



STAFF REPORT

City Council

Meeting Date: 11/10/2020

Staff Report Number: 20-243-CC

Regular Business: Consider the funding options for the City requested work to accompany Facebook's offer to rebuild community facilities located at 100-110 Terminal Avenue and the plan for interim services during construction

Recommendation

Staff recommends that the City Council confirm the following for the Menlo Park community campus (MPCC) located at 100 Terminal Ave.:

1. Funding sources and strategy for the City requested work comprised of three tiers as described below and totaling \$9.8 million.
2. Interim services plan during construction of the new building outlined below, including an increase of the city manager contracting authority to \$250,000 for the after school program portables and \$125,000 for the associated site work.

Policy Issues

This generous offer to build a new public facility in the Belle Haven neighborhood provides an exciting opportunity for the community for generations to come. On multiple occasions over the past 10 months, the City Council has established this project as one of the City's top priorities, most recently August 18.

Background

In October 2019, Facebook announced its intent to collaborate with the community and the City to build a new multigenerational community center and library on the site of the current Onetta Harris Community Center (OHCC), Menlo Park Senior Center and Belle Haven Youth Center located at 100-110 Terminal Avenue. The scope of the project has expanded to include reconstruction of the Belle Haven Pool. Information related to the project, including all previous meetings, is available on the City-maintained webpage (Attachment A.)

Project review process and schedule

The remaining steps of the project review process are as follows:

- November 10 – City Council review of the project funding strategy and final interim services plan
- December 7 or 14 – Planning Commission public hearing to make a recommendation on the project
- January 12, 2021 – City Council public hearing on the California Environmental Quality Act (CEQA) determination, project approvals, and binding agreement with Facebook for construction of the project, including any remaining steps to solidify project funding for City requested work.

If the project is approved in January 2021, this would result in the following schedule for project completion assuming this remains a high priority project for the City:

- June 2021 – Facility closures
- July to August 2021 – Remediation and demolition
- Spring 2023 – Facilities re-opening

Analysis

Most recently October 13, the City Council confirmed that all City requested work items from the term sheet should be incorporated into the project design as generally shown in Attachment B. The City Council also authorized the reimbursement of designs fees to Facebook up to a maximum of \$500,000 for work through January 2021. The project enhancements and estimated costs, which include soft costs such as design, are as follows:

1. New swimming pool: \$7.400 million
2. Red Cross evacuation center: \$0.750 million
3. Emergency backup power (diesel generator): \$0.150 million
4. Solar carports: \$0.750 - \$1.500 million
5. LEED Platinum (Leadership in Energy and Environmental Design) upgrade plus additional rooftop solar: \$0.350 - \$0.600 million
6. Renewable energy microgrid (battery backup): \$0.600 - \$1.200 million
7. Building deconstruction versus demolition: \$0.400 million
8. Water main replacement: \$0.800 million (already funded)
9. Recycled water connection from Chilco Street: \$0.414 million
10. Utility undergrounding: \$0.250 million

In addition to a cash purchase option, Items 4, 5 (partial), and 6 have the potential to effectively “pay for themselves” through a power purchase agreement. In a power purchase agreement there would be no upfront capital cost to the City. An external entity would finance and construct the improvements and have maintenance responsibility through the term of the agreement. A power purchase agreement allows the financing entity to take advantage of tax credits not available to the City helping to offset the ‘profit’ built into the agreement. The City entered into a similar type agreement for the existing solar installations at the roof of the OHCC and various buildings at the Civic Center Campus. The remaining items in need of funding (Items 1, 2, 3, remainder of 5, 7, 9 and 10) total approximately \$9.714 million.

Additionally, staff is pursuing options for securing rights to continue to use lands currently owned by PG&E, including the option to acquire the land to provide more certainty for the project and long-term benefits for the City. The land acquisition costs are not included in the estimates above.

Project funding

On October 13, City Council directed City staff to identify various funding options for the \$9.714 million required for the pool and other additions to the MPCC project. City staff recommend a \$9.8 million project budget amendment that identifies three funding sources. City staff will maximize funds available at the low tiers (tier 1) before drawing funds at higher tiers (tier 3.) The budget amendment request is included in a separate agenda item on the November 10 agenda.

