



**CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
SPECIAL AND REGULAR MEETING AGENDA**

**Tuesday, January 24, 2012 at 6:00 p.m.
701 Laurel Street, Menlo Park, CA 94025
City Council Chambers**

6:00 P.M. CLOSED SESSION (Council Conference Room, 1st floor City Hall)

Public Comment on Closed Session item will be taken prior to adjourning to Closed Session

CL1. Pursuant to Government Code Section 54956.9 to conference with legal counsel regarding existing litigation; 1 case: Schuler v. City of Menlo Park
Superior Court of California, County of San Mateo Case No. CIV500463

7:00 P.M. REGULAR SESSION

ROLL CALL – Cline, Cohen, Fergusson, Keith, Ohtaki

PLEDGE OF ALLEGIANCE

REPORT FROM CLOSED SESSION

ANNOUNCEMENTS

A. PRESENTATIONS AND PROCLAMATIONS

A1. Proclamation recognizing Carl Clark

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

B1. Library Commission quarterly report on the status of the 2-Year Work Plan

B2. Park and Recreation Commission quarterly report on the status of the 2-Year Work Plan

B3. Consider applicants for appointment to fill three vacancies on the Environmental Quality Commission ([Staff report #12-012](#))

C. PUBLIC COMMENT #1 (Limited to 30 minutes)

Under "Public Comment #1", the public may address the Council on any subject not listed on the agenda and items listed under the Consent Calendar. Each speaker may address the Council once under Public Comment for a limit of three minutes. Please clearly state your name and address or political jurisdiction in which you live. The Council cannot act on items not listed on the agenda and, therefore, the Council cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

D. CONSENT CALENDAR

- D1.** Initiate the Menlo Park Landscape Assessment District proceedings for fiscal year 2012-13 and adopt a Resolution describing the improvements and directing the preparation of the Engineer's Report ([Staff Report #12-011](#))
- D2.** Accept minutes for January 5, January 6, January 10 and January 17, 2012 ([Attachment](#))

E. PUBLIC HEARINGS

- E1.** Appeal of a Planning Commission determination regarding the use of a portion of an existing accessory structure as a secondary dwelling unit on a property located in the R-1-U (Single-Family Urban Residential) zoning district at 116 O'Connor Street (**will be continued to February 14**) ([Attachment](#))

F. REGULAR BUSINESS

- F1.** Implications on the 2011-12 City Budget from the dissolution of the Menlo Park Community Development Agency ([Staff Report #12-015](#))
- F2.** Consider options for operation of the Housing Division given the dissolution of the Redevelopment Agency and loss of funding for housing activities ([Staff Report #12-009](#))
- F3.** Approve and adopt the first amended Enforceable Obligation Payment Schedule ([Staff Report #12-014](#))
- F4.** Approve a framework for a draft agreement to be used as a starting point in negotiations with San Mateo County to ensure continued operation of Flood Park for FY 2012 – 13 for \$150,000 ([Staff Report #12-010](#))
- F5.** Consider the adoption of a Resolution approving an employment agreement with Alexander D. McIntyre ([Staff report #12-013](#))
- F6.** Consider state and federal legislative items, including decisions to support or oppose any such legislation, and items listed under Written Communication or Information Item:
F6-A: Update on Senate Bill 654 – An act to amend sections of the Health and Safety Code relating to redevelopment ([Attachment](#))

G. CITY MANAGER'S REPORT – None

H. WRITTEN COMMUNICATION – None

I. INFORMATIONAL ITEMS – None

J. COUNCILMEMBER REPORTS

K. PUBLIC COMMENT #2 (Limited to 30 minutes)

Under "Public Comment #2", the public if unable to address the Council on non-agenda items during Public Comment #1, may do so at this time. Each person is limited to three minutes. Please clearly state your name and address or jurisdiction in which you live.

L. ADJOURNMENT

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at <http://www.menlopark.org>, and can receive e-mail notification of agenda and staff report postings by subscribing to the "Home Delivery" service on the City's homepage. Agendas and staff reports may also be obtained by contacting the City Clerk at (650) 330-6620. Copies of the entire packet are available at the library for viewing and copying. (Posted: 01/19/2012)

At every Regular Meeting of the City Council/Community Development Agency Board, in addition to the Public Comment period where the public shall have the right to address the City Council on the Consent Calendar and any matters of public interest not listed on the agenda, members of the public have the right to directly address the City Council on any item listed on the agenda at a time designated by the Mayor, either before or during the Council's consideration of the item.

At every Special Meeting of the City Council/Community Development Agency Board, members of the public have the right to directly address the City Council on any item listed on the agenda at a time designated by the Mayor, either before or during consideration of the item.

Any writing that is distributed to a majority of the City Council by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available for inspection at the Office of the City Clerk, Menlo Park City Hall, 701 Laurel Street, Menlo Park, CA 94025 during regular business hours. Members of the public may send communications to members of the City Council via the City Council's e-mail address at city.council@menlopark.org. These communications are public records and can be viewed by any one by clicking on the following link: <http://ccin.menlopark.org>.

City Council meetings are televised live on Government Access Television Cable TV Channel 26. Meetings are re-broadcast on Channel 26 on Thursdays and Saturdays at 11:00 a.m. A DVD of each meeting is available for check out at the Menlo Park Library. Live and archived video stream of Council meetings can be accessed at http://menlopark.granicus.com/ViewPublisher.php?view_id=2.

Persons with disabilities, who require auxiliary aids or services in attending or participating in City Council meetings, may call the City Clerk's Office at (650) 330-6620.

RECOGNIZING Carl E. Clark

WHEREAS, Carl E. Clark, United States Navy veteran and a Menlo Park resident is being honored and recognized for heroics of World War II; and

WHEREAS, Mr. Clark risked his life to put out raging fires to save his ship, the destroyer U.S.S. Aaron Ward, during a deadly Japanese Kamikaze attack on May 3, 1945; and

WHEREAS, no ship has ever survived more kamikaze attacks; and

WHEREAS, all four of the Aaron Ward's fellow ships sunk during the attack; and

WHEREAS, Mr. Clark's actions saved hundreds of lives and kept the U.S.S. Aaron Ward from capsizing; and

WHEREAS, Mr. Clark at that time was considered a low-ranking steward, who was badly wounded, grabbed a hose to combat the fire before it could reach an ammunition locker on deck; and

WHEREAS, few African-American servicemen received commendations during the war and were barred from being officers; and

WHEREAS, Mr. Clark is now 95 years old and has waited a long time to receive recognition; and

WHEREAS, Mr. Clark will receive the Navy and Marine Corps Commendation Medal with the Combat Distinguished Device this month and be honored by Congresswoman Anna Eshoo; and

WHEREAS, The City of Menlo Park is proud to take part in recognizing and honoring Mr. Clark.

NOW THEREFORE BE IT RESOLVED that I, **Kirsten Keith, Mayor of Menlo Park**, recognize Mr. Carl Clark for his bravery and I salute him as a decorated World War II hero.

Kirsten Keith, Mayor



ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: January 24, 2012
Staff Report #: 12-012

Agenda Item #: B-3

COMMISSION APPOINTMENTS: Consider applicants for appointment to fill three vacancies on the Environmental Quality Commission

RECOMMENDATION

Staff recommends voting for and appointing applicants to fill three (3) vacancies on the Environmental Quality Commission.

BACKGROUND

Staff has been recruiting for the vacant positions by publishing press releases in the Almanac and notices being posted on the City's website, City bulletin board and sending out letters to random residents seeking interested parties to apply for the commissions and committees.

There is one vacancy on the Environmental Quality Commission due to the resignation of Butch Byers, and two vacancies due to expiring terms of Daniel Kocher (termed out) and Mitchel Slomiak. The applicant selected to fill the unexpired term will serve through April 30, 2014 and the two full terms will serve through April 30, 2015.

Applicants for the vacancy:

- Chris DeCardy
- Alice Kozar
- Scott Marshall
- Mitchel Slomiak (requesting reappointment)

ANALYSIS

Pursuant to City Council Policy CC-01-0004 (Attachment A), commission members must be residents of the City of Menlo Park and serve for designated terms of four years, or through the completion of an unexpired term. The Finance and Audit Committee was established by Minute Order (Attachment B) by the Council on October 7, 2007. The structure was up to have three community members appointed for two-year staggered terms.

In addition, the Council's policy states that the selection/appointment process shall be conducted before the public at a regularly scheduled meeting of the City Council.

Nominations will be made and a vote will be called for each nomination. Applicants receiving the highest number of affirmative votes from a majority of the Council present shall be appointed.

IMPACT ON CITY RESOURCES

Staff support for selection of commissioners is included in the FY 2011-12 Budget.

POLICY ISSUES

Council Policy CC-01-0004 establishes the policies, procedures, roles and responsibilities for the City's appointed commissions and committees.

Currently the budget metrics set a goal of two applications for each appointment.

ENVIRONMENTAL REVIEW

The proposed action does not require environmental review.



Margaret S. Roberts, City Clerk

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS:

- A – Excerpt from Council Policy CC-01-0004, pages 4-5
- B – October 7, 2007 except of Minutes and structure of Finance & Audit Committee
- C – Applications for the Environmental Quality Commission

Attachment C will not be available on-line, but are available for review at City Hall in the City Clerk's Office during standard City operating hours.

City of Menlo Park		City Council Policy
Department City Council Subject Commissions/Committees Policies and Procedures and Roles and Responsibilities	Page 4 of 10	Effective Date 3-13-01
	Approved by: Motion by the City Council on 03-13-2001; Amended 09-18-2001; Amended 04-05-2011	Procedure # CC-01-0004

Commission/Committee is waiting for additional members to arrive.

- Staff can make announcements to the members during this time but must follow up with an email to all members of the body conveying the same information.
- All other items shall not be discussed with the members present as it is best to make the report when there is a quorum present.

4. Meeting Locations and Dates

- Meetings shall be held in designated City facilities, as noticed.
- All Commissions/Committees with the exception of the Planning Commission shall conduct regular meetings once a month. Special meetings may also be scheduled as required by the Commission/Committee. The Planning Commission shall hold regular meetings twice a month.
- Monthly regular meetings shall have a fixed date and time established by the Commission/Committee. Changes to the established regular dates and times are subject to the approval of the City Council. An exception to this rule would include any changes necessitated to fill a temporary need in order for the Commission/Committee to conduct its meeting in a most efficient and effective way as long as proper and adequate notification is provided to the Council and made available to the public.
- Each Commission/Committee may establish other operational policies subject to the approval of the City Council. Any changes to the established policies and procedures shall be subject to the approval of the City Council.

5. Selection of Chair and Vice Chair

- The Chair and Vice Chair shall be selected in May of each year by a majority of the members and shall serve for one year or until their successors are selected.
- Each Commission/Committee shall annually rotate its Chair and Vice Chair.

G. Memberships

Appointments/Oaths

1. The City Council is the appointing body for all Commissions and Committees. All members serve at the pleasure of the City Council for designated terms.
2. All appointments and reappointments shall be made at a regularly scheduled City Council meeting, and require an affirmative vote of not less than a majority of the Council present.
3. Prior to taking office, all members must complete an Oath of Allegiance required by Article XX, §3, of the Constitution of the State of California. All oaths are administered by the City Clerk or his/her designee.
4. Appointments made during the middle of the term are for the unexpired portion of that term.

City of Menlo Park		City Council Policy
Department City Council Subject Commissions/Committees Policies and Procedures and Roles and Responsibilities	Page 5 of 10	Effective Date 3-13-01
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Application/Selection Process

1. The application process begins when a vacancy occurs due to term expiration, resignation, removal or death of a member.
2. The application period will normally run for a period of four weeks from the date the vacancy occurs. If there is more than one concurrent vacancy in a Commission, the application period may be extended. Applications are available from the City Clerk's office and on the City's website.
3. The City Clerk shall notify members whose terms are about to expire whether or not they would be eligible for reappointment. If reappointment is sought, an updated application will be required.
4. Applicants are required to complete and return the application form for each Commission/Committee they desire to serve on, along with any additional information they would like to transmit, by the established deadline. Applications sent by fax, email or submitted on-line are accepted; however, the form submitted must be signed.
5. After the deadline of receipt of applications, the City Clerk shall schedule the matter at the next available regular Council meeting. All applications received will be submitted and made a part of the Council agenda packet for their review and consideration. If there are no applications received by the deadline, the City Clerk will extend the application period for an indefinite period of time until sufficient applications are received.
6. Upon review of the applications received, the Council reserves the right to schedule or waive interviews, or to extend the application process in the event insufficient applications are received. In either case, the City Clerk will provide notification to the applicants of the decision of the Council.
7. If an interview is requested, the date and time will be designated by the City Council. Interviews are open to the public.
8. The selection/appointment process by the Council shall be conducted open to the public. Nominations will be made and a vote will be called for each nomination. Applicants receiving the highest number of affirmative votes from a majority of the Council present shall be appointed.
9. Following a Council appointment, the City Clerk shall notify successful and unsuccessful applicants accordingly, in writing. Appointees will receive copies of the City's Non-Discrimination and Sexual Harassment policies, and disclosure statements for those members who are required to file under State law as designated in the City's Conflict of Interest Code. Copies of the notification will also be distributed to support staff and the Commission/Committee Chair.
10. An orientation will be scheduled by support staff following an appointment (but before taking office) and a copy of this policy document will be provided at that time.



**CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
EXCERPT OF THE MINUTES
Tuesday, October 9, 2007
7:00 p.m.
701 Laurel Street, Menlo Park, CA 94025
Menlo Park City Council Chambers**

ROLL CALL – Fergusson, Cohen, Boyle, Cline, Robinson

Staff present – City Manager Rojas, City Attorney McClure and City Clerk Vonderlinden. Other City staff were present in the audience.

F. REGULAR BUSINESS

1. Approval of revised recommendations for the establishment of a Finance and Audit Committee and appointment of two Council Members to serve on the Committee.

Finance Director Augustine presented the staff report, stating the primary objective of establishing a Finance and Audit Committee is to bring consistency and transparency to the City's fiscal processes and reports. Since the topic last came to Council, the Finance Director reported that the City had recruited and employed a financial analyst, in part, to advance this goal. The Finance Director referred the Council to Attachment A of the report which summarized the recommendations. She stated that the Council previously appointed Council Members Boyle and Cline as Council representatives on the subcommittee and that they have been working with staff to provide further direction on the scope, size, terms, and appointment process for the community member appointees.

Mayor Fergusson questioned the role of the committee regarding the City's budget process. Council Member Boyle responded that the committee would focus on reporting transparency and timeliness of financial information and is not intended to be a budget advisory committee.

Council Member Robinson made the suggestion that the Committee also be tasked with looking at the City's investment portfolio.

A Council discussion took place regarding the considerations that went into the recommendations regarding the committee's structure and focus.

Action: Moved, seconded (Cohen/Robinson) carried unanimously to approve staff and the subcommittee's recommendations as shown on Attachment A to the staff report establishing a focus and structure for the Finance and Audit Committee; adding a review of the City's investment strategy and a comparison with other cities; and including a provision for a review of the committee after a year of operation.

Action: Vice Mayor Cohen nominated Council Members Cline and Boyle to be the Council representatives on the committee. Council Members Cline and Boyle were appointed by acclamation to the Finance and Audit Committee.

Sherry M. Kelly, City Clerk

Approved at the Council Meeting of January 8, 2008

Attachment A

**Recommendation: Focus and Structure of Finance/Audit Committee
October 9, 2007**

Focus of the Committee

- Support the development of a plan to deliver timely, clear and comprehensive reporting of the City's fiscal status to the community at large
- Assist in establishment of a process for periodic financial reporting to Council and the public
- Annually review status of financial audit and annual financial report with the City's external auditors; review resolution of prior year audit findings
- Review of auditor selection process and scope, as needed

Committee Structure

- Advisory to the City Council
- Two Council Members appointed annually
- Three community members appointed for two-year terms (staggered) through an application process

Member Characteristics:

- Members should have some financial knowledge (sufficient understanding of or interest in organizational finance, management, and financial statements)
- Members should have the ability to communicate financial results and concepts to the public in a manner which facilitates a general understanding of issues

Meeting Structure

- All meetings called, noticed, held and conducted in accordance with the provisions of the Brown Act
- Quarterly meetings, or as agreed upon by the Committee



PUBLIC WORKS DEPARTMENT

Council Meeting Date: January 24, 2012

Staff Report #: 12-011

Agenda Item #: D1

CONSENT: Initiate the Menlo Park Landscape Assessment District Proceedings for Fiscal Year 2012-13 and Adopt of a Resolution Describing the Improvements and Direct Preparation of the Engineer's Report

RECOMMENDATION

Staff recommends that the City Council initiate the Menlo Park Landscape Assessment District proceedings for Fiscal Year 2012-13 and adopt a resolution describing the improvements and direct preparation of the Engineer's Report.

BACKGROUND

In 1982, the Menlo Park citizens voted for Measure N, an advisory measure for the City to form an assessment district to care for the City's street tree infrastructure. The Menlo Park Landscape Assessment District was subsequently formed in 1983.

Prior to 1990, property owners were responsible for all sidewalk and parking strip repair damaged by City street trees. In some cases, the lump-sum cost of removing and replacing the damaged public infrastructure was a financial burden. Thus, in 1990, an additional assessment was established and combined with the Landscape Assessment District to fund the repair of sidewalks and parking strips damaged by City trees. Financing through an assessment, to be levied on an annual basis, was determined to be more cost-effective and less burdensome to property owners than a large lump-sum payment.

In 1998-99, the City reauthorized the Landscape Assessment District through a mailed ballot, as required by Proposition 218. Each year, the City goes through a process to approve the levying of annual Landscape Assessment District assessments. The attached resolution is the first step in the process to establish assessments for the coming fiscal year.

