beach asked if CalCHA needed the building to be in the 100-unit range for the economics to work. Mr. Moss stated they focus on the total transaction size versus the number of units. He explained that they focus on \$100 million and more transactions.

Vice Mayor Beach stated that it sounds like the opportunity before the Council is one that doesn't come along often.

Mayor Colson asked if there was time for the staff to gather further information this week so that everyone would be comfortable with entering the JPA.

City Attorney Kane stated that some of the structural issues about the JPA can't be cured in a week. She explained that it might be a fruitful conversation with the JPA to say that additional members would be more comfortable if there were explicit restraints. She stated that fundamentally, the policy question is whether the Council wants to take this opportunity in the timeframe in which it is available with the understanding that there are uncertainties attached.

City Attorney Kane stated that the risks that she sees that she can't nail down are:

1. constraints on the JPA's activities going forward (including buying new property and administering the properties that they already have),
2. the option agreement at the end of 30 years, and
3. not necessarily what the JPA intends to do, but what they are restrained from doing

City Attorney Kane stated that to the degree that there are constraints in bonding law that she is unfamiliar with, these things could be clarified in the coming days. She explained that if requested, she could engage in further discussions with Mr. Moss and Orrick. She stated that another thing to keep in mind is that the Kings County Board of Supervisors, as the CalCHA board, has to accept the City's decision to join as an additional member of the JPA before it becomes effective.

Mr. Moss stated that the Kings County Board of Supervisors can call a special meeting and can hold telephonic meetings.

Vice Mayor Beach stated that for her to be comfortable with this proposal, she would need to know the different levels of risk and what the worst-case scenario is.

City Attorney Kane stated that she believed it was clear that the obligations of the JPA in terms of the bond financing do not become the obligations of the City.

Vice Mayor Beach asked if the City really gets the asset at the end of 30 years. City Attorney Kane stated that she hasn't seen a piece of paper that outlines this requirement.

Vice Mayor Beach stated that she wanted it to be clear to staff that the City gets the building at the end of 30 years.

Vice Mayor Beach stated that she would also like to understand how Catalyst Housing Group makes its money on the deal. Mr. Moss stated that Catalyst Housing gets a fee at closing and is paid for managing the asset. Additionally, he stated that Catalyst Housing Group becomes a bondholder, and so they retain a small subordinate position.

Mayor Colson asked how long the City would need to notice a meeting to bring this matter back to Council. City Attorney Kane stated that if it is a special meeting, the noticing requirement is 24 hours.

Councilmember Ortiz stated that it is a shame that the City has to do this so rushed. He explained that when he looks at the downside, the risk is limited and therefore, he would like to push forward with the proposal.

Mayor Colson asked if there are other JPAs that function in a similar fashion. Mr. Moss stated that there are no other JPAs that are providing middle income housing. He added that there are other JPAs in the housing space, most of which are considered conduit issuers.

The Council discussed how best to proceed and what questions could be answered in a limited time and whether those questions would affect the decision of the Council.

City Attorney Kane suggested that Council could adjourn the meeting to another time.

Councilmember Brownrigg made a motion to adjourn the meeting to Wednesday, December 4, 2019 at 7:30 p.m. in order to allow time to provide the Council answers to their questions including where it is explicit that the City has veto rights over any additional projects and how the asset is transferred, as well as to provide the Council with a pro-forma; seconded by Councilmember Ortiz. The motion passed unanimously by voice vote, 5-0.

11. COUNCIL COMMITTEE AND ACTIVITIES REPORTS AND ANNOUNCEMENTS

Mayor Colson asked that the Council submit a year-end committee report to the City Clerk by December 9, 2019. Council agreed.

a. MAYOR COLSON'S COMMITTEE REPORT

12. FUTURE AGENDA ITEMS

There were no future agenda items.

13. ACKNOWLEDGEMENTS

The agendas, packets, and meeting minutes for the Planning Commission, Traffic, Safety & Parking Commission, Beautification Commission, Parks and Recreation Commission, and Library Board of Trustees are available online at www.burlingame.org.

14. ADJOURNMENT

Mayor Colson adjourned the meeting at 11:26 p.m. until December 4, 2019 at 7:30 p.m. in Council Chambers.

Respectfully submitted,

Meaghan Hassel-Shearer
City Clerk