Tier 1 - Grants, donations and community amenity contributions: \$1 million.

As a public-private partnership with Facebook to enhance facilities available to vulnerable populations, the MPCC project is competitive for regional, state and federal grants. City staff has identified a \$200,000

grant to offset the pool construction. Additional grant opportunities or future federal stimulus funds may be available in the next several months. If the City Council directs, City staff will engage nonprofits such as the Menlo Park Library Foundation to identify willingness to contribute to the project for furniture, fixtures and equipment expenses. As an additional option, aspects of the project are part of the City Council's adopted community amenities list to offset the impact of bonus level development in the Bayfront area. A developer must propose an amenity, and the City Council must accept the amenity as part of the development entitlement process. City staff does not consider community amenities a viable option to offset this project's costs based on the current project schedule. Tier 1 funds over \$1 million will reduce tier 3 funds on this project.

Tier 2 - Use of General fund unassigned fund balance: \$2 million.

The City's unassigned fund balance of \$6.4 million as of June 30, 2020, is surplus revenue that is not restricted by source or City Council policy. City Council policy maintains an additional \$35.1 million in assigned and committed fund balance. The use of \$2 million for the MPCC project would not impose a hardship on City finances.

Tier 3 - Measure T general obligation bonds - \$6.8 million.

Approved in 2001 by Menlo Park voters to improve recreational facilities, Measure T has a remaining bonding capacity estimated at \$14 million. Menlo Park's credit rating, substantial reserves, and structurally balanced budget would likely result in incredibly favorable borrowing costs. From a cash flow perspective, City staff recommends initiating the bond process in summer 2021 to allow time to identify the amount of Tier 3 funds required. If the City Council decides to issue \$14 million in Measure T bonds to fund this and other Parks and Recreation master plan projects, property owners will begin paying approximately \$45 per 1 million assessed value in December 2022.

To date, approximately \$24 million of Measure T funds has been spent on recreation projects. The City pursued two rounds of projects. From 2002 to 2006, the City spent approximately \$13 million of Measure T funds in various park and recreation projects. None of the projects were located north of US 101, in what is currently District 1. From 2009 to 2012, the City approximately \$11 million of Measure T funds as the City contributions toward the series of philanthropic projects that resulted in the Arrillaga Family Gymnasium, Arrillaga Family Recreation Center and the Arrillaga Family Gymnastics Center. During the period from 2002 until 2011, the former Redevelopment Agency spent approximately \$7.5 million on park and recreation improvements north of US 101. Additional information related to Measure T bonds is available through an August 27, 2019 staff report regarding the refinancing of the bonds (Attachment C.)

Staff met with the City Council Subcommittee comprised of Mayor Taylor and City Councilmember Carlton to discuss the funding strategy. The Subcommittee expressed general support for the tiered approach, but maintained differing views related to the consideration of community amenities as a potential funding source.

One other option identified in the October 13 staff report was revisiting funding of existing capital improvement projects. The City Council could consider defunding or delaying implementation of other capital projects. Attachment D provides a listing of projects with eligible fund sources. Neither staff nor the Subcommittee believe it would be productive to revisit the list for purposes of this project, but it is included for reference.

Interim services plan

As considered at the April 21 City Council meeting and outlined in the July 28 staff report, the interim services during construction of the new facility includes the following components assuming that facility closures and major restrictions from the pandemic are no longer in effect:

Senior services

- Locate the program in existing rooms in the Arrillaga Family Recreation Center, which would result in reduced access to certain rooms for the other programs/uses from 8 a.m. to 3 p.m. on weekdays.
- Consider potential minor modifications to kitchen if needed for county health department compliance.
- Increase transportation offering to the Civic Center Campus (Burgess Park) for Menlo Park seniors.
- Explore options on Burgess Campus for summer camps that historically have used the Arrillaga Family Recreation Center during the day.

Recreation classes

- Accommodate demand through existing or expanded offerings at the various facilities on Civic Center (Burgess Park) campus.
- Modify the program fee structure on a pilot basis to encourage participation of Menlo Park residents interested in classes regardless of ability to pay.
- Increase transportation options between the Belle Haven neighborhood and the Civic Center (Burgess Park) campus through an activity shuttle.
- Explore possible enhancement to existing spaces in the main library or Arrillaga Family Gymnastics Center for community meeting rooms or other programming.