ANALYSIS

Landscape Assessment District Scope of Work

The scope of work for the Landscape Assessment District has not changed from the Fiscal Year (FY) 2011-12 program and includes the following:

- Maintenance and servicing of City street trees, including the cost of repair, removal, or replacement of all or any part thereof;
- Providing for the life, growth, health, and beauty of City landscaping, including cultivation, trimming, spraying, fertilizing, or treating for disease or injury;
- Removal of trimmings, rubbish, debris, and other solid waste, and providing water for the irrigation thereof; and

- The installation or construction, including the maintenance and servicing thereof, of curbs, gutters, sidewalks, and parking strips damaged by City street trees.

Assessment Engineer

The first step in the annual Landscape Assessment District proceedings is the preparation of the Engineer's Report. Staff has selected SCI Consulting Group to complete the engineering work for the report for FY 2012-13. The firm has extensive background knowledge of the City's Landscape Assessment District, a successful track record with the City preparing the Engineer's Report since 1998, and experience with Proposition 218 requirements. The scope of services includes identification and verification of parcels within the district, allocation of the estimated cost of improvements and expenses to said parcels, determination of assessment amounts, preparation of assessment rolls, developing the Engineer's Report, facilitating assessment proceedings, and general project administration.

The schedule for assessment engineering is as follows:

DATE	TASKS
January 2012	Council adopts a resolution initiating the Landscape Assessment District proceedings, describing the improvements, and directs preparation of the Engineer's Report.
April 2012	Completion and filing of the Engineer's Report.
May 2012	Council adopts 1) a resolution giving preliminary approval of the Engineer's Report, and 2) a resolution of intention to order the levy and collection of the annual assessment and scheduling of the public hearing.
June 2012	Council holds a public hearing to consider adoption of a resolution overruling protests, ordering improvements, confirming the assessment diagram, and ordering the levy and collection of assessments.
July 2012	Submittal of assessments to the County Assessor's Office.
October 2012	City review and confirmation of final levies to be collected by the County.
January 2013	Verification of assessment receipts, levies, and delinquencies.

IMPACT ON CITY RESOURCES

The cost of the assessment engineering services and preparation of the Engineer's Report is \$8,600. There are sufficient funds in the Landscape Assessment District budget to fund this expense.

POLICY ISSUES

The Landscape Assessment District requires an annual review of the levied assessment, in accordance with Proposition 218. The recommendation does not represent any change to existing City policy.

ENVIRONMENTAL REVIEW

An environmental review is not required for this action.



Pam Lowe
Associate Civil Engineer



Matt Ocamou
Interim Engineering Services Manager

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENT: A. Resolution

RESOLUTION NO.

RESOLUTION DESCRIBING IMPROVEMENTS AND DIRECTING PREPARATION OF THE ENGINEER'S REPORT FOR THE CITY OF MENLO PARK LANDSCAPE ASSESSMENT DISTRICT FOR FISCAL YEAR 2012 - 2013

WHEREAS, in 1982, the Menlo Park citizens voted for Measure N, an advisory measure for the City to form an assessment district to care for the City's street tree infrastructure and the Menlo Park Landscape Assessment District was subsequently formed in 1983; and

WHEREAS, prior to 1990, property owners were responsible for all sidewalk and parking strip repair damaged by City street trees; and

WHEREAS, in 1990, an additional assessment was established and combined with the Landscape Assessment District to fund the repair of sidewalks and parking strips damaged by City trees; and

WHEREAS, in 1998-99, the City reauthorized the Landscape Assessment District through a mailed ballot, as required by Proposition 218.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, and ORDERED, as follows:

1. This Council did, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the Streets and Highways Code of the State of California, conduct proceedings for the formation of the City of Menlo Park Landscaping District and for the levy and collection of assessments for Fiscal Year 1983-1984, and did, on May 10, 1983, pursuant to proceedings duly had, adopt its Resolution No. 3417-F, A Resolution Overruling Protests and Ordering the Formation of an Assessment District and the Improvements and Confirming the Diagram and Assessment.
2. The public interest, convenience, and necessity require, and it is the intention of said Council to undertake proceedings for, the levy and collection of assessments upon the several lots or parcels of land in said District for the construction or installation of improvements, including the maintenance or servicing, or both, thereof for the Fiscal Year 2012-2013.
3. The improvements to be constructed or installed include the maintenance and servicing of street trees, the cost of repair, removal, or replacement of all or any part thereof, providing for the life, growth, health and beauty of public landscaping, including cultivation, trimming, spraying, fertilizing, or treating for disease or injury, the removal of trimmings, rubbish, debris, and other solid waste, and water for the irrigation thereof, and the installation or construction, including the maintenance and servicing thereof, of curbs, gutters, sidewalks, and parking strips.

4. The costs and expenses of said improvements, including the maintenance or servicing, or both, thereof, are to be made chargeable upon said District, the exterior boundaries of which District are the composite and consolidated area as more particularly shown on a map (Exhibit A) thereof on file in the office of the Engineering Division of the City of Menlo Park to which reference is hereby made for further particulars. Said map indicates by a boundary line the extent of the territory included in said District and of any zone thereof and shall govern for all details as to the extent of the assessment district.
5. The Assessment Engineer is hereby directed to prepare and file with said Clerk a report, in writing, referring to the assessment district by its distinctive designation, specifying the fiscal year to which the report applies, and, with respect to that year, presenting the following:
 - a) Plans and specifications of the existing improvements and for proposed new improvements, if any, to be made within the assessment district or within any zone thereof;
 - b) An estimate of the costs of said proposed new improvements, if any, to be made, the costs of maintenance or servicing, or both, thereof, and of any existing improvements, together with the incidental expenses in connection therewith;
 - c) A diagram showing the exterior boundaries of the assessment district and of any zones within said district and the lines and dimensions of each lot or parcel of land within the district as such lot or parcel of land is shown on the County Assessor's map for the fiscal year to which the report applies, each of which lots or parcels of land shall be identified by a distinctive number or letter on said diagram; and
 - d) A proposed assessment of the total amount of the estimated costs and expenses of the proposed new improvements, including the maintenance or servicing, or both, thereof, and of any existing improvements upon the several lots or parcels of land in said district in proportion to the estimated benefits to be received by such lots or parcels of land respectively from said improvements, including the maintenance or servicing, or both, thereof, and of the expenses incidental thereto.
6. The Office of the Engineering Services Manager of said City be, and it is hereby, designated as the office to answer inquiries regarding any protest proceedings to be had herein, and may be contacted during regular office hours at the Civic Center, 701 Laurel Street, Menlo Park California 94025, or by calling (650) 330-6740.

I, Margaret S. Roberts, City Clerk of Menlo Park, do hereby certify that the above and foregoing Council Resolution was duly and regularly passed and adopted at a meeting by said Council on the twenty-fourth day of January, 2012, by the following votes:

AYES:

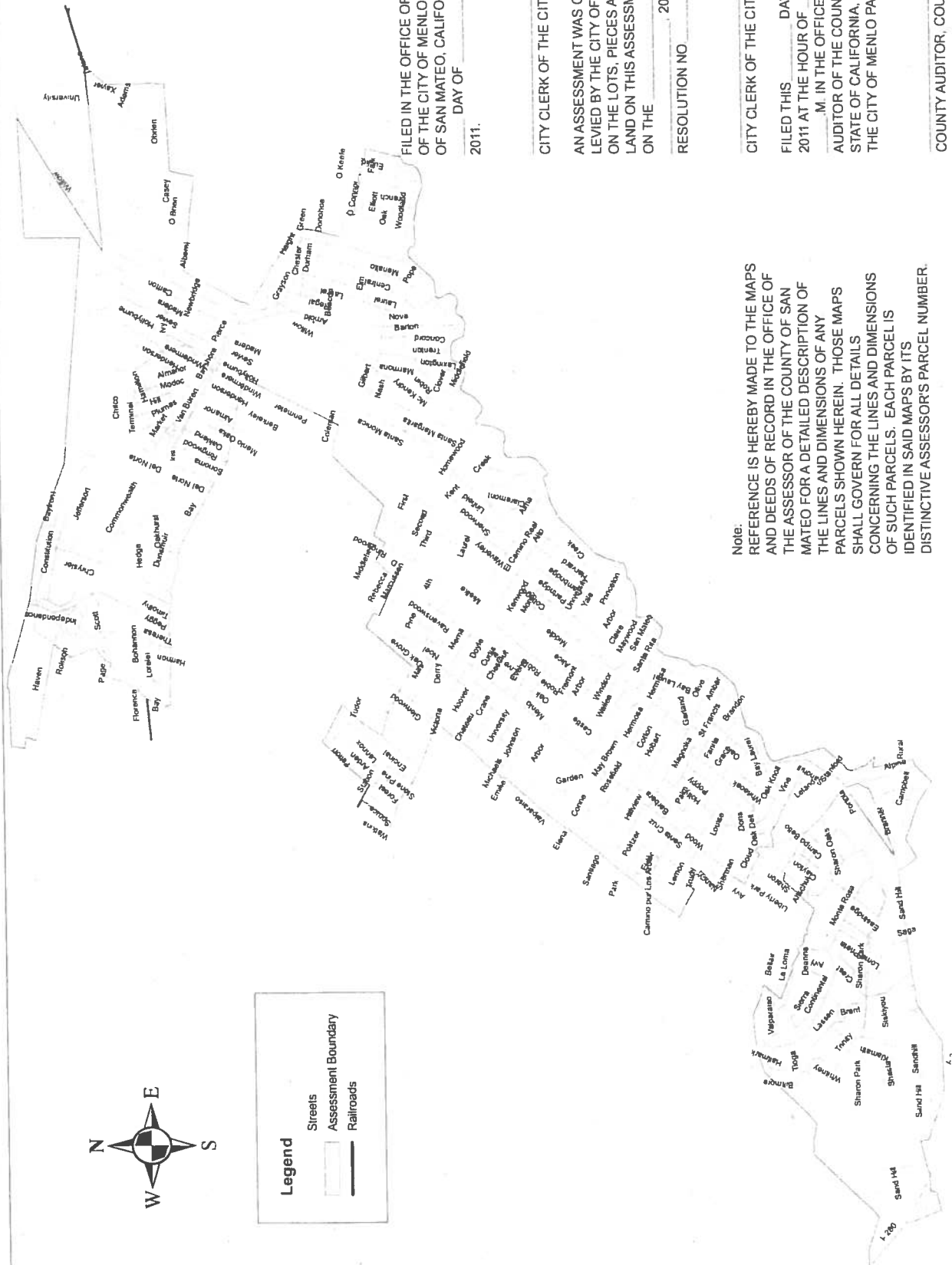
NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this twenty-fourth day of January, 2012.

Margaret S. Roberts, MMC
City Clerk



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF MENLO PARK, COUNTY OF SAN MATEO, CALIFORNIA, THIS _____ DAY OF _____ 2011.

CITY CLERK OF THE CITY OF MENLO PARK
 AN ASSESSMENT WAS CONFIRMED AND LEVIED BY THE CITY OF MENLO PARK ON THE LOTS, PIECES AND PARCELS OF LAND ON THIS ASSESSMENT DIAGRAM ON THE _____ DAY OF _____ 2011 BY ITS RESOLUTION NO. _____

CITY CLERK OF THE CITY OF MENLO PARK
 FILED THIS _____ DAY OF _____ 2011 AT THE HOUR OF _____ O'CLOCK _____ M. IN THE OFFICE OF THE COUNTY AUDITOR OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AT THE REQUEST OF THE CITY OF MENLO PARK.

COUNTY AUDITOR, COUNTY OF SAN MATEO

Note: REFERENCE IS HEREBY MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICE OF THE ASSESSOR OF THE COUNTY OF SAN MATEO FOR A DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF ANY PARCELS SHOWN HEREIN. THOSE MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS. EACH PARCEL IS IDENTIFIED IN SAID MAPS BY ITS DISTINCTIVE ASSESSOR'S PARCEL NUMBER.

CITY OF MENLO PARK LANDSCAPING ASSESSMENT DISTRICT ASSESSMENT DIAGRAM

SCI Consulting Group
 4745 Mangles Blvd.
 Fairfield, CA 94534
 (707) 430-4300



**CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
SPECIAL MEETING MINUTES**

Thursday, January 5, 2012 at 3:30 p.m.
701 Laurel Street, Menlo Park, CA 94025
Second Floor Administration Conference Room, City Hall

The meeting was called to order at 3:35 p.m. with all members present.

A. PUBLIC COMMENT

There were no members of the public present for comments on the closed session item.

B. CLOSED SESSION

Pursuant to Government Code § 54957(b)(1) PUBLIC EMPLOYMENT
Title: City Manager

The City Council adjourned to the Rosewood Hotel (2825 Sand Hill Road, Menlo Park, 94025) to closed session at 3:40 p.m.

ACTION: There was no reportable action from closed session.

C. ADJOURNMENT

Mayor Keith adjourned the meeting at 6:25 p.m.

Margaret S. Roberts

Margaret S. Roberts, MMC
City Clerk

Minutes accepted at the Council meeting of January 24, 2012



**CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
SPECIAL MEETING MINUTES**

**Friday, January 6, 2012 at 8:45 a.m.
701 Laurel Street, Menlo Park, CA 94025
First Floor City Council Conference Room, City Hall**

The meeting was called to order by Vice Mayor Ontaki at 8:50 a.m. with Mayor Keith absent.

A. PUBLIC COMMENT

There were no members of the public present for comments on the closed session item.

B. CLOSED SESSION

Pursuant to Government Code § 54957(b)(1) PUBLIC EMPLOYMENT
Title: City Manager

The City Council adjourned to the Gatehouse (555 Ravenswood Avenue, Menlo Park, 94025) to closed session at 9:00 a.m.

Mayor Keith arrived to closed session at 9:05 a.m.

ACTION: There was no reportable action from closed session.

C. ADJOURNMENT

Mayor Keith adjourned the meeting at 4:00 p.m.

Margaret S. Roberts
Margaret S. Roberts, MMC
City Clerk

Minutes accepted at the Council meeting of January 24, 2012



**CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
SPECIAL AND REGULAR MEETING MINUTES**

**Tuesday, January 10, 2012 at 5:00 p.m.
701 Laurel Street, Menlo Park, CA 94025
City Council Chambers**

The meeting was called to order at 5:08 p.m. with all members present. There were no members of the public present for comments on the closed session items.

- CL1.** Pursuant to Government Code Section 54957.6 to conference with labor negotiators regarding labor negotiations with the Service Employees International Union (SEIU)
Attendees: Starla Jerome-Robinson, Interim City Manager, Bill McClure, City Attorney, and Glen Kramer, Interim Personnel Director
- CL2.** Pursuant to Government Code Section 54956.9(c) regarding potential/anticipated litigation;
1 case
- CL3.** Pursuant to Government Code Section 54956.9 to conference with legal counsel regarding existing litigation; 2 cases:
(1) Town of Atherton, et al. v. California High Speed Rail Authority
Superior Court of California, County of Sacramento, Case No. 34-2008-8000022 (Atherton 1)

(2) Town of Atherton, et al. v. California High Speed Rail Authority
Superior Court of California, County of Sacramento, Case No. 34-2010-80000679 (Atherton 2)
- CL4.** Pursuant to Government Code § 54957(b)(1) PUBLIC EMPLOYMENT
Title: City Manager

The Regular Session was called to order at 7:05 p.m. by Mayor Keith with all members present.

The pledge of allegiance was led by Mayor Keith.

REPORT FROM CLOSED SESSIONS

There was no reportable action from Closed Session.

ANNOUNCEMENTS: None

A. PRESENTATIONS AND PROCLAMATIONS

A1. Proclamation in remembrance of Dr. Hattie L. Bostic (*Attachment*)

Mayor Keith presented a proclamation in remembrance of Dr. Hattie L. Bostic to her five sons.

A2. Presentation recognizing Fred Berghout for crime intervention

Chief Roberts presented Mr. Berghout with a certificate of appreciation in recognition of his efforts in crime prevention.

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

B1. Bicycle Commission quarterly report on the status of the 2-Year Work Plan
Presentation by Commission Vice Chair Scott Lohman

S. Lohman gave a presentation to the Council regarding the progress on the Bicycle Commission 2-Year Work Plan.

B2. Housing Commission quarterly report on the status of the 2-Year Work Plan
This item was removed from the agenda.

C. PUBLIC COMMENT #1

- Anne Moser asked the Council to have the public benefits regarding Facebook to go before the Housing Commission.
- Jim Lewis spoke regarding reestablishing the Arts Commission and provided the Council with a letter. (Letter)
- Kathy Hamilton spoke regarding the letter to the California High Speed Rail Authority (Item D1) regarding the Business Plan.

D. CONSENT CALENDAR

ACTION: Motion and second (Cline/Ohtaki) to approve Consent Calendar Items D2 and D3 as submitted passes unanimously.

D1. Approve a comment letter on the Draft California High Speed Rail Business Plan
(Staff Report #12-007)

Item removed by Council Member Fergusson for comments. A revised Attachment A was provided. (Revised Attachment)

NOTE: Council Member Cohen and City Attorney Bill McClure are recused from Item D1 and left the Council Chambers at 7:44 p.m.

ACTION: Motion and second (Cline/Fergusson) to approve Item D1, approving a comment letter on the Draft California High Speed Rail Business Plan with the Mayor and staff making some revisions and to have the Mayor draft a letter to the Governor on the issue passes 4-0-1 (Cohen recused).

Council Member Cohen and City Attorney Bill McClure returned to the meeting at 7:56 p.m.

D2. Accept the 2011 Advisory Body Attendance Reports (Staff Report #12-002)

D3. Accept the Minutes for December 13 and 15, 2011 (Attachment)

E. PUBLIC HEARINGS: None

F. REGULAR BUSINESS

F1. Waive the second reading and adopt a City Ordinance approving a contract amendment with the California Public Employees' Retirement System, providing for section 20475 (different level of benefits), section 21353 (2% at 60 full formula) and section 20037 (three-year final compensation), applicable to local miscellaneous plan members within a non-pooled plan entering membership for the first time in a miscellaneous classification after the effective date of this amendment to contract (Staff Report #12-006)

Staff presentation by Bill McClure, City Attorney

ACTION: Motion and second (Ohtaki/Cohen) to approve **Ordinance 977** adopting a City Ordinance approving a contract amendment with the California Public Employees' Retirement System, providing for section 20475 (different level of benefits), section 21353 (2% at 60 full formula) and section 20037 (three-year final compensation), applicable to local miscellaneous plan members within a non-pooled plan entering membership for the first time in a miscellaneous classification after the effective date of this amendment to contract passes unanimously.

F2. Consider requests from the City of East Palo Alto and the Sierra Club Loma Prieta Chapter to extend the public comment period on the Draft Environmental Impact Report for the Facebook Campus Project located at the intersection of Willow Road and Bayfront Expressway (Staff Report #12-003)

Staff presentation by Justin Murphy, Development Services Manager

Public Comments:

- Mark Moulton, representing Housing Leadership Council of San Mateo County, requested the Council extend the comment period.
- Nancy Cash, representing the Mt. Olive Church, asked the Council to resist on extending the comment period.
- Brent Butler, representing the City of East Palo Alto, requested the Council to extend the comment period until at least February 6, 2012.
- Gita Dev, representing the Sierra Club, requested the Council to extend the comment period to February 6, 2012.
- Adina Levin stated she strongly supports Facebook however she is requesting that the Council extend the comment period to be a full 60 days.
- Matt Henry, President of Belle Haven Neighborhood Association, urged the Council not to extend the comment period. He pointed out the numerous programs that East Palo Alto residents participate in the Belle Haven neighborhood.

ACTION: Motion and second (Fergusson/Ohtaki) to extend the comment period by one week, ending on January 30, 2012, passes unanimously.

F3. Adopt a Resolution authorizing the direct placement refinancing of the City's 2002 Series General Obligation Bonds, and approve the related legal bond documents (Staff Report #12-004)

Staff presentation by Carol Augustine, Finance Director

ACTION: Motion and second (Fergusson/Cline) to approve **Resolution No. 6042** authorizing the direct placement refinancing of the City's 2002 Series General Obligation Bonds, and approve the related legal bond documents passes unanimously.

F4. Adopt a Resolution electing that the City serve as Successor Agency/Successor Housing Agency to dissolving Redevelopment Agency (Staff Report 12-005) (PowerPoint)

Staff presentation by Carol Augustine, Finance Director

Public Comments:

- Jennifer Bestor spoke in favor of the dissolution of the Redevelopment Agency.

ACTION: Motion and second (Fergusson/Cline) to approve **Resolution No. 6043 as amended** electing that the City serve as Successor Agency/Successor Housing Agency to the dissolving Redevelopment Agency passes unanimously.

F5. Appoint City Council representatives and alternates to various regional agencies, City advisory bodies and Council sub-committees (Staff Report #12-001)

Staff presentation by Margaret Roberts, City Clerk

ACTION: The following appointments were made:

CITY COUNCIL APPOINTMENTS TO OUTSIDE AGENCIES

NAME OF REGIONAL COMMITTEE	REGULAR	ALTERNATE
Airport Community Roundtable	Richard Cline	Kirsten Keith
Association of Bay Area Governments (ABAG)	Kirsten Keith	Peter Ohtaki
Bay Area Water Supply & Conservation Agency (BAWSCA) and San Francisco Regional Water System Financing Authority (SFA)	Kelly Ferguson (Term ends 06/2013)	Not Needed
City/County Association of Governments of San Mateo County (C/CAG)	Kirsten Keith	Peter Ohtaki
City/County Association of Governments of San Mateo County (C/CAG) Legislative Committee	Andrew Cohen	Not Needed
County of Santa Clara Community Resources Group for Stanford University	Richard Cline	Andrew Cohen
County of San Mateo - Regional Housing Needs Assessment (RHNA) Policy Advisory Committee (PAC)	Andrew Cohen	Kirsten Keith
Dumbarton Rail Policy Committee	Kelly Fergusson	Kirsten Keith
Emergency Services Council (San Mateo County JPA)	Peter Ohtaki	Richard Cline
Grand Boulevard Task Force	Peter Ohtaki	Kirsten Keith
Housing Endowment and Trust of San Mateo County (HEART) – Member Agency Committee	Andrew Cohen	Kelly Fergusson
League of California Cities (Peninsula Division)	Andrew Cohen	Kirsten Keith
Menlo Park Chamber of Commerce / City Liaison Position	Andrew Cohen	Peter Ohtaki
Peninsula Cities Consortium (PCC)	Richard Cline	Kelly Fergusson
2020 Peninsula Gateway Corridor Study Policy Committee	Andrew Cohen	Kirsten Keith
San Francisquito Joint Powers Authority	Kirsten Keith	Peter Ohtaki
San Mateo Council of Cities	Kirsten Keith	The remainder of the Council in seniority order

CITY COUNCIL LIAISONS TO THE CITY'S ADVISORY BODIES

Bicycle Commission	Richard Cline	Not Needed
Environmental Quality Commission	Kelly Fergusson	Not Needed
Finance & Audit Committee	Peter Ohtaki (1 YEARS)	Kirsten Keith (2 YEAR)
Housing Commission	Andrew Cohen	Not Needed
Library Commission	Kirsten Keith	Not Needed
Parks & Recreation Commission	Richard Cline	Not Needed
Planning Commission	Andrew Cohen	Not Needed
Transportation Commission	Peter Ohtaki	Not Needed

COUNCIL SUB-COMMITTEES

Business Development	Richard Cline	Kelly Fergusson
Community Grant Funding	Kelly Fergusson	Kirsten Keith
El Camino Real Downtown Visioning & Planning Process	Richard Cline	Kirsten Keith
Emergency Operations	Peter Ohtaki	Richard Cline
Facebook	Rich Cline	Kirsten Keith
High Speed Rail	Richard Cline	Kelly Fergusson
Menlo Park Fire district	Peter Ohtaki	Richard Cline
Menlo Park School Districts (Liaisons)	Richard Cline	Kirsten Keith

F6. Selection of a date for a City Council Goal Setting (*Staff Report #12-008*)

Staff presentation by Starla Jerome-Robinson, Interim City Manager

This item was deferred to a future meeting.

F7. Consider state and federal legislative items, including decisions to support or oppose any such legislation, and items listed under Written Communication or Information Item: None

G. CITY MANAGER'S REPORT: None

H. WRITTEN COMMUNICATION: None

I. INFORMATIONAL ITEMS: None

J. COUNCILMEMBER REPORTS

Council Members reported on meetings attended in compliance with AB1234 reporting requirements.

K. PUBLIC COMMENT #2: None

L. ADJOURNMENT

The meeting was adjourned at 10:54 p.m. in memory of Dr. Hattie Bostic.


Margaret S. Roberts, MMC
City Clerk

Minutes accepted at the Council meeting of January 24, 2012



**CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
SPECIAL MEETING MINUTES**

Tuesday, January 17, 2012 at 6:00 p.m.

**701 Laurel Street, Menlo Park, CA 94025
1st Floor City Council Conference Room**

**Council Member Cline participated
via teleconference from
Tribeca Sheraton
370 Canal Street
New York, New York 10013**

The meeting was called to order by Mayor Keith at 6:03 p.m. with all members present (Cline via phone).

There were no members of the public present for comments on the closed session item.

A. CLOSED SESSION

Pursuant to Government Code § 54957(b)(1) PUBLIC EMPLOYMENT
Title: City Manager

ACTION: There was no reportable action from closed session.

B. ADJOURNMENT

Mayor Keith adjourned the meeting at 7:45 p.m.

Margaret S. Roberts
Margaret S. Roberts, MMC
City Clerk

Minutes accepted at the Council meeting of January 24, 2012



ADMINISTRATIVE SERVICES

Council Meeting Date: January 24, 2012
Staff Report #: 12-015

Agenda Item: F-1

REGULAR BUSINESS: Implications to the 2011-12 City Budget Resulting from the Dissolution of the Menlo Park Community Development Agency

RECOMMENDATION

Staff recommends City Council discuss the status of the dissolution of the Community Development Agency, and the implications for the City's 2011-12 budget.

BACKGROUND

On December 29, 2011, the California Supreme Court delivered its decision in the *California Redevelopment Association v. Matosantos* case, finding ABx1 26 (the "Dissolution Act") largely constitutional and AB1x 27 (the "Alternative Redevelopment Program Act") unconstitutional. The Court's bifurcated decision means that all California redevelopment agencies, including the Community Development Agency (CDA) of the City of Menlo Park, will be dissolved under the constitutional Dissolution Act, and none will have the opportunity to opt into continued existence under the unconstitutional Alternative Redevelopment Program Act.

As a result, the CDA will be dissolved on February 1, 2012. The Agency's non-housing funds and assets will then be turned over to a successor agency (the "Successor Agency") charged with the responsibility of paying off the former Agency's existing debts, disposing of the former Agency's properties and assets to help pay off debts, returning revenues to the local government entities that receive property taxes (the "Taxing Entities"), and winding up the affairs of the former redevelopment area.

The CDA's affordable housing assets, other than its existing housing fund balance, will be turned over to a successor housing agency (the "Successor Housing Agency") to continue performing affordable housing activities. The former Redevelopment Agency's affordable housing fund balance will be used to repay existing housing fund debts and/or remitted to the County Auditor-Controller for deposit into a Trust Fund for eventual distribution to the Taxing Entities.

At the January 10, 2012 Council meeting, the Council elected to serve as both the Successor Agency to the former CDA and the Successor Housing Agency.

ANALYSIS

Since the Court's decision, staff have been analyzing the impacts of the loss of the RDA and it is clear that the implications for the City's budget are severe. For the CDA, tax increment for 2011-12 was initially estimated to be approximately \$10.2 million, but with a drop in the assessed value due to the turnover of several large properties in the area last year, these revenues are now projected to be slightly less than \$10 million. Debt service will be approximately \$5.48 million, and pass-thru payments will be slightly less than \$3 million. These will be paid out of a Redevelopment Property Tax Trust Fund ("Trust Fund") established by the County and funded with the property tax increment that would have been allocated to the CDA if not for the dissolution. There are very few RDA-funded obligations in the form of enforceable contracts outstanding other than the debt and the previously contracted pass-thru payments to other taxing entities. As the Successor Agency, the City will receive an administrative fee of \$250,000 annually; the remaining \$1.3 million will be apportioned by the County to school entities and other local taxing entities as property taxes. The 2011-12 budgets in place for redevelopment activities (nearly \$3.1 million) including Housing, Narcotics, Code Enforcement and a \$305,000 transfer to the General Fund for overhead expenses, will be unfunded after February 1st and for subsequent fiscal years. In addition, unencumbered fund balances (shown as estimates here) of the Redevelopment Services Agreement Special Revenue Fund (\$8 million), the Housing Authority Fund (\$5.5 million) and the Public Improvement Grant Fund (\$6 million), all created to fund redevelopment services and capital improvements into the future, will be eliminated. The City will need to determine which redevelopment activities previously funded by the CDA will be continued, and how they will be funded.

As successor agency, the City will continue to satisfy enforceable obligations of the former Community Development Agency, and administer dissolution and wind down of the dissolved redevelopment agency according to the Dissolution Act. A separate item on this Council meeting's agenda supplies an amended Enforceable Obligation Payment Schedule (EOPS) which identifies all liabilities of the CDA at the time of dissolution, and payments on those obligations to be paid out of the Trust Fund.

Attachment A to this report is a schedule of budgeted line items funded from redevelopment funds in fiscal year 2011-12. Attachment B provides a listing of FTE (full time equivalent) staff positions funded from redevelopment funds – it shows that 37 staff positions are at least partially funded with redevelopment resources for a total of 11.12 FTE. This report is intended to present all City activities, projects and programs which will be impacted by the dissolution of the CDA. Although staff are analyzing specific courses of action to mitigate the impacts to the City's budget for the remainder of the current fiscal year (to provide recommendations for the Mid Year Report), each of these services will in the future need to be funded from other sources or discontinued in order for the City to maintain a sustainable budget. To the extent alternative funding is to be provided from the General Fund, other City services will need to be reduced to prevent deficit spending.

Services funded from redevelopment funds in 2011-12 include:

Housing Activities – Housing activities for the 2011-12 fiscal year included work to increase the supply of affordable housing, maintain the condition of housing stock and expand housing opportunities through rehab loans, purchase assistance loans, the Neighborhood Stabilization Program and the Below Market Rate Housing program. In addition, several non-profit agencies were also previously funded on an annual basis by the Redevelopment Housing Set-aside Fund including: Human Investment Project (HIP) at \$20,000; Eden Council for Housing Opportunities (ECHO Housing) at \$7,250; and the Council for the Independence of the Disabled (CID) to fund housing accessibility modifications at \$14,000. Again, these activities are not considered enforceable obligations and should the Council wish to continue support for these activities, funding from the General Fund would be required. Council will consider options for configuration of housing activities as a separate item on this meeting agenda.

Menlo Park Police Narcotics Enforcement Team – The narcotics enforcement team (NET) combats narcotic and gang activity within our community and neighboring communities. The team acts as a response team to violent crimes. The team is often used regionally and has a cooperative relationship with the FBI, DEA, and the San Mateo County Narcotics Task Force.

NET was formed in 2003 with resources freed up from the elimination of the police department's special traffic unit. The team's primary mission is to proactively fight violent street crimes, narcotic offenses, and suppress the criminal activity of gangs. NET spends most of its time in the Belle Haven neighborhood. Due to an increase in violence in 2007, NET partnered with the FBI and East Palo Alto Police Department to conduct an 18 month long investigation. This investigation targeted a violent Belle Haven and East Palo Alto street gang called the "Taliban." The Taliban Gang had been responsible for at least 12 homicides, 30 violent felonies, 25 misdemeanors, and 80 non-violent misdemeanors since 2002. The cooperative effort – "Operation Crackdown" – resulted in approximately 50 arrest warrants and more than 20 search warrants, and completely dismantled the Taliban Gang and severely impacted the flow of narcotics in and out of both Menlo Park and East Palo Alto.

NET continues to work collaboratively with the FBI and East Palo Alto Police Department on on-going narcotic and gang related investigations. The team provides highly visible street enforcement resulting in over 50 arrests and the seizure of cocaine, methamphetamine, heroin, Ecstasy, and marijuana with an approximate street value of \$153,000 during the first two quarters of this fiscal year.

Code Enforcement – The Code Enforcement Unit was created within the police department in 1990. At that time, there were two civilian employees. Today the unit has one civilian employee.

The code enforcement unit responds to approximately 2,200 complaints a year. The most common are unsightly garbage, weeds, illegal business, graffiti, and noise. The unit also self-initiates enforcement action approximately 500 times a year. The most

common self-initiated code violations are: abandoned, wrecked, dismantled, or non-operative vehicles; illegal dumping; animal complaints; illegal signs; and high hedges blocking traffic signs. A significant portion of code complaints and self-initiated code enforcement takes place in the Belle Haven neighborhood.

Shuttle Transportation Program – The City shuttle operations currently run four different service lines: Marsh, Willow, Midday and Shopper Shuttle. The Marsh and Willow routes are peak hour routes from the Caltrain Station to businesses along the route. The Midday shuttle service runs a loop through the City on Mondays through Fridays from 9 am to 3 pm. Finally, the Shopper Shuttle runs two days a week as an on demand service picking up residents and bringing them to various shopping destinations throughout the area. The overall program has a total cost of approximately \$424,000 per year. The shuttle program is mainly funded through grants from C/CAG and the San Mateo County Transportation Authority. The City is required to have a certain level of matching funds that are paid through Measure A, Redevelopment Agency funds and Development Impact Fees. The Midday shuttle includes RDA funds that partially pay for the operation. The Midday shuttle includes a redevelopment fund budget of \$70,000. For the remainder of 2011-12, the costs of this program formerly funded by the CDA will be paid from Measure A funds.

Graffiti Abatement – Over the past few years the Public Works staff began using Redevelopment Agency funds to pay for removal of graffiti within the boundaries of the Redevelopment Agency. The cost of Graffiti abatement funded through the Redevelopment Agency was approximately \$21,000. The graffiti removal includes City right-of-way and City parks. Staff estimates \$10,000 will be required to fund the remaining balance for fiscal year 2011-12.

Community School – Funding from the CDA also supports a portion of the City's partnership with the Ravenswood School district at the Belle Haven Community School. Roughly 25% of the Community School Director's time is spent on gang and violence prevention in the neighborhood, organizing and facilitating community meetings to build neighborhood capacity for self governance, neighborhood and community conflict resolution and other activities that support the City's efforts to improve the quality of life in the area.