After school child care

- Explore partnership with Beechwood School to install temporary portables on its campus to house the program. Staff did explore this opportunity. Although Beechwood School was open to potentially allowing the City to locate portables temporarily on its property, the logistics of actually installing the portables proved too challenging given site constraints. As such, the identified location for the portables is now the far end of the Kelly Park parking lot as shown in Attachment E.

Staff believes that this plan achieves the target service levels established by the City Council February 25 and appears to be achievable within the \$1 million budget for interim services. That said, it is likely there might be other opportunities and challenges that arise leading up to construction and during construction. Staff will keep the City Council apprised of anything that could materially impact the service levels or budget of interim services.

In order to ensure that the senior community was aware of the plan for interim services, a number of staff from Library and Community Services conducted a survey with the highlights summarized as follows:

- The survey was conducted in English and Spanish by telephone
- The call list was comprised of the 184 senior center users for whom we have contact information on file
- One hundred and eleven users responded to the survey (60 percent response rate)
- Eighty-eight percent said yes, they would use the senior center services when temporarily located at the Arrillaga Family Recreation Center
- Seventy percent said yes, they would need transportation
- Fifty-eight percent said they live in Menlo Park; 37 percent in East Palo Alto; 3 percent in Redwood City

Staff intends to conduct a similar survey of OHCC program participants to determine how best to meet their needs. Upon the conclusion of this survey, staff will have a better feel for the overall transportation needs for interim services and will report out to the City Council in January 2021.

In order to ensure that the portables for the after school program are available in May 2021, staff is recommending and the Subcommittee concurs that the city manager's contracting authority be increased from the current level of \$78,000 to specific levels for certain contracts. Staff is recommending a maximum

of \$250,000 for the contract related to the delivery, installation, and rental of the portables for a 24-month term. In addition, staff recommends that the contracting authority for the general site work to accommodate the portables be increased to \$125,000. Staff does not anticipate any other single contract to exceed the city manager’s contracting authority. If other potential contracts arise that exceed \$78,000, staff will return for City Council approval.

Impact on City Resources

Staff estimates the value of the offer at approximately \$40 million. On July 28, the City Council approved the capital improvement project (CIP) budget for fiscal year 2020-21, which allocated an additional \$3.850 million, plus carry-over funds of \$2.132 million for a total project budget of approximately \$5.982 for the City’s base-level commitments, including interim services, as detailed in Table 1.

| Table 1: Base level budget funding | |
|------------------------------------|----------------|
| Item | Budget |
| General fund CIP | \$2.098 |
| Library system improvement fund | \$1.484 |
| Recreation in lieu fund | \$1.570 |
| Water capital fund | \$0.800 |
| Total | \$5.952 |

As described above, staff estimates that the additional funding needed for the City requested work is \$9.8 million. A budget request is included in a separate item on the November 10 agenda.

Environmental Review

This action is not a project within the meaning of the CEQA Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment. The proposed building is a project under CEQA and staff believes that the project is eligible for a Class 2 exemption for the replacement of existing facilities (§15302.) The final CEQA determination will occur later in the process at the time of project approval.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. In addition, the City sent electronic notices via Nextdoor, Facebook and directly to project email and text update subscribers from the project page (Attachment A.)

Attachments

- A. Hyperlink – project page: menlopark.org/communitycampus
- B. Illustrative site plan showing City requested work
- C. Hyperlink – August 27, 2019 staff report: menlopark.org/DocumentCenter/View/22628/H5---20190827-Approve-GO-Bond-refunding-CC
- D. CIP project summary

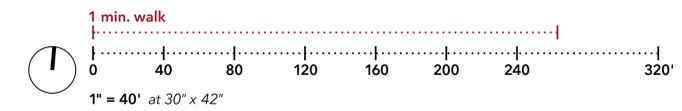
Staff Report #: 20-243-CC

E. Proposed concept plan for temporary afterschool program at Kelly Park

Report prepared by:
Justin Murphy, Deputy City Manager



1. A new swimming pool and all associated support systems
2. Upgrading the building to a Red Cross Evacuation Center
3. Deploying emergency backup power (e.g., diesel generator)
4. Installing solar carports
5. Pursuing Leadership in Energy and Environmental Design (LEED) Platinum or equivalent
6. Designing and installing a microgrid
7. Deconstructing the existing buildings (instead of demolishing them)
8. Replacing the On-site water main
9. Extending a recycled water main to serve the site in the future
10. Undergrounding overhead utilities



Overall Illustrative Site Plan

Menlo Park Community Campus, Menlo Park, California

L0.00

General Fund, Rec In Lieu, Library System Improvements Fund Sources Only

| Project | Prior Year Funds (carryover as of | FY 20/21 Funds | Total Funds | Status |
|--|--------------------------------------|----------------|-------------|-----------|
| City Building and Systems | | | | |
| Menlo Park Community Campus | \$2,104,425 | \$3,850,000 | \$5,954,425 | In Design |
| Info Tech Master Plan & Implementation | \$1,764,404 | \$0 | \$1,764,404 | Ongoing |
| HVAC Improvements | \$531,650 | \$0 | \$531,650 | In Design |
| City Buildings (Minor) | \$1,261,774 | \$250,000 | \$1,511,774 | Ongoing |
| Fire Plans & Equipment Replacement | \$170,116 | \$0 | \$170,116 | In Design |
| Gatehouse Fence Replacement | \$70,031 | \$0 | \$70,031 | In Design |

Environment

| | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|
| Climate Action Plan | \$282,529 | \$100,000 | \$382,529 | Ongoing |
| Sea Level Rise Resiliency Plan | \$150,000 | \$0 | \$150,000 | Study |
| EV Charging at City Facilities | \$97,130 | \$400,000 | \$497,130 | In Design |

Parks and Recreation

| | | | | |
|--|-----------|-------------|-------------|-------------|
| Aquatic Center Maintenance (Annual) | \$643,174 | \$400,000 | \$1,043,174 | In Design |
| Civic Center Campus Improvements | \$61,924 | \$0 | \$61,924 | On Hold |
| Tennis Court Maintenance | \$63,471 | \$120,000 | \$183,471 | Not Started |
| Park Pathways Repairs | \$666,027 | \$250,000 | \$916,027 | In Design |
| Sport Field Renovations | \$300,000 | \$300,000 | \$600,000 | Not Started |
| Bedwell Bayfront Park Master Plan Implementation | \$143,456 | \$1,350,000 | \$1,493,456 | In Design |
| Willow Oaks Park Improvements | \$910,829 | \$0 | \$910,829 | In Design |
| Park Playgrounds | \$0 | \$200,000 | \$200,000 | In Design |
| Park Projects (Minor) | \$167,407 | \$200,000 | \$367,407 | Ongoing |