Capital Improvements – The 5-Year Capital Improvement Plan (CIP) for 2011-16 included over \$10 million worth of capital projects to be funded from the RDA Public Improvements Grant Fund and Redevelopment Services Agreement Fund - \$1.5 million funded in the current fiscal year. All projects funded in the current or previous years from redevelopment funds that have not been committed by contract or purchase order by June 27, 2011 can no longer be spent on these projects. (Recall that most redevelopment activities were suspended upon enactment of the Dissolution Act, and the City has since that time avoided entering into any contracts that would serve to commit redevelopment funds.) The following projects cannot be initiated and the funds appropriated for these projects must be sent to the County Controller for deposit in the Trust Fund to be distributed as property tax proceeds to the various taxing agencies in the County:

	2011-12 Combined Budget
Atherton Channel Flood Abatement	2,300,000
Belle Haven Pool/Boiler Upgrade	50,000
Belle Haven Pool Improvements	78,269
Dark Fiber Installation Pilot Project	50,000
Belle Haven Avenue Security Lighting	50,000
LED Streetlight Conversion	340,244
OHCC Solar Power Conversion	400,000
O'Brien Drive Streetscape	500,000
Willow Road Signal Interconnect	300,000
Kelly Park	1,336,642
RDA Streetscape -Overall	2,000,000
 Total	 7,405,155

In addition, *any* unencumbered fund balance in the RDA Public Improvements Grant Fund must be submitted to the Trust Fund – a total of approximately \$7.7 million. Capital projects slated for future fiscal years, including an additional \$2 million for the Atherton Channel Flood Abatement project and various streetscape projects totaling \$3.9 million, will need to be deferred and funded from other sources or abandoned.

Note that the Capital Improvement Plan for 2011-12 through 2015-16 also included an RDA-funded project to plan for a Dumbarton Transit Station (\$1,000,000) which would have provided matching funds for a grant offered by the Metropolitan Transportation Commission (MTC) for the project. Staff estimates that matching funds from the General Fund would be approximately \$800,000. Without RDA funding, staff recommends notifying MTC of our intent to withdraw from this project.

The Police City Services Center on Willow Road is considered an enforceable obligation under the dissolution act due to the existence of the contract between the City and a third party. The Police Department will be developing a staffing plan for the Center and cost estimates for its operations so that Council can consider the overall budget impacts of continuing to move forward with the project or make a decision to end the contract given the loss of RDA funding for operations. Over \$1.6 million remains committed to this project. Several other projects will rely on small encumbered amounts for completion.

Comprehensive Planning Projects – The City’s 5-Year CIP includes a category or Comprehensive Planning projects and studies, although a designated long-term funding source or strategy for such projects had not yet been developed. For fiscal year 2011-12, one project was planned as partially funded through the Public Improvements Grant Fund, with available fund balance from non-housing redevelopment sources. The Willow

Business Area Phase 1.3 would involve the creation of a new zoning district for the Willow Business Area consistent with the General Plan in order to streamline the approval process for tenant improvements involving a change of use for preferred uses or construction of new square footage for preferred uses. The project includes the preparation of an Environmental Impact Report (EIR) and a Fiscal Impact Analysis (FIA). The estimated cost for consultant services associated with the EIR and FIA is \$300,000, of which \$198,000 would have been funded from redevelopment sources, as 66% of the study area acreage is located in the Project Area. The project now needs to be backfilled by the General Fund or the project cannot be completed based on its current scope.

Business Development – The Business Development Program focuses on business attraction and retention. A substantial portion of opportunity areas for business development are located in the Redevelopment Project Area. In addition to the commercial corridor along Willow Road, the following business activity centers of the M-2 zoning district are located in the Redevelopment Project Area:

- Menlo Business Park (Tarlton Properties);
- Menlo Science & Technology Park (Prologis);
- Facebook East Campus;
- Haven Avenue

With Facebook's move to the former Oracle/Sun Microsystems campus, business development opportunities appear positive.

The Business Development program includes funding for 0.52 FTE across two positions that are partially funded through redevelopment resources. The Business Development Manager position is currently vacant. If the position remains vacant for at least three months, then there would be no impact to the General Fund for the current fiscal year. A greater percentage of the Development Services Manager's time has been spent on fee-based activities than originally budgeted due to a vacancy in the Planning Division. Therefore, the impact to the General Fund for this fiscal year should be minimal.

Administration and Overhead – As can be seen on Attachment B, the current year budget provides for redevelopment funding of 1.14 FTEs of Administrative Services staff. Ten employee positions charge a portion of their time to redevelopment accounts to reflect work hours associated with redevelopment activities as they are performed. It is anticipated that work hours charged to redevelopment accounts will consume well over half of the current year (redevelopment) budget for these positions, as the administration of redevelopment activities under the provisions of the Dissolution Act has required considerable staff hours. In the remaining months of this fiscal year, staff involved in the dissolution of the former CDA will charge their time to a separate account specifically for Successor Agency activities. Over time, this direct staff time is expected to diminish somewhat as there will be fewer assets to manage. Legal, accounting and auditing services associated with the dissolution will be similarly charged.

In addition to the expenditure budgets of the Redevelopment Services Grant Fund and the Housing Authority Fund, a transfer (\$305,000 in 2011-12) to the General Fund has provided reimbursement for administrative and overhead expenses not directly charged to the CDA. As updated in the City's Cost Allocation Plan completed in 2008, the amount of this transfer is based on the provision of general administrative services (for example: payroll, investment management, agency board administration, IT and HR) and maintenance (including janitorial and utilities costs). In addition, rent of \$27,000 annually has been charged by the General Fund for office space utilized by Housing Division staff. These will not be considered enforceable obligations of the former CDA, and the costs will have to be absorbed into the General Fund's budget. Going forward, an annual amount of \$250,000 will be allocated from the Trust Fund to the City as Successor Agency to cover all administrative and overhead expenses associated with the dissolution of the CDA.

Other Services/Programs – In addition to the main redevelopment services described above, redevelopment revenues have also provided funding for the City's participation in the San Francisquito Creek Joint Powers Authority (SFCJPA) - \$38,000 in 2011-12. The SFCJPA addresses mutual issues of concern related to the creek, including bank stabilization, channel clearing and planning of flood control measures. Although adequate creek maintenance serves the redevelopment area to a large extent, the cost of SFCJPA participation will not be considered an enforceable obligation of the former CDA. Unfortunately, the remaining \$60,000 cost of the SFCJPA has in recent years been borne by the City's Storm Water Management Fund, other demands on this fund render this an unavailable resource in future fiscal years. The result will be an additional \$100,000 annual commitment of the General Fund, further diminishing discretionary resources.

An annual Community Drop-off Event (\$17,000) and various landscaping/cosmetic projects (\$13,000) that have benefitted the project area in the past have also been funded from redevelopment monies.

Mid-year Report

The annual midyear report and adjustments is scheduled for presentation to the Council on February 28th. Staff are working on closing each successive month of the 2011-12 fiscal year to provide the most accurate picture of year-to-date status of revenues and expenditures. Although the mid-year analysis will include all funds of the City to ensure a complete picture of the City's long-term fiscal health, special emphasis will be made in closing out the redevelopment fund budgets and keeping the necessary impact to the General Fund at a minimum. While one-time savings (largely from vacancies in various departments), non-recurring revenues (in the form of increased property taxes from distribution of Trust Fund amounts) or the use of other funds may be recommended to reduce deficit spending for the remainder of this fiscal year, such options are not considered sustainable and will not be available to continue all current redevelopment programs and services in fiscal year 2012-13.

Attachment C provides a summary of the Redevelopment Services Agreement Fund's current fiscal year budget and estimated actual expenditures from the date of dissolution (February 1st) through the end of the fiscal year if non-housing programs and services continue. The anticipated impact to the General Fund in order to sustain these services in 2011-12 is derived after taking other funding sources into consideration. Staff will recommend utilizing these other funding sources in the Mid-Year Report, and may also be able to recommend further cost reductions for services previously funded by the CDA.

Implications for the 2012-13 Budget Process

At a Study Session tentatively scheduled for January 30th, staff will be asking Council to provide general direction on the acceptable approaches for addressing the loss of RDA funding for the next fiscal year in preparation for the 2012-13 operations and capital budgets. The goal of the session is for Council to provide staff with feedback on categories of strategies that are acceptable to pursue, unacceptable or that require more information and discussion before a decision can be made. General categories of options staff is currently preparing implications for include:

- Use of new revenues from the development agreement with Facebook (currently in negotiations)
- Continued shift of some activities to other, non-general fund sources until depleted
- Revenue increases such tax increases such as Transient Occupancy Tax (TOT) or Utility Users Tax (UUT)
- Service cuts
- Use of reserves
- Decrease in the CIP transfer

Following this general direction from Council, it is anticipated that specific recommendations for returning to sustainability will be made during the upcoming 2012-13 budget process, which will also be challenged by past staff reductions, extended staff vacancies, increased operating costs, deferred capital improvements and opportunities Council may wish to pursue such as acquisition of Flood Park.

IMPACT ON CITY RESOURCES

Although staff will continue to seek both short and long-term remedies to the loss of funding that results from the dissolution of the CDA, the impact to the General Fund could substantially change capital and operating budgets in future years.

POLICY ISSUES

Ultimately, the choices that the City Council makes regarding revenues, services levels and projects will determine how operations are funded and how City resources are utilized to provide financial stability for the future. Implementation of various budget strategies could impact a number of policy issues related to the City's fiscal health, organizational structure, and service levels.

ENVIRONMENTAL REVIEW

Environmental review is not required.

Carol Augustine, Finance Director
Report Author

ATTACHMENTS

- A. Combined Redevelopment Funds Budget for fiscal year 2011-12
- B. Distribution of FTE (Staff) Funded by Redevelopment funds
- C. Projected Impact of CDA Dissolution on 2011-12 General Fund Budget

CDA Agreements Operations - Housing and Non-Housing	Non-Housing	Housing	Total
	2011-12 Budget	2011-12 Budget	
5502 - Landscaping Services	0	1,500	1,500
5519 - Other Services	71,272	211,250	282,522
5519 - Other Services (SFCJPA)	38,000		
5521 - Accounting & Auditing	4,275	4,278	8,553
5531 - Legal	29,500	3,000	32,500
550 - Services	143,047	220,028	363,075
510 - Salaries And Wages	889,810	326,447	1,216,257
520 - Fringe Benefits	301,496	119,361	420,857
Personnel	1,191,307	445,808	1,637,115
5301 - Printing	1,600	2,200	3,800
5302 - Legal Notices	200	1,200	1,400
5303 - Advertising	200	1,000	1,200
5304 - Postage	600	1,500	2,100
5311 - Department Supplies	2,900	1,500	4,400
5316 - Police Safety Supplies	500		500
5321 - Memberships	7,000	13,000	20,000
5322 - Employee Training	100	500	600
5331 - Rent and Leases	11,400	27,000	38,400
5343 - General Liability Internal Service	39,106	2,813	41,919
5354 - Books		250	250
5355 - Periodicals		150	150
5356 - Software		210	210
5381 - Tax Collection Admin Fees	75,000	14,600	89,600
5382 - Special District Taxes	100		100
5391 - Miscellaneous	3,400	500	3,900
5395 - Shuttle Bus Payments	70,000		70,000
530 - Operating Expense	212,106	66,423	278,529
5411 - Gas and Electric	2,400	900	3,300
5441 - Telephone & Alarms	3,900	200	4,100
540 - Utilities	6,300	1,100	7,400
560 - Fixed Assets & Capital Outlay		4,500	4,500
5711 - Mileage		100	100
5721 - Transportation Fares		500	500
5751 - Meetings & Seminars	600	1,500	2,100
570 - Travel	600	2,100	2,700
580 - Repairs and Maintenance		1,000	1,000
590 - Rehab Loans		500,000	500,000
Transfer to General Fund - Overhead	215,119	89,840	304,959
Total Expenditure Budgets	1,768,479	1,330,799	3,099,278

FY 2011-12 Budgeted Staff Allocations (in FTEs)	Redevelopment Services Grant Fund	Public Improvements Fund	Housing Authority Fund	Total
<u>Community Services</u>				
Development Services Technician	0	0	0.05	0.05
Management Analyst	0	0	1	1
Housing Rehab/finance Specialist	0	0	1	1
Financial Services Manager	0	0	0.01	0.01
Development Services Technician	0	0	0.15	0.15
Housing Manager	0	0	0.85	0.85
Director of Community Services	0	0	0.15	0.15
Total Community Services	0	0	3.21	3.21
<u>Administrative Services</u>				
City Attorney	0.2	0	0	0.2
Accounting Assistant II	0.2	0	0	0.2
Financial Services Manager	0.02	0	0	0.02
Finance Director	0.05	0	0.02	0.07
Accountant	0.11	0	0.12	0.23
City Manager	0.1	0	0	0.1
Director of Community Services	0.07	0	0	0.07
Belle Haven Family Services Program Manager	0.25	0	0	0.25
Total Administrative Services	1	0	0.14	1.14
<u>Business Development</u>				
Development Services Manager	0.27	0	0	0.27
Business Development Manager	0.25	0	0	0.25
Total Business Development	0.52	0	0	0.52
<u>Public Works</u>				
Maintenance Worker III - Streets	0.08	0	0	0.08
Assistant Engineer	0	0.1	0	0.1
Business Manager - Development Services	0	0.03	0	0.03
Maintenance Worker II - Streets	0.08	0	0	0.08
Transportation Engineer	0	0.06	0	0.06
Secretary	0	0.02	0	0.02
Engineering Technician II	0	0.1	0	0.1
Transportation Manager	0	0.03	0	0.03
Facilities Supervisor	0	0.04	0	0.04
Streets and Water Supervisor	0.03	0	0	0.03
Construction Inspector	0	0.07	0	0.07
Associate Engineer	0	0.41	0	0.41
Contract Specialist	0	0.14	0	0.14
Senior Transportation Engineer	0	0.06	0	0.06
Senior Civil Engineer	0	0.4	0	0.4
Total Public Works	0.19	1.46	0	1.65
<u>Police</u>				
Narcotics Abatement Officer	1	0	0	1
Segreant	1	0	0	1
Narcotics Abatement Officer	1	0	0	1
Code Enforcement Officer	0.6	0	0	0.6
Detective	1	0	0	1
Total Police	4.6	0	0	4.6
Grand Total FTE Redevelopment Funds	6.31	1.46	3.35	11.12

RDA Agreements Operations - Non-Housing Activities	833 2011-12 Budget	Estimated Spending Feb - June	Alternative Funding 2011-12	Remainder
5502 - Landscaping Services	0			
5519 - Other Services	71,272	20,000		20,000
5519 - Other Services (SFCJPA)	38,000	0	Storm Drain	0
5521 - Accounting & Auditing	4,275	4,275		4,275
5531 - Legal	29,500	19,000	(1)	19,000
550 - Services	143,047	43,275		43,275
510 - Salaries And Wages	889,810	329,088		329,088
520 - Fringe Benefits	301,496	113,123		113,123
Personnel	1,191,307	442,211	(1)	442,211
5301 - Printing	1,600	600	Measure A	
5302 - Legal Notices	200	200		200
5303 - Advertising	200	200		200
5304 - Postage	600	400	Measure A	
5311 - Department Supplies	2,900	1,000		1,000
5316 - Police Safety Supplies	500	250		250
5321 - Memberships	7,000	4,000		4,000
5322 - Employee Training	100	100		100
5331 - Rent and Leases	11,400	4,700		4,700
5343 - General Liability Internal Service	39,106	19,500		19,500
5354 - Books				
5355 - Periodicals				
5356 - Software				
5381 - Tax Collection Admin Fees	75,000	30,000	(2)	
5382 - Special District Taxes	100	100		100
5391 - Miscellaneous	3,400	1,700		1,700
5395 - Shuttle Bus Payments	70,000	29,000	Measure A	
530 - Operating Expense	212,106	91,750		31,750
5411 - Gas and Electric	2,400	1,500		1,500
5441 - Telephone & Alarms	3,900	1,300		1,300
540 - Utilities	6,300	2,800		2,800
560 - Fixed Assets & Capital Outlay				
5711 - Mileage				
5721 - Transportation Fares				
5751 - Meetings & Seminars	600	200		200
570 - Travel	600	200		200
580 - Repairs and Maintenance				
590 - Rehab Loans				
Transfer to General Fund - Overhead	215,119	89,630	(3)	89,630
Total Expenditures	1,768,479	669,866		609,866

- (1) Although Administrative and legal costs will be paid out of the Trust Fund established by the County (along with other enforceable obligations), this amount is limited to \$250,000 annually.
- (2) County tax collection admin fees will be paid from the Trust Fund.
- (3) Although the transfers to the General Fund for Overhead Services will cease for the remainder of fiscal year, this cost is shown here as it will impact the General Fund.



COMMUNITY SERVICES DEPARTMENT

Council Meeting Date: January 24, 2012
Staff Report #: 12-009

Agenda item #: F-2

REGULAR BUSINESS: Consider Options for the Operation of the Housing Division Given the Dissolution of the Redevelopment Agency and Loss of Funding for Housing Activities

RECOMMENDATION

Staff recommends that the City Council consider options for the scope of operations of the Housing Division and direct staff as to the desired level of services to be provided by the City's General Fund. Options presented by staff include:

1. Continue operations of the City's housing programs as completely as possible with supplemental funding from the General Fund and the Below Market Rate (BMR) Housing Fund as appropriate.
2. Eliminate funding for and operation of the rehab program and contract out administration of the BMR program to an outside agency, paid for from BMR funding or the General Fund.
3. Eliminate the Housing Division staff, pursue only statutorily required housing activities and shift the remaining workload to other departments.

BACKGROUND

The City's ability to fund activities of the Housing Division through the Redevelopment Agency changed drastically on December 29, 2011, when the California Supreme Court delivered its decision in the *California Redevelopment Association v. Matosantos* case. The Court's decision results in the elimination of all California redevelopment agencies, including the Community Development Agency of the City of Menlo Park (the "Redevelopment Agency").

The Redevelopment Agency must be dissolved on February 1, 2012. The Agency's non-housing funds and assets will be turned over to a successor agency (the "Successor Agency") charged with the responsibility of winding up the affairs of the former Redevelopment Agency. This entails paying off the former Redevelopment Agency's existing debts, disposing of the former Redevelopment Agency's properties and assets to help pay off debts and return revenues to a County-controlled Trust Fund for allocation to the local government entities that receive property taxes (the "Taxing

Entities"). The Redevelopment Agency's affordable housing assets, other than its existing housing fund balance, will be turned over to a successor housing agency (the "Successor Housing Agency") to continue performing affordable housing activities. The former Redevelopment Agency's affordable housing fund balance will be used to repay existing housing fund debts and/or remitted to the County Auditor-Controller for distribution to the Taxing Entities.