Stormwater

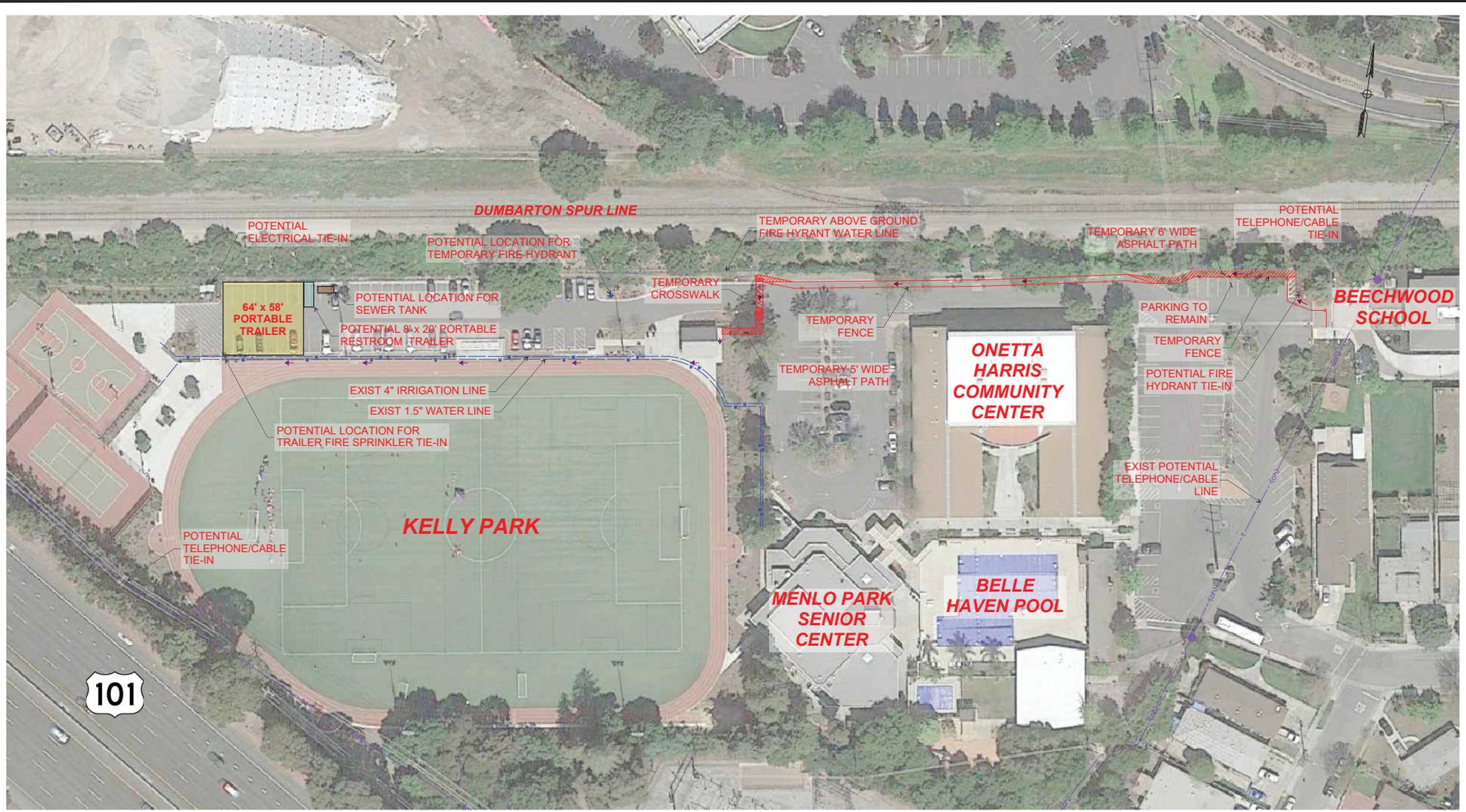
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|-------------------------------------|--------------|-------------|--------------|-----------|
| Bayfront Canal / Atherton Channel | \$217,391 | \$1,200,000 | \$1,417,391 | In Design |
| Chrysler Pump Station | \$10,654,223 | \$0 | \$10,654,223 | In Design |
| San Francisquito Creek Improvements | \$82,995 | \$0 | \$82,995 | In Design |
| Stormwater Master Plan | \$330,061 | \$0 | \$330,061 | Study |

Streets and Sidewalks

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Downtown Streetscape Improvements | \$297,269 | \$0 | \$297,269 | On Hold |
| Street Resurfacing Project | \$296,709 | \$0 | \$296,709 | Ongoing |
| Sidewalk Repair Program | \$5,004 | \$300,000 | \$305,004 | Ongoing |
| Chilco Street and Sidewalk Improvements | \$31,896 | \$0 | \$31,896 | Complete |
| Oak Grove Sidewalk & Green Infrastructure Project | \$4,650 | \$0 | \$4,650 | Complete |
| Sharon Road Sidewalks | \$888,001 | \$0 | \$888,001 | In Design |

Transportation

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Willow - 101 Interchange Landscaping Design | \$204,652 | \$0 | \$204,652 | In Design |
| Ravenswood Ave/Caltrain Grade Separation Study | \$325,933 | \$0 | \$325,933 | Study |
| Transportation Master Plan | \$24,157 | \$0 | \$24,157 | Study |
| Transportation Projects - Minor | \$172,119 | \$0 | \$172,119 | Ongoing |
| Streetlight Series Circuit Conversion | \$75,000 | \$650,000 | \$725,000 | In Design |



**KELLY PARK TEMPORARY AFTERSCHOOL
PROPOSED CONCEPT PLAN**

IN THE CITY OF MENLO PARK, SAN MATEO COUNTY, CALIFORNIA



NO SCALE
OCTOBER 29, 2020

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