On January 10, 2012, Council approved a resolution electing to serve as the Successor Housing Agency but leaving open the question of the extent to which housing activities would continue without redevelopment funding. See Attachment A for a discussion of the division's current activities. Election to serve as the Successor Housing Agency obligates the City to continue to service previously approved Rehab Loans and Emergency Repair Loans and forward any loan payoffs to the Trust Fund.

Staff has developed three alternatives for the possible continuation of other functions of the Housing Division by the Successor Housing Agency (the City), which would require funding from the City's General Fund and BMR Fund as appropriate (Attachments B and C detail the costs for these options, B for the remainder of this fiscal year and C for the next fiscal year):

OPTIONS

1. Continue operations of the City's housing programs as completely as possible with supplemental funding from the General Fund or the Below Market Rate (BMR) Housing Fund as appropriate. This would include contracting with a licensed building contractor to take over the Rehab Specialist's duties on a per project basis.

BMR Guidelines allow BMR funds to be used for administration of the program where activities directly promote the goals of the program (production of affordable housing units). Currently the BMR fund has a balance of approximately \$8 million. Under current BMR regulations, funds can only be used for:

- Provision of below market rate financing for homebuyers.
- Purchase of land or air rights for resale to developers at a reduced cost to facilitate housing development for very low, low or moderate-income households.
- Reduction of interest rates for construction loans or permanent financing, or assistance with other costs associated with development or purchase of very low, low or moderate-income housing.
- Rehabilitation of uninhabitable structures for very low, low or moderate-income housing.

- On-site and off-site improvement costs for production of affordable housing.
 - Reduction of purchase price to provide units that are very low, low or moderate cost.
 - Rent subsidies to reduce the cost of rent for households with limited incomes.
 - Emergency repair and/or renovation loan program for BMR owners of older units.
 - Loan program to assist BMR condominium owners who have no other way to pay for major special assessments.
2. Eliminate funding for and operation of the rehab program and contract out administration of the BMR program to an outside agency, paid for from BMR funding or the General Fund.
 3. Eliminate the Housing Division staff, pursue only statutorily required housing activities and shift the remaining workload to other departments.

In the weeks following the Supreme Court decision that elimination of redevelopment agencies was constitutional, an urgency bill was introduced in the legislature (SB 654) to allow existing housing fund balances of dissolving RDAs to stay with their sponsoring communities for future affordable housing purposes. The bill passed out of the Senate Transportation committee on January 10th on a 9-0 committee vote, with favorable comment by the Senators sitting on that committee and no public opposition. As of the writing of this report, the Senate Appropriations committee has taken no action on SB 654. The Department of Finance took no position on SB 654 in the Appropriations committee on January 17th, but noted that passage would result in a significant reduction in funds (\$1.36-\$2.00 billion) available for local taxing entities. Staff is actively monitoring this bill and will inform Council of any additional activity in this area. Although it is unknown whether the bill will survive the Legislature and a possible veto by the Governor, staff recommends direction be based on the current law, with contingent plans should SB 654 be successfully enacted. A discussion of this bill is on the agenda for this Council meeting under legislative action.

Analysis

1. Option One essentially preserves the current Housing Division operations as completely as possible, with the least amount of impact to the General Fund. At this time, all contracts with non-profit agencies previously funded by the Redevelopment Housing Set-aside (Human Investment Project [HIP] at \$20,000, Eden Council for Housing Opportunities [ECHO Housing] at \$7,250, and Council for the Independence of the Disabled [CID] to fund housing accessibility

modifications at \$14,000) have been terminated due to the Supreme Court decision. A decision would need to be made regarding reinstating these funds from the General Fund, if desired.

Under this scenario, the General Fund would provide for continuation of the rehab programs and a contractor would be engaged to oversee the rehab work. Recent year budgets included a \$500,000 allocation for rehab from the Housing Set-aside. Any new loans would have to be funded as approved on a case-by-case basis, or the program terminated. Other expenses would have to be covered by the General Fund and total approximately \$825,412 for the remainder of FY 2011-12 (\$53,000 from the BMR Fund and \$772,412 from the General Fund) and \$1,112,703 for FY 2012-13 (\$85,000 from the BMR Fund and \$1,027,703 from the General Fund), including the cost of 2.20 FTEs (with the retirement of the Rehabilitation Specialist) and funding for the non-profit organizations (\$41,000) and the City's annual contribution to HEART (Housing Endowment and Regional Trust at about \$11,700).

Selection of this option would allow Menlo Park to continue to address housing conditions in the Belle Haven neighborhood where many residents cannot afford necessary repairs without a low interest rehab loan. The BMR program could also continue as currently provided, addressing continued needs for workforce and affordable housing in Menlo Park. Under this option, staff work on the Housing Element would be continued; including participation in the Regional Housing Needs Assessment distribution for the upcoming allocation, and housing staff would be available to respond to developer/resident questions concerning housing issues.

2. Option Two proposes the elimination of the rehab program and contracting out the administration of the BMR program to an outside agency. Recent conversations with Palo Alto Housing Corporation (contractor to the City of Palo Alto for their BMR program) indicate that these services for the City of Menlo Park would likely cost less than \$50,000 per year based on an hourly charge for services required. The contract could include intake for and maintenance of the wait list database, identification of buyers for future home sales, evaluation of applications submitted for those sales, working with the City's realtor to close those sales, preparation of year-end reports, and annual notices to BMR owners reminding them of their responsibilities and limitations as a BMR owner. This would eliminate the Management Analyst's job, saving the City approximately \$127,000 per year (less the cost of the outside contract), including salary and benefits. Under this option, pursuit of future development opportunities would continue. Estimated budget needs for this option are \$324,615 for the remainder of FY 2011-12 (\$53,000 from the BMR Fund and \$271,615 from the General Fund) and \$441,553 for FY 2012-13 (\$85,000 from the BMR Fund and \$356,553 from the General Fund).

3. Option Three eliminates the Housing Division and shifts the remaining responsibilities to other departments. This would include those items mentioned in the discussion above (Housing Element, contract administration, etc.). Also, the Community Development Block Grant rehab loan portfolio could be transferred to the County for future maintenance and collections. This option also includes the dissolution of the Housing Commission. An outside contract for the development of the Housing Element might require funding in the \$100,000 to \$150,000 range, plus the cost of an Environmental Impact Review (perhaps another \$250,000). Estimated budget needs for this option for the remainder of FY 2011-12 are \$301,196 (assuming all staff given notice on January 25, 2012 and leaving City employment on March 9, 2012 with \$53,000 from the BMR Fund and \$248,196 from the General Fund) and \$103,978 for FY 2012-13 (with \$85,000 from the BMR Fund and \$18,978 from the General Fund). Staff projects that this option might require at least one Housing Division staff remain on the payroll until the end of the fiscal year to help with the transition to a lower service level. Savings from other Community Services Department activities within the General Fund are anticipated to cover the costs of this transition for the current year.

Transition activities phasing out the division would include:

- Contracting out BMR administration (development of a Request for Proposals, evaluation of responses, selection of contractor, and transfer of files).
- Collecting CDBG files to transfer to the County.
- Completing the NSP homes on Hollyburne and Almanor and arrange sale to households on the BMR waitlist.
- Providing recommendations to Oversight Board about disposition of the Hamilton Avenue East site.
- Completing the sale of the Terminal Avenue site and 297 Terminal Avenue to the Beechwood School.
- Updating the draft Housing Element with 2010 census data when the data are available (some 2010 housing and income data have yet to be released).
- Continuing participation in Regional Housing Needs Assessment (RHNA) Technical Advisory Committee (TAC) meetings through the draft allocation is announced in May 2012.
- Phasing out the Housing Authority.

Housing Authority Dissolution

In addition to decisions about the scope of activities to be carried on through the General Fund, the City also needs to take steps to comply with Health and Safety Code Section 34245 that sets forth the procedures for dissolution of the Housing Authority. These requirements state that once the Housing Authority has failed to transact any business or exercise any powers for a two year period, the City Council (as "governing body" with respect to the Housing Authority) may make a finding to that effect and adopt a resolution declaring that the Housing Authority shall not transact any business or exercise its powers, and that the offices of the Housing Authority commissioners are vacated.

As noted below, there are certain winding-up actions that the Housing Authority will need to take. Assuming the Housing Authority completes those transactions in early 2012, then by early 2014 the City Council can make the required finding and adopt the required resolution to accomplish the dissolution of the Housing Authority. During the two year waiting period, the Housing Authority should not transact any business except for making any required filings.

Near-Term Winding-Up Transactions

In early 2011 the RDA and the Housing Authority entered into two agreements to convey certain affordable housing assets of the Redevelopment Agency to the Housing Authority. The agreements consist of:

- An Affordable Housing Cooperation Agreement (the "Housing Agreement"), by which the Redevelopment Agency: (a) transferred to the Housing Authority (at around the time of Housing Agreement execution) certain available funds, consisting of then available unencumbered Housing Funds (Section 1.1 and 1.2(a)); (b) more recently transferred to the Housing Authority certain pledged funds (consisting of a portion of tax increment) and program income (consisting of various loan repayments) received by the Redevelopment Agency since the Housing Agreement was executed (Section 1.2(b) and (c)); and (c) assigned to the Housing Authority, future loan repayments (Section 1.6). The funds that have actually been transferred by the Redevelopment Agency to the Housing Authority are referred to below as the "Transferred Funds".
- A Property Conveyance Agreement, by which the Redevelopment Agency transferred the Hamilton East Site (referred to in the Property Conveyance Agreement as the "Property") to the Housing Authority. Subsequently, the Redevelopment Agency completed certain fund transfers between its non-housing fund balance and its Low and Moderate Income Housing Fund balance, so that the Hamilton East site is shown on the Redevelopment Agency's books as being purchased solely with non-housing funds.

Health and Safety Code Section 34167.5, added by ABx1 26 (the act dissolving redevelopment agencies) calls for the State Controller to determine whether any asset transfer occurred after January 1, 2011 between a dissolving redevelopment agency and any other public body (such as the Housing Authority), and to order that the transferred asset be returned to the dissolving redevelopment agency (or to its "successor agency", if the redevelopment agency has already been dissolved), unless the other public body receiving the asset is contractually committed to a third party for the expenditure or encumbrance of such asset.

As a result, unless the Housing Authority has become contractually obligated to a third party for some or all of the following assets, the following assets are subject to an order to require their return to the Redevelopment Agency or its successor agency: (1) the transferred funds; (2) the assigned rights; and (3) the Hamilton East site. The Housing Authority may voluntarily return any of these non-contracted assets to the Redevelopment Agency (prior to February 1, 2012, at which time they will then transfer to the City as Successor Agency), or to the City as Successor Agency (on or after February 1). Alternatively, the Housing Authority could wait for a State Controller's order requiring such reversal of the previous asset transfers.

In order to unwind its affairs and dispose of all its assets and obligations (assuming that the Housing Authority has not received any assets or entered into any obligations other than those we are aware of as described above), the Housing Authority will need to take the following actions in the foreseeable future:

- Transfer the transferred funds back to the Redevelopment Agency or to the City as Successor Agency. Ultimately, the City as Successor Agency will be required to remit these funds to the County Auditor-Controller for distribution to the Taxing Entities pursuant to Health and Safety Code Section 34177(d). This disposition of the transferred funds is required even though the transferred funds can be traced back to tax increment deposited by the Redevelopment Agency in its Low and Moderate Income Housing Fund, because Health and Safety Code Section 34177(d) is written to include Housing Fund balances among the former Redevelopment Agency funds that are to be remitted by the City as Successor Agency to the County Auditor-Controller. (SB 654 was amended in the Legislature on January 5, 2012 to reverse this outcome. RDA Counsel will keep us apprised of the progress of SB 654 and any change in the ultimate disposition of the transferred funds from that described above.)
- Transfer the Hamilton East site back to the Redevelopment Agency or to the City as Successor Agency. Ultimately, the City as Successor Agency will be directed by its oversight board and pursuant to the terms of Health and Safety Code Section 34177(e) to dispose of this property "expeditiously and in a manner aimed at maximizing value". Net proceeds from the disposition of the Hamilton East site by the City as Successor Agency will be sent to the County Auditor-Controller for distribution to the Taxing Entities. This treatment of the Hamilton

East site is mandated because the site is now shown on the Redevelopment Agency's books as an asset purchased entirely with non-housing funds.

- Transfer the assigned rights (to future program income from loan repayments owed on the dissolving Redevelopment Agency's Low and Moderate Income Housing Fund-related affordable housing loan portfolio) to the City as Successor Agency, for re-transfer to the City in its municipal capacity, assuming the City elects to retain the responsibility for performing housing functions previously performed by the dissolving Redevelopment Agency (see Health and Safety Code Section 34176(a), under this election the City may retain the housing assets of the former Redevelopment Agency, other than amounts on deposit in the Redevelopment Agency's Low and Moderate Income Housing Fund). It may well be possible to avoid the intermediate transfer step and have the Housing Authority transfer the assigned rights (through a simple assignment agreement) directly to the City in its capacity as successor to the housing responsibilities of the former Redevelopment Agency.

Once the Housing Authority has completed these unwinding activities to dispose of all its assets and obligations, the City can then cause it to remain dormant for two years in preparation for the dissolution of the Housing Authority described above. Staff from other City departments would carry out these tasks if Council elects Option Three, complete elimination of Housing Division staff.

Impact on City Resources

Attachments B and C provide three estimates of the budgetary needs of the Housing Division under the four options for the remainder of the fiscal year (Attachment B) and for Fiscal Year 2012-13 (Attachment C). The continuation of services option as shown includes the remainder of the rehab funding (\$450,000), inflating the cost of that option. Outside administration of the BMR program is estimated at a maximum of \$25,000 for the last half of the fiscal year. The middle option includes staff costs for the Housing Division (including the Rehab Specialist) through the first part of March and one staff member for the remainder of the fiscal year to allow for the transition.

Cost savings are much more evident for the next fiscal year, though there would still be some budgetary requirements if the Housing Division were eliminated. Other Services, the main expense if the Housing Division were eliminated, includes \$50,000 as mentioned above for the contract with an outside agency to administer the BMR program charged on an hourly basis. The \$50,000 would most likely exceed the needs of the program. It also includes \$35,000 for closing costs for future BMR sales (or resales). The source of this funding could be the BMR Program itself. The \$11,700 shown as operating expenses would be for the City's payment to HEART (Housing Endowment and Regional Trust) should Council choose to continue to support that program.

Policy Analysis

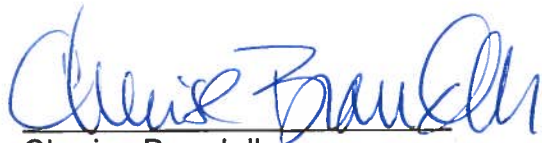
ABx1 26 stipulates that a decision about the scope of work for the Successor Housing Agency needs to be determined by February 1, 2012. Council will need to decide to what extent the City wishes to continue providing services that promote housing development and affordable housing opportunities, in light of funding limitations caused by the dissolution of the Redevelopment Agency. Exclusive of the BMR Fund activities, any costs associated with continuing housing activities would need to come from the City's General Fund.

Environmental Review

No Environmental Review is required for this action.



Douglas Frederick
Housing Manager
Report Author



Cherise Brandell
Community Services Director

PUBLIC NOTICE

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS

- A. Housing Division Background
- B. Projected housing budget for four options for the remainder of FY 2011-12
- C. Projected housing budget for four options for FY 2012-13

Attachment A – Housing Division Background

The City of Menlo Park has provided housing services for more than 30 years. Current Housing programs address three primary goals:

1. Increase the supply of affordable housing through development of Below Market Rate (BMR) units and through Purchase Assistance Loan (PAL) units.
2. Maintain the condition of existing housing stock through the Neighborhood Stabilization Program (NSP) and emergency repair and rehab projects.
3. Respond to changing market conditions to expand housing opportunities.

1. INCREASE THE SUPPLY OF AFFORDABLE HOUSING

Funding from both the BMR and Redevelopment funds have provided an opportunity to expand the number of affordable housing units available in Menlo Park. These efforts have generally taken two tracks: acquisition of units for resale and participation in larger scale developments.

- City acquisition of housing units for resale to BMR households or subsidizing the purchase of units by households on the BMR wait list are both activities used in Menlo Park and other communities to increase the supply of affordable housing. Under both these acquisition methods, it can be anticipated that repairs to the units would be needed to assure that the homes are in good condition as the new owners take possession. Purchases include individual single-family, condominium or townhouse units or multifamily projects operated by non-profit partners after rehabilitation is completed.
- City participation in larger scale development efforts take the form of City contributions to projects brought forward by private developers in exchange for the designation of more BMR units. Alternatively, the City might negotiate the purchase of development sites, then work with for profit or non-profit developers to create new housing opportunities.

Two new BMR units were sold through the program in FY 2009-10, with an additional unit resold to a household on the BMR wait list. Three additional units were resold to households from the BMR wait list in FY 2010-11, and an additional two units (from NSP) are expected in the current fiscal year. Although there are no new BMR units available currently, staff maintains a waiting list (about 187 households) and the program remains active despite a general downturn in the housing market.

Twenty-one new BMR units have been added in the Lane Woods, Willow Road, Hamilton Park, Pine Court, and Morgan Lane developments over the past four fiscal years, along with four resold units. There are a total of 57 units city-wide, with two additional units expected during FY 2011-2012.



Additions to the BMR Housing Fund are expected in the future from developments that have been proposed and are in the approval process, including over \$8 million from the Gateway Project and just under \$4 million estimated from Facebook. Additionally, portions of the BMR Housing Fund were designated for the Neighborhood Stabilization Program, Foreclosure Prevention Program, and Habitat's Revitalization Program.

Maintenance of the BMR program generally accounts for 20 percent of housing staff activities.

The PAL program primarily assists households participating in the BMR Program, but with the drop in housing values over the past two years, there has been renewed interest in the program for households looking to buy market rate housing. In FY 2009-10, three loans were made through the program for a total of \$185,682. Six new PAL loans were made in FY 2010-11 for a total of \$303,392. Eighty-eight PAL loans have been funded to date for a total of \$4,063,187. Six PAL loans were paid-off in FY 2010-11 totaling \$241,974. Significant funding remains in the loan pool at approximately \$2,268,951 (designated in the BMR Housing Fund).

The PAL program, like all of the City's housing programs, is marketed through the City website, at street fairs, and at other community engagement events where staff can display program literature, such as the National Night Out event in Belle Haven.

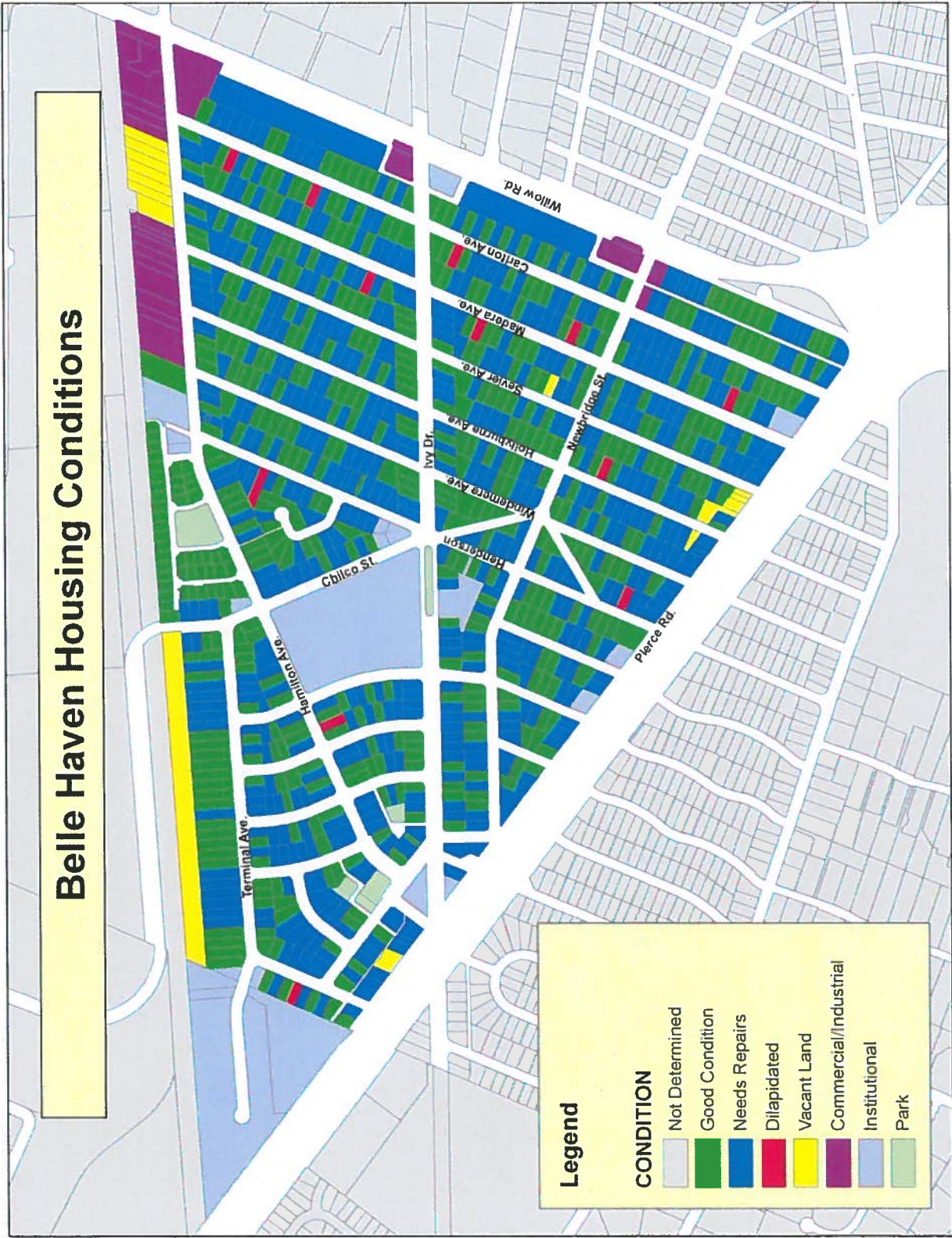
PAL administration accounts for another 20 percent of staff time.

2. MAINTAIN THE CONDITION OF EXISTING HOUSING STOCK

Funding from the Redevelopment Area has been largely focused on efforts to maintain the existing housing stock. While the housing conditions in the Redevelopment Area have improved gradually over the past few years, there are still many homes needing improvement. The emergency repair and rehabilitation programs, in addition to the relatively new Neighborhood Stabilization Program, have been the City's primary programmatic tools for achieving this goal.

The following map shows the results of a windshield survey of housing conditions in the Belle Haven neighborhood conducted by staff in 2008 where homes were classified based on exterior clues suggesting the extent to which they had been maintained or updated over the years. For example, one exterior clue is the size of the mast and weather head through which electrical service enters the home. Original masts were one inch pipe. If the original weather head is still in service, it suggests that the home still has the original, antiquated knob and tube wiring and electrical service. If the electrical service has been upgraded to accommodate the load capacity requirements for a modern home, the weather head would likely have been replaced with a new, larger mast and weather head. Additionally, if the old wiring has not been replaced it is likely that the home has no insulation. Poorly insulated homes are not energy efficient. In addition, poor insulation leads to conditions that can result in the cultivation of mold on or in the walls, which can have impacts on the health of the occupants.

Belle Haven Housing Conditions



A3

An additional exterior clue used for the housing condition survey was window type. The original, single-glaze wood or metal framed windows are not energy efficient, and condensation forms on the inside during cold weather. The condensation can pool on the window stool, eventually causing rot in the wood and mold growth around the window and in the walls below it. Where windows have been replaced with double-glaze, condensation is less common.

The results of the survey showed that of the total (1,009) housing units surveyed in the neighborhood, 492 (48.76%) were in good condition. This number includes the 47 newly completed homes in the Hamilton Park development. Five hundred and four homes (49.95%) were determined to need repairs, often fairly extensive. Thirteen homes were classified as dilapidated, suggesting the need for major rehabilitation or demolition. Several vacant lots were identified where demolition had occurred, further indicating a need to continue funding for the emergency repair and rehabilitation program through the Redevelopment Fund, where earlier intervention might have saved the homes.

Council has budgeted \$500,000 for rehab in each of the past three years. Over the past two years, 10 rehab loans and projects were completed. An additional project will be completed in this quarter (FY 2011-12). Funding for the program came from an allocation from the Redevelopment Housing Set-aside Fund. While the program hasn't expended all the funding allocated, several projects were approved, but not yet begun. These projects are being referred to the County, but could be retained if Council decides to continue the funding for rehabilitation activities.

The NSP has a rehabilitation component that also works toward improving neighborhood housing conditions. The program was approved with a projection of 10 units to be acquired and rehabbed. Two units have been purchased to-date.

Administering the two rehab programs, including oversight of the rehab projects themselves, accounts for approximately 20 percent of Housing Division activities.

Eleven emergency repair loans were completed in the last two fiscal years (FYs 2009-10 and 2010-11). One project is currently in progress, with expected completion within the month. Funding was provided for this program through the Redevelopment Housing Set-aside Fund.

The Emergency Repair Program accounts for roughly five percent of housing staff activities, when added to working with clients to access services from other agencies working in San Mateo County.

3. RESPOND TO CHANGING MARKET CONDITIONS IN ORDER TO EXPAND HOUSING OPPORTUNITIES

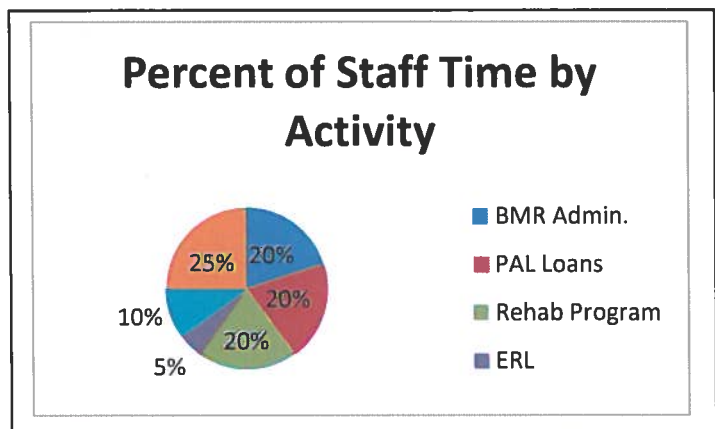
Staff continually evaluates housing programs and the local housing market to determine if programmatic changes are needed or if new programs could leverage opportunities

for increasing affordable housing. Recent examples of strategies supporting this goal include updating the BMR Guidelines, introduction of the Habitat Revitalization Program, the NSP, and the Foreclosure Prevention Program (FPP).

Council approved a general approach for the NSP on May 5, 2009. Staff refined an implementation plan for the NSP, including parameters for the acquisition and rehabilitation of foreclosed homes, and returned to Council on October 6, 2009. The first home was purchased in January 2010. The rehabilitation of this property has been slow due to the extensive repairs that are needed. Staff worked with Treasure Island Job Corp to provide training opportunities for their students, including the installation of a solar power system. The project is currently having the exterior work completed, including windows, stucco, and egress landing, front and back. The Job Corp crew will come back to the site when the contractor has completed the stucco work and install the electrical wiring and receptacles. The home should be ready to sell in the BMR program by the end of the fiscal year.

A second home was purchased in October 2010. Plans for the rehabilitation of the home are being completed and permits have been secured. The selection of a contractor is underway. As with the Hollyburne home, Job Corp will assist with the electrical system and solar panels. The home is expected to be ready to sell into the BMR program by the end of the fiscal year.

The NSP program accounts for 10 percent of housing activities, bringing the total staff time dedicated to ongoing activities to roughly 75 percent. This leaves 25 percent available for additional planning activities, such as the Housing Element and other program planning as needed – recent examples include work on the sale of the Terminal Avenue property to Beechwood School and the Request for Proposal process for the Hamilton Avenue East site.



The Foreclosure Prevention Program was approved by City Council on October 6, 2009. Since that time, 11 applications have been received and forwarded to Northern California Urban Development (NCUD) for processing. None have resulted in a prevented foreclosure. One applicant was represented in negotiations with their lender, but the lender felt that the write-off requested was too much and elected not to accept the payoff offer. A foreclosure workshop was held at Burgess Recreation Center on June 12, 2010, in partnership with San Mateo County and several non-profit agencies. Several of the 11 applications to the program were received after the workshop.

Attachment B	Current Full-year FY 2011-12 Budget	Continuation of Services ^a	Cut Back BMR Admin and Rehabilitation ^b	Eliminate Housing Division ^c
Remainder of FY 2011-12				
Landscaping Services	1,500	1,500	0	0
Other Services	211,250	68,625	53,000	53,000
Accounting & Auditing	4,278	4,278	4,278	4,278
Legal	3,000	3,000	3,000	3,000
Services	\$220,028	\$77,403	\$60,278	\$60,278
Salaries and Wages	326,447	163,223	141,548	130,578
Fringe Benefits	119,361	59,680	51,683	47,744
Personnel	\$445,808	\$222,903	\$193,231	\$178,322
Operating Expenses	\$66,423	\$32,623	\$32,623	\$24,113
Utilities	\$1,100	\$550	\$550	\$550
Fixed Assets and Capital Outlay	\$4,500	\$3,000	\$0	\$0
Travel	\$2,100	\$1,000	\$0	\$0
Repairs and Maintenance	\$1,000	\$500	\$500	\$500
Rehab Loans	\$500,000	\$450,000	\$0	\$0
Transfer to GF - Admin OVHD	\$89,840	\$37,433	\$37,433	\$37,433
Total Expenditures	\$1,330,799	\$825,412	\$324,615	\$301,196
Potential from BMR Fund		\$53,000	\$53,000	\$53,000
Impact on General Fund		\$772,412	\$271,615	\$248,196

a - Assumes Starmer retirement in March and contract for rehab services remainder of the fiscal year. HEART payment made.

Operating expenses half of budget with half of year left. \$110K from Other Services eliminated from Hamilton Project.

Other Services includes funding for HIP, CID, and ECHO, plus \$28,000 for BMR closings and \$20,000 for rehab contract.

b - Assumes development of a contract with outside agency for operation of BMR program for the rest of the year.

Other Services included \$25,000 funding for BMR admin and \$28,000 for BMR closings.

c - Assumes BMR under contract and all other housing activities (except maintenance of current portfolio) are reassigned to other departments. CDBG loan portfolio transferred to the County. Staff given 45 day notice effective January 25, 2012.

Attachment C	Continuation of Services ^a	Cut Back BMR Admin and Rehabilitation ^b	Eliminate Housing Division ^c
Budget for FY 2012-13			
Landscaping Services	1,500	0	0
Other Services	126,250	85,000	85,000
Accounting & Auditing	4,278	4,278	4,278
Legal	3,000	3,000	3,000
Services	\$135,028	\$92,278	\$92,278
Salaries and Wages	239,701	152,955 *	
Fringe Benefits	87,611	55,980	
Personnel	\$327,312	\$208,935	\$0
Operating Expenses	\$51,823	\$45,400	\$11,700
Utilities	\$1,100	\$1,100	\$0
Fixed Assets and Capital Outlay	\$4,500	\$3,000	\$0
Travel	\$2,100	\$0	\$0
Repairs and Maintenance	\$1,000	\$1,000	\$0
Rehab Loans	\$500,000	\$0	\$0
Transfer to GF - Admin OVHD	\$89,840	\$89,840 *	
Total Expenditures	\$1,112,703	\$441,553	\$103,978
Potential from BMR Fund	\$85,000	\$85,000	\$85,000
Impact on General Fund	\$1,027,703	\$356,553	\$18,978

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- a - Assumes operations continuing with a contractor taking over Rehab Specialist duties on a per project basis.
Other services include \$35,000 for BMR closings, \$50,000 for rehab consultant, and \$41,250 to non-profit organizations.
- b - Assumes contracting for BMR administration, elimination of rehabilitation programs. Other services includes \$35,000 for BMR closings and \$50,000 for BMR administration.
- c - Housing division eliminated. BMR administration under contract. CDBG loan portfolio transferred to County. Other department to pick up remaining housing activities. Only Operating Expense is HEART funding, if Council chooses to continue payment.
*Remaining personnel expenses (administration/overhead) absorbed by other departments.



ADMINISTRATIVE SERVICES

Council Meeting Date: January 24, 2012
Staff Report #: 12-014

Agenda Item: F-3

REGULAR BUSINESS: APPROVE AND ADOPT THE FIRST AMENDED ENFORCEABLE OBLIGATION PAYMENT SCHEDULE

RECOMMENDATION

Adopt a resolution approving and adopting an amendment to the Community Development Agency's Enforceable Obligation Payment Schedule (EOPS). Authorize the Agency Executive Director to comply with noticing and other requirements associated with the adoption of the amendment, including but not limited to filing the First Amended EOPS notice. Authorize the Executive Director to take such actions and execute such other documents as are appropriate to effectuate the intent of the resolution and to implement the First Amended EOPS on behalf of the Community Development Agency.

BACKGROUND

On August 23, 2011, the Community Development Agency, in accordance with the then recently enacted Dissolution Act (ABx1 26), adopted an EOPS listing all of the Agency's enforceable obligations for payments required to be made by the Community Development Agency through December 31, 2011. In a decision issued December 29, 2011, the California Supreme Court declared the Dissolution Act to be constitutional and revised certain dates for performance of actions under the Dissolution Act (California Redevelopment Association v. Matosantos, the "Supreme Court Decision"). As a result of the decision, all California redevelopment agencies will now be dissolved effective February 1, 2012.

Under current regulations, the Community Development Agency (before February 1) and its successor agency (starting February 1) can only make payments on enforceable obligations (other than bonded indebtedness) listed on an EOPS until such time as the first Recognized Obligation Payment Schedule (the ROPS) has been prepared by the successor agency, certified, and approved by the successor agency's oversight board to take over the function initially served by the EOPS. The process for preparing, certifying and approving the ROPS may take well into May, thereby potentially leaving a gap between the period initially covered by the EOPS (through December 31, 2011) and the effectiveness of the first ROPS—a gap that could lead to an inability to pay, and the resulting default under, various enforceable obligations.

ANALYSIS

To avoid defaulting on enforceable obligations between January and the operative date of the ROPS, staff recommends the Community Development Agency amend its existing EOPS prior to February 1, 2012 to accomplish the following:

- Extend the payment schedule for the enforceable obligations required to be paid by the Community Development Agency (during January) and its successor agency (starting in February) for the period from January 1, 2012 through June 30, 2012 (just in case there are delays in the initial ROPS process); and
- Add any enforceable obligations of the Community Development Agency that were not previously listed on the EOPS because either: (1) no payments were due prior to December 31, 2011; or (2) the enforceable obligation was inadvertently omitted from the previously adopted EOPS; and
- List line items for staff costs and professional services contracts associated with the operation of the successor agency that are within the administrative cost allowance to which each successor agency will be entitled.

The First Amended EOPS must be adopted at a public meeting. Once adopted, it must be posted on the Agency's website. The First Amended EOPS must also be transmitted to the State Department of Finance, State Controller, and County-Auditor Controller; however, notification providing the website location of the adopted EOPS is sufficient for this transmittal. Therefore, the Community Development Agency should prepare a notice (the First Amended EOPS Notice) specifying the necessary parties regarding the adoption of the First Amended EOPS.

IMPACT ON CITY RESOURCES

Adoption of the First Amended EOPS will allow the Community Development Agency, and the City as its successor agency, to continue to pay its enforceable obligations.

POLICY ISSUES

As successor agency, the City will continue to satisfy enforceable obligations of the former Community Development Agency, and administer dissolution and wind down of the dissolved redevelopment agency according to the Dissolution Act. Adoption of an amended EOPS will allow for maximum transparency during the performance of these duties, and avoid costly defaults on the former Agency's enforceable obligations.

ENVIRONMENTAL REVIEW

The review and action taken by the Community Development Agency is exempt under Guideline 15378(b)(4) of the California Environmental Quality Act (CEQA) in that the activity is not defined as a “project,” but instead is an action required to continue a governmental funding mechanism for potential future projects and programs. A notice of exemption will be filed with the San Mateo County Clerk in accordance with the CEQA guidelines.

Carol Augustine, Finance Director
Report Author

ATTACHMENTS

- A. Resolution of the Community Development Agency Approving and Adopting a First Amended Enforceable Obligation Payment Schedule (EOPS)
- B. First Amended Enforceable Obligation Payment Schedule
- C. First Amended EOPS Notice

CDA RESOLUTION NO.**RESOLUTION OF THE COMMUNITY DEVELOPMENT AGENCY OF
THE CITY OF MENLO PARK APPROVING AND ADOPTING A FIRST
AMENDED ENFORCEABLE OBLIGATION PAYMENT SCHEDULE**

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*; the "Redevelopment Law"), the City Council (the "City Council") of the City of Menlo Park (the "City"), adopted, in accordance with the Redevelopment Law, Ordinance No. 670, dated November 24, 1981, as amended and restated by Ordinance No. 826, dated September 10, 1991, as further amended by Ordinance No. 861, dated October 18, 1994, as further amended by Ordinance No. 925, dated December 9, 2003, and as further amended by Ordinance No. 929, dated April 6, 2004 adopting and amending the Community Development Plan for the Las Pulgas Community Development Project Area (the "Redevelopment Plan"); and

WHEREAS, the Community Development Agency of the City of Menlo Park (the "Agency") is responsible for implementing the Redevelopment Plan pursuant to the Redevelopment Law; and

WHEREAS, ABx1 26 (the "Dissolution Act") was enacted on June 28, 2011; and

WHEREAS, through its December 29, 2011 decision in the case of California Redevelopment Association v. Matosantos (the "Supreme Court Decision"), the California Supreme Court declared the Dissolution Act to be constitutional and revised certain dates for performance of actions under the Dissolution Act; and

WHEREAS, the Dissolution Act provides for dissolution of the Agency as of February 1, 2012, at which time the assets and payment obligations (defined in the Dissolution Act as "Enforceable Obligations") of the dissolving Agency will be transferred to the City, acting in its capacity as "Successor Agency" (as defined in the Dissolution Act) to the dissolving Agency; and

WHEREAS, pursuant to Section 34167(h) and Section 34177(a) of the Redevelopment Law (as added by the Dissolution Act), after August 29, 2011 and until the first "Recognized Obligation Payment Schedule" (as defined in the Dissolution Act) is operative, the Agency or the Successor Agency, as applicable, can only make payments on Enforceable Obligations listed and required on an "Enforceable Obligation Payment Schedule" (as defined in the Dissolution Act); and

WHEREAS, in accordance with the foregoing requirements, the Agency adopted its Enforceable Obligation Payment Schedule on August 23, 2011 (the "Initial Schedule"), and transmitted the adopted Initial Schedule to the San Mateo County Auditor-Controller, the State Controller, and the State Department of Finance, all in accordance with Section 34169(g) of the Redevelopment Law; and

WHEREAS, to facilitate an orderly transfer of its Enforceable Obligations payment responsibilities on February 1, 2012 to the City, acting in its capacity as Successor Agency to the Agency, and as authorized pursuant to Section 33169(g)(2) of the Redevelopment Law, the Agency now desires to amend its previously adopted Initial Schedule in the form of a First Amended Enforceable Obligation Payments Schedule (the "First Amended Schedule"), a copy of which is on file with the Agency Secretary and City Clerk; and

WHEREAS, the First Amended Schedule amends the Initial Schedule to update the schedule of payments for Enforceable Obligations and to extend that schedule of payments through June 2012 when the Recognized Payment Obligation Schedule is now expected to become operative under the revised dates for Dissolution Act implementation set forth in the Supreme Court Decision; and

WHEREAS under Title 14 of the California Code of Regulations, Section 15378(b)(4), the approval of the Initial Schedule and the First Amended Schedule is exempt from the requirements of the California Environmental Quality Act ("CEQA") in that it is not a project, but instead consists of the continuation of an existing governmental funding mechanism for potential future projects and programs, and does not commit funds to any specific project or program, because it merely lists enforceable obligations previously entered into and approved by the Agency; and

WHEREAS, the Agency's board of directors (the "Agency Board") has reviewed and duly considered the Staff Report, the proposed First Amended Schedule, and documents and other written evidence presented at the meeting.

NOW, THEREFORE, BE IT RESOLVED, that the Agency Board finds that the above Recitals are true and correct and have served, together with the supporting documents, as the basis for the findings and approvals set forth below; and

BE IT FURTHER RESOLVED, that the Agency Board finds, under Title 14 of the California Code of Regulations, Section 15378(b)(4), that this resolution is exempt from the requirements of CEQA in that it is not a project. The Agency Board therefore directs that a Notice of Exemption be filed with the County Clerk of the County of San Mateo in accordance with the CEQA guidelines, and

BE IT FURTHER RESOLVED, that the Agency Board hereby approves and adopts the First Amended Schedule and declares that the First Amended Schedule amends and replaces the Initial Schedule in its entirety, and

BE IT FURTHER RESOLVED, that the Agency Board authorizes and directs the Agency's Executive Director or the Executive Director's designee to: (1) post the First Amended Schedule on the Agency or the City's websites; (2) designate an Agency representative to whom all questions related to the First Amended Schedule can be directed; (3) notify, by mail or electronic means, the San Mateo County Auditor-Controller, the State Department of Finance, and the State Controller of the Agency's

action to adopt the First Amended Schedule and to provide those persons with the internet website location of the posted schedule and the contact information for the Agency's designated contact; and (4) to take such other actions and execute such other documents as are appropriate to effectuate the intent of this Resolution and to implement the First Amended Schedule on behalf of the Agency, and

BE IT FURTHER RESOLVED, that this Resolution shall take immediate effect upon adoption.

I, Margaret S. Roberts, Agency Secretary of the City of Menlo Park, do hereby certify that the above and foregoing Resolution was duly and regularly passed and adopted at a meeting by said Agency on the twenty-fourth day of January, 2012, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a true and correct copy of the original Resolution on file in the office of the Agency Secretary of the Community Development Agency of the City of Menlo Park.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official Seal of the Community Development Agency of the City of Menlo Park, twenty-fourth day of January, 2012.

Margaret S. Roberts, MMC
Agency Secretary

Name of Redevelopment Agency: City of Menlo Park Community Development Agency
 Project Area(s) Las Pulgas Redevelopment Project Area

ENFORCEABLE OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34167 and 34169 (*)

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month**						Total for Successor Agency
						CDA	Successor Agency					
							Jan	Feb	Mar	Apr	May	
1)	2006 Las Pulgas Project Tax Allocation Bonds	Bank of New York	Bonds Issued to fund redevelopment activities	99,957,764	5,479,891	2,576,998				2,902,893		2,902,893
2)	Atherton Channel Flood Abatement	City of Menlo Park	This project will involve the design and construction of improvements to drainage conditions in order to prevent systemic flooding from the Atherton Channel that affects businesses along Haven Avenue.	4,089	4,089	545						0
3)	Belle Haven Pool Upgrades	City of Menlo Park	This project will provide upgrades to the pool surfacing (lining) and replace the boiler and pump for the Belle Haven Pool. The boiler and pump were installed in the mid-1970's and need to be replaced.	75,190	75,190	1,040						0
4)	LED Streetlight Conversion	City of Menlo Park	This project will retrofit City streetlights with energy efficient LED streetlights in the Redevelopment area of the City.	1,610	1,610	215						0
5)	Police Substation/City Hall Annex	City of Menlo Park	Police substation in the redevelopment area for use of crime control.	1,690,018	26							0
6)	Kelly Park	City of Menlo Park	Maintenance of Kelly Park.	46,098	46,100	2,150						0
7)	Administrative Staff Costs	City of Menlo Park	Administrative Overhead	3,713,775	168,115	14,825	15,833	15,833	15,833	15,833	15,833	79,165
8)	Professional Services Contracts	City of Menlo Park	Administrative Overhead	1,243,775	113,950	14,825	5,000	5,000	5,000	5,000	5,000	25,000
Totals - This Page				106,732,319	5,888,971	2,610,598	20,833	20,833	20,833	2,923,726	20,833	3,007,058
Totals - Other Obligations				113,680,506	2,488,211	0	0	1,163,472	0	0	1,324,739	2,488,211
Grand total - All Pages				220,412,825	8,377,182	2,610,598	20,833	1,184,305	20,833	2,923,726	1,345,572	5,495,269

* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than late August. It is valid through 12/31/11. It is the basis for the Preliminary Draft Recognized Obligation Payment Schedule (ROPS), which must be prepared by the dissolving Agency by 9/30/11. (The draft ROPS must be prepared by the Successor Agency by 11/30/11.)
 If an agency adopts a continuation ordinance per ABX1 27, this EOPS will not be valid and there is no need to prepare a ROPS.
 ** Include only payments to be made after the adoption of the EOPS.

Name of Redevelopment Agency: City of Menlo Park Community Development Agency
 Project Area(s) Las Pulgas Redevelopment Project Area

OTHER OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34167 and 34169 (*)

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month**						
						CDA	Successor Agency					Total for Successor Agency
							Jan	Feb	Mar	Apr	May	
												0.00
1)	Pass-Through Agreement	San Mateo County	Pass-Through Agreement	58,068,708.00	1,364,760.00			682,380.00			682,380.00	1,364,760.00
2)	Pass-Through Agreement	Menlo Park Fire Protection	Pass-Through Agreement	25,432,182.00	597,720.00			298,860.00			298,860.00	597,720.00
3)	Pass-Through Agreement	Mosquito Abatement Dist	Pass-Through Agreement	134,186.00	3,825.00			0.00			3,825.00	3,825.00
4)	Pass-Through Agreement	Menlo Park City School Dist	Pass-Through Agreement	210,000.00	10,000.00			5,000.00			5,000.00	10,000.00
5)	Pass-Through Agreement	Redwood City School Dist	Pass-Through Agreement	210,000.00	10,000.00			5,000.00			5,000.00	10,000.00
6)	Pass-Through Agreement	SMC Community College Dist	Pass-Through Agreement	7,423,334.00	218,000.00			109,000.00			109,000.00	218,000.00
7)	Pass-Through Agreement	Ravenswood City School Dist	Pass-Through Agreement	14,154,617.00	143,438.00						143,438.00	143,438.00
8)	Pass-Through Agreement	Sequoia Union High School	Pass-Through Agreement	6,162,635.00	62,451.00						62,451.00	62,451.00
9)	Pass-Through Agreement	SMC Office of Education	Pass-Through Agreement	1,459,579.00	14,785.00						14,785.00	14,785.00
10)	Statutory Payments	Fair Oaks Sewer Maint Dist	Statutory Payments	3,960.00	292.00			292.00				292.00
11)	Statutory Payments	Ravenswood Slough Flood	Statutory Payments	1,194.00	109.00			109.00				109.00
12)	Statutory Payments	Bay Area Air Quality Mgt	Statutory Payments	6,587.00	707.00			707.00				707.00
13)	Statutory Payments	San Mateo Harbor Dist	Statutory Payments	11,094.00	1,193.00			1,193.00				1,193.00
14)	Statutory Payments	Sequoia Healthcare Dist	Statutory Payments	6,329.00	927.00			927.00				927.00
15)	Statutory Payments	City of Menlo Park	Statutory Payments	376,792.00	40,695.00			40,695.00				40,695.00
16)	Rehabilitation Loan Repairs O/S	Center for Independence	Repairs and additions for senior citizens and handicapped	19,309.00	19,309.00			19,309.00				19,309.00

Totals - Other Obligations	\$ 113,680,506.00	\$ 2,488,211.00	\$ -	\$ -	\$ 1,163,472.00	\$ -	\$ -	\$ 1,324,739.00	\$ 2,488,211.00
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* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than February 1st. It is valid through 06/30/12. It is the basis for the Recognized Obligation Payment Schedule (ROPS), which must be prepared by the Successor Agency by 5/1/12 for approval by the Oversight Board.
 ** All payment amounts are estimates

January 25, 2012

Ana Matosantos, Director
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Subject: Notification of Adoption and Posting, by the Community Development Agency of the City of Menlo Park, of the First Amended Enforceable Obligation Payment Schedule In Accordance with Health and Safety Code Section 34169(g)(2)

To Whom it May Concern:

In accordance with Health and Safety Code Section 34169(g)(2), the Community Development Agency of the City of Menlo Park (the "Agency") adopted its Enforceable Obligation Payment Schedule (the "Initial EOPS") on August 23, 2011, and thereafter placed the Initial EOPS on its website and notified your offices of these actions as required by that section.

This letter serves as the formal notification pursuant to Health and Safety Code Section 34169(g)(2) that the Agency, at a public meeting of the Agency Board held on January 24, 2012, approved and adopted an amendment to the Initial EOPS in the form of a First Amended Enforceable Obligation Payment Schedule (the "First Amended EOPS"). The amendments contained in the First Amended EOPS include extending the payment schedule for Enforceable Obligations (as defined in ABx1 26) to additionally cover the months of January through June 2012, and to update payment amounts for Enforceable Obligations to reflect current requirements.

A copy of the First Amended EOPS can be found at the following website:
http://_____.

Please address any and all correspondence related to the Initial EOPS or the First Amended EOPS to _____, _____ of the City of Menlo Park, who can be reached via telephone at _____ or via email at _____@_____. A copy of the First Amended EOPS can also be found at the Office of the City Clerk located at _____, _____, California, _____.

Sincerely,



COMMUNITY SERVICES DEPARTMENT

Council Meeting Date: January 24, 2012
Staff Report #: 12 – 010

Agenda Item #: F-4

REGULAR BUSINESS: Approve a framework for a draft agreement to be used as a starting point in negotiations with San Mateo County to ensure continued operation of Flood Park for FY 2012 – 13 for \$150,000

RECOMMENDATION

Staff recommends that the City Council approve a framework for a draft agreement to be used as a starting point in negotiations with San Mateo County to ensure continued operation of Flood Park for FY 2012 – 13 in the amount of \$150,000.

BACKGROUND

As a part of San Mateo County's efforts to reduce their budget deficit, County staff had proposed in February 2011 that Flood Park remain closed following the completion of San Francisco Public Utilities Commission (SFPUC) water main replacement work in the Park in November 2011. The County later agreed to reopen the park for the remainder of the fiscal year, through June 2012 and a grand "re-opening" of the park took place on November 12. Currently, the County is exploring options for the long-term sustainability of the park, including the possibility of transferring it to the City of Menlo Park.

In late April 2011, staff from Public Works and Community Services visited the park and undertook a complete assessment of the facilities which revealed a long list of outstanding deferred maintenance needs at the park. Subsequent information gathering from the County also revealed additional costs to operate the park, such as trash removal, picnic reservations and other administrative overhead costs that were not included in the original cost figures supplied by the County.

On November 16, 2011, the Parks and Recreation Commission met to review the Flood Park condition assessment and cost data and approved the following motions:

1. Recommend the Council continue to pursue acceptance of Flood Park from San Mateo County.
2. Council strongly consider funding options including a joint operating agreement with the County, public / private partnerships, sale or lease of a portion of the park for a use acceptable to the community/City, and further evaluation of all possible funding alternatives.

3. Council and staff take a long term view of the future potential of Flood Park and keep in mind that full development may not occur for 10 – 15 years.

On December 13th, City staff presented the Council with a complete facilities assessment report, capital and operational cost analysis (Attachment A), and the Parks and Recreation Commission's recommendations as a Study Session item. The operational cost analysis showed the City's costs to operate the park would be higher than the estimate provided by the County given the City's higher maintenance standards and County costs for items such as administrative overhead, garbage collection and more, which were not included in the County cost figures.

ANALYSIS

General direction from Council at the December 13 Study Session indicated support for continuing discussions with the County about transfer of the park on a more extended time frame allowing the City to pursue longer term revenue sources. Sources could include increasing the Transient Occupancy Taxes (TOT) as a possible ballot measure in November 2012 or other potential revenue increases. Several Council Members appeared to support an arrangement that would allow the City to make a contribution to the County to keep the park open for a year or more which would provide the additional time needed for longer term options to be developed.

Staff has drafted an agreement (Attachment B) as a starting point for discussions with the County that would allow more time to consider permanent transfer of the park to the City. The draft agreement includes the following provisions:

- The term of the agreement shall be for one year with optional annual renewals.
- The City would pay the County \$150,000 from the City's General Fund Reserves for the exclusive right to schedule and collect fees for use of the baseball field (estimated to be about \$10,000 annually).
- All revenue other than that generated by reservations for the baseball field will be maintained by the County.
- The City will use the lease period to explore public / private partnerships for up to 25 percent of the land area of the park.
- The County will continue to maintain the park to the level it was maintained prior to the SFPUC closure.
- If, at the end of the agreement period, the City should determine it has the financial ability to assume ownership of the park, transfer of the park to the City will occur with no restrictions on park land uses other than those delineated in the agreement.
- Liability for all park activities will remain the responsibility of the County.

Timeline for exploring funding options

Staff estimates that the following timeline may be needed to accommodate Council's direction to pursue alternative funding sources including long term leases or other partnerships:

Task	July 12	Aug 12	Sept	Oct	Nov	Dec	Jan 13	Feb 13	Mar 13	Apr 13	May 13	June 13
Agreement	[Shaded bar from July 12 to June 13]											
City schedules fields	[Shaded bar from July 12 to June 13]											
RFP for lease or other options			[Shaded bar from Sept to Oct]									
Lease partners selected					[Shaded bar from Nov to Dec]							
Final agreement negotiated							[Shaded bar from Jan 13 to Feb 13]					
Council acts on TOT inc.	[Shaded bar in July 12]											
Possible TOT vote					[Shaded bar from Nov to Dec]							
Possible TOT inc.							[Shaded bar from Jan 13 to Feb 13]					
TOT revenue available											[Shaded bar from May 13 to June 13]	

A complete community engagement process to determine how the park might provide for additional community recreation needs in the future could take up to a year to complete and would be scheduled at some future date once the park has been transferred to the City and funding became available for the process.

IMPACT ON CITY RESOURCES

Since the December 13 Council meeting where continued pursuit of ownership of Flood Park was approved, the California Supreme Court upheld the constitutionality of the "Dissolution Act" passed with the State's 2011-12 budget. The result of this decision is that all redevelopment agencies (RDAs) in the State, including Menlo Park's, will be dissolved as of February 1, 2012.

The implications for the City's budget are catastrophic: *The budgets in place for Redevelopment Activities (over \$2.5 million) including Housing, Narcotics Enforcement Team, Code Enforcement and a \$305,000 transfer to the General Fund for overhead expenses, will be unfunded after February 1st and for subsequent fiscal years.* The City will need to determine which redevelopment-funded activities will be continued, and how they will be funded. Since the City Council may wish to continue many of the services previously provided by the RDA, even more financial stress will be applied to the City's General Fund. The City's ability to assume the increased costs for an additional 21 acre park may be further hindered by this significant increase in the demand for General Fund dollars.

Given the park's current condition and long list of deferred maintenance requirements, as well as the City's higher standards for quality of park facilities, acceptance of Flood Park will have a major impact on City resources in terms of both parks maintenance staff and operational costs. Simply operating the park in its current configuration is estimated to cost at least \$210,000 annually (County's current costs after revenues are received). Given the expressed community interest regarding potential park uses and additional amenities, plus the outcome of any community engagement process to determine other priorities for the park, capital improvement funds that could reach millions of dollars and additional permanent program staff would be required. If no new revenue source for these additional expenses is identified, Council would need to determine which other services or programs to eliminate in order to accommodate these increased up front and ongoing costs.

The County's estimated annual cost for their operation of the park is \$210,000. Revenue from the City of \$150,000 would still leave a deficit of \$60,000 for park operations. It is hoped that community fund-raising through groups such as the Friends of Flood Park would allow the County to operate the park without incurring a deficit.

COUNCIL DIRECTION NEEDED

Should Council determine that it is still prudent to pursue long term transfer of ownership of Flood Park to the City, staff is requesting Council feedback on the terms of the draft agreement that would serve to open negotiations with the County, including:

- Length of agreement (one year with annual renewal)
- Payment amount (\$150,000 from General Fund reserves is recommended)
- County to continue to provide maintenance at historic levels
- Future funding options to be explored include:
 - Lease / partnership for up to 25% of park land
 - Increase in the TOT

Note that the County has not agreed to these terms and they serve only as a starting point for negotiations. Ideally, Council will identify any deal points (as listed above or to be added during Council discussions) that are of such significance that the Council would choose not to continue to pursue transfer of the park if those particular conditions are not met.

POLICY ISSUES

The recommendation to enter into an agreement with the County does not represent any change to existing City policy.

ENVIRONMENTAL REVIEW

Continued negotiations for transfer of ownership of the park do not require review under the California Environmental Quality Act.

Sr 

Cherise Brandell,
Community Services Director

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS

- A – Flood Park Revenues and Expenses
- B – Draft Flood Park Agreement

Flood Park Cost Estimates

Annual Operating Items	San Mateo County	City of Menlo Park	City of Menlo Park Estimate	Notes
Landscape maintenance	Included	Included	\$260,000	County uses rangers and city costs include higher level of service (similar to other City parks) from contractor
Sports field maintenance	Not included	Included	-	Higher level of service not provided by County, included in landscape costs (above) such as regular reseeding, aeration, major field renovations, etc.
Garbage service	Not included	Included	\$135,000	Not included in costs provided by County which operates its own system. Cost from Recology to provide this service could be less based on ongoing discussions
Facilities maintenance	Not included	Included	\$35,000	Not included in costs provided by County. Rangers perform some minor maintenance. City to hire or contract .5 FTE
Tree service	Not included	Included	\$3,000/year and \$40,000 /5 years	County performs tree service as needed/emergencies only
Programming/ rentals staffing	Not included	Included	\$75,000	Not included in costs provided by County. City to hire 1 FTE new position
Utilities	Included	Included	\$17,000	County's cost based upon 09/10. City's costs increased to 2012 estimates
Janitorial	Included	Included	(included in Landscape Maintenance)	County uses rangers and City costs include contract janitorial service in landscape costs
Ranger service	Included	Included	\$195,000	Estimate based on contract at Bedwell Bayfront Park
TOTAL EXPENSES	\$374,201		\$760,000	Difference due to increased level of service and indirect overhead costs not included in the County 09/10 costs.
TOTAL REVENUE	\$164,417		\$165,000	City estimated the same revenue as County as few changes are proposed for first year of operations
NET GAIN (LOSS)	\$209,784		\$595,000	City's estimate total funding impact

NOTE: Costs and revenues outlined above are based on an assumption that a major renovation of the park would occur within the next five years. Without this major renovation the estimates of operating and capital cost would be insufficient to sustain the park to City standards. This renovation would also support an increase in user fee based revenue. Current revenues are \$28,037 for facility and building rentals; \$64,759 for reservations; and \$72,711 for parking.

**AGREEMENT TO ENSURE CONTINUED OPERATION OF FLOOD PARK BY
SAN MATEO COUNTY**

D R A F T

This Agreement is made and executed as of July 1, 2012, by and between the City of Menlo Park, a municipal corporation ("City"), and San Mateo County ("County") and collectively referred to herein as "Parties". The goal of this agreement is to allow the County to maintain Flood Park while the City pursues the opportunity to increase City General Fund Revenues through an increase in the Transient Occupancy Tax or other sources which would allow for a complete transfer of Park ownership to the City at some future date.

WHEREAS, the County is the owner of Flood Park ("Park") and responsible for all maintenance and capital costs, and the City and County wish to enter into an agreement for the Park on the terms and conditions set forth below.

NOW, THEREFORE, the Parties agree as follows:

1. **FLOOD PARK.** Flood Park sits on roughly 21-acres on Bay Road between Willow and Marsh Roads and is home to sports fields, tennis courts, volleyball courts, horseshoe pits, picnic areas, a playground, and various park structures.

2. **TERM.** The term of this agreement shall be for a period of one (1) year ("Term") commencing on July 1, 2012 ("Commencement Date") and ending one (1) year from the Commencement Date, unless automatically extended for an additional one year as hereinafter provided.

3. **FINANCIAL CONTRIBUTION.** In consideration for City's use of the Park as granted by this agreement, County continues sole financial responsibility for the operation and maintenance of the Park and shall operate and maintain the Park at no cost to the City. City will remit a contribution in the amount of \$150,000 from the City's General Fund Reserves to the County for the exclusive right to schedule and collect fees for the Baseball field for the term of this agreement. Scheduling of the field will be done in accordance with City policy. County also agrees that no parking fees shall be charged for users of baseball field whose vehicles display an agreed upon parking pass to be issued by City.

4. **SCHEDULED USE:** Flood Park baseball fields shall be available to the City during regular park operating hours for community recreation programs. Scheduling of the facilities shall be the responsibility of the Community Services Department of the City of Menlo Park in accordance with the City's Field Use Policy and approved User Group process. The

facilities shall be available for unorganized recreation activities, on an unscheduled basis, during times when not in use by the City.

5. REVENUE. All revenue other than that generated by reservations for the baseball field will be maintained by the County. This revenue is currently understood to be fees charged for parking, picnic reservations, and leases for other park property. The City fees for rental of the baseball field shall conform to the Council approved User Fee and Cost Recovery Policy and shall be included in the City's Master Fee Schedule. The City will also use the agreement period to explore public / private partnerships for up to 25 percent of the land area of the park.

6. COUNTY PARK POLICIES. City users of Flood Park will continue to follow County Park rules, including no dogs or alcohol allowed.

7. PARK MAINTENANCE. The County will maintain the park to the level it was maintained prior to the SFPUC closure.

8. CITY OWNERSHIP. If, at the end of the agreement period, the City should determine it has the financial ability to assume ownership of the park, transfer of the park to the City will occur with no restrictions on park land uses.

9. NOTICE. All notices under this agreement shall be in writing and, unless otherwise provided herein, shall be deemed validly given if sent by certified mail, return receipt requested, or via recognized overnight courier service, addressed as follows (or to any other mailing address which the party to be notified may designate to the other party by such notice). All notices properly given as provided for in this section shall be deemed to be given on the date when sent. Should City or Provider have a change of address, the other party shall immediately be notified as provided in this section of such change.

County
County of San Mateo
Attn: County Manager
555 County Center
Redwood City, CA 94063
(650)

City
City of Menlo Park
Attn: City Manager
701 Laurel Street
Menlo Park, CA 94025
(650) 330-6610

10. COMPLETE AGREEMENT. This agreement contains the entire agreement between the Parties with respect to the matters set forth herein, and supersedes all prior or contemporaneous agreements (whether oral or written) between the Parties with respect to the matters set forth herein.

11. AMENDMENT. This agreement may be amended only by a written instrument executed by the Parties.

12. AUTHORITY. The individuals executing this agreement on behalf of the Parties represent and warrant that they have the legal power, right and actual authority to bind the Parties to the terms and conditions of this agreement.

13. NO WAIVER. Waiver by either party of a breach of any covenant of this agreement will not be construed to be a continuing waiver of any subsequent breach. No waiver by either party of a provision of this agreement will be considered to have been made unless expressed in writing and signed by all parties.

IN WITNESS WHEREOF, the Parties have executed this agreement by their officers therein duly authorized as of the date and year first written above.

CITY OF MENLO PARK

By: _____

ATTEST:

City Clerk

County of San Mateo.

By: _____



ADMINISTRATIVE SERVICES

Council Meeting Date: January 24, 2012

Staff Report #: 12-013

Agenda Item #: F-5

REGULAR BUSINESS: Consider the Adoption of a Resolution Approving an Employment Agreement with Alexander D. McIntyre

RECOMMENDATION

Staff recommends that the City Council adopt a resolution approving the attached Employment Agreement between the City and Alexander D. McIntyre.

BACKGROUND

The adoption of an Employment Agreement with Alexander D. McIntyre concludes a eight-month effort on the part of the City Council to find a new City Manager to replace Glen Rojas, who retired from the City after four and one half years with the City and 37 years of public service.

On April 26, 2011, the Council created a sub-committee, consisting of Council Members Andrew Cohen and Peter Ohtaki, to work with staff and recommend an executive search firm to conduct the recruitment. The City Council, at their meeting of August 23, 2011, upon recommendation of the sub-committee, selected Mr. Paul Kimura from William Avery and Associates to conduct the recruitment and approved a recruitment schedule.

In August and September of 2011, the Council solicited input from the community regarding the personal characteristics and professional attributes they would like to see in a new City Manager. An on-line questionnaire that could be completed by the public was included as part of the outreach process. In addition, at two Council meetings, the Council received input from the public and shared individual input they had received as well. Finally, Mr. Kimura interviewed individual Council Members and other interested parties to obtain additional input.

On September 27, 2011 Council approved the job profile for City Manager as recommended by the sub-committee with additional input from the entire Council. Mr. Kimura subsequently designed an outreach campaign to attract suitable quality candidates for the position. The application period ended November 18, 2011, and Mr.

Kimura then proceeded to review the applications and set up preliminary interviews with the strongest candidates.

On Tuesday, December 6, 2011 Council reviewed the applications of those whose background most closely matched the profile. Council narrowed the field to seven candidates.

On Thursday, December 15, 2011, Council interviewed the candidates and further narrowed the field to four finalists. During this time period, each Council Member provided staff with the names of two residents to sit on panels that would interview finalists. One member from each of the City's four labor groups, as well as four members of the Executive Management team were also included.

On January 5, 2012 panel interviews were held. There were three panels of six members. Each panel consisted of a mix of residents, staff members and labor representatives. Panel coordinators were City Attorney Bill McClure, Interim Personnel Director Glen Kramer and Mr. Kimura. After the panels had interviewed the four finalists, they were collectively brought together to provide further input to City Council in closed session.

On January 6, 2012 Council interviewed the four finalists. After deliberating, the Council authorized the City Attorney to negotiate an Employment Agreement with Alexander D. McIntyre. Attachment "A" is the result of those discussions which also involved several follow up closed sessions of the City Council.

ANALYSIS

The attached Employment Agreement is for an initial term of three (3) years, provides that the new City Manager will commence employment on March 5, 2012, and receive an annual salary of \$199,000.00. The City will also make a contribution to a 401-A deferred compensation plan for Mr. McIntyre in the amount of \$9,500.00 annually. Mr. McIntyre will also receive an automobile allowance of \$320.00 per month, as well as fringe benefits and general leave as contained in the Management Benefit plan for Management Appointees. A reasonable relocation allowance is provided to cover the cost of moving his belongings and searching for a primary residence. An allowance of \$2,500 per month is also provided for a period of up to nine (9) months in order to allow ample time to relocate to Menlo Park. Finally, if Mr. McIntyre purchases his primary residence within the City limits of Menlo Park, the City will provide a loan of up to \$1,350,000.00, at an interest rate of 3.5% and secured by a first deed of trust, to assist in the purchase. The terms of the loan are described in Exhibit A to the Employment Agreement.

IMPACT ON CITY RESOURCES

There is sufficient funding remaining to cover Mr. McIntyre's compensation package for the remainder of the fiscal year. The fully loaded total annual cost of Mr. McIntyre's compensation and benefit package is estimated to be \$256,400 and will be built into the 2012-13 operating budget. This cost is less than the total cost of the compensation and benefit package for Mr. Rojas which on a fully loaded annual basis was \$297,170.

A budget adjustment may be required during the fiscal year to cover relocation and loan expenses, depending on the costs incurred.

POLICY ISSUES

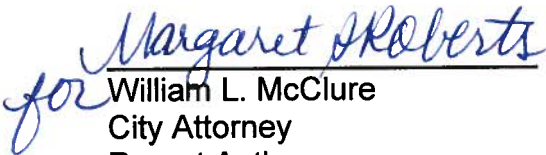
There are no direct policy issues presented by the proposed Employment Agreement.

ENVIRONMENTAL REVIEW

No environmental review is required.



Glen H. Kramer
Interim Personnel Director
Report Author



for William L. McClure
City Attorney
Report Author

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 24 hours prior to the meeting.

ATTACHMENTS: Resolution
Employment Agreement

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO
PARK APPROVING AN EMPLOYMENT AGREEMENT WITH
ALEXANDER D. MCINTYRE**

WHEREAS, the City Council conducted an eight month recruitment process for the position of City Manager; and

WHEREAS, on January 6, 2012, the City Council interviewed four finalists for the position and, after deliberation, authorized the City Attorney to negotiate an Employment Agreement with Alexander D. McIntyre; and

WHEREAS, the City Attorney completed negotiations for a three year Employment Agreement for a total compensation and benefit package estimated to be \$256,400 annually; and

WHEREAS, if Mr. McIntyre purchases a home within Menlo Park, the City will provide a loan of up to \$1,350,000 at an interest rate of 3.5% and secured by a first deed of trust.

NOW, THEREFORE, BE IT RESOLVED, that the City hereby approves a three-year Employment Agreement with Alexander D. McIntyre to commence work as City Manager on March 5, 2012.

PASSED AND ADOPTED at a regular meeting of the Menlo Park City Council on the twenty-fourth day of January 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Menlo Park on this twenty-fourth day of January 2012.

Margaret S. Roberts, MMC
City Clerk

**EMPLOYMENT AGREEMENT BETWEEN
THE CITY OF MENLO PARK AND ALEXANDER D. MCINTYRE**

1. Parties: The parties to this Agreement are the CITY OF MENLO PARK (“CITY”) and ALEXANDER D. MCINTYRE (“MCINTYRE”).
2. Purpose: The purpose of this Agreement is to provide for the employment of MCINTYRE as City Manager of the CITY, as currently provided by Title 2, Chapter 2.08 of the Municipal Code of the City of Menlo Park.
3. Duties: The CITY hereby agrees to employ MCINTYRE to perform the functions and duties of City Manager for the CITY and of Executive Director of the Community Development Agency of the City of Menlo Park (“CDA”), to the extent the CDA is not dissolved, as specified in the Municipal Code of the City of Menlo Park, the job description, and any other applicable Ordinances, Resolutions or Policies, and to perform such other legally permissible and proper duties and functions as the CITY shall from time-to-time assign. MCINTYRE agrees that to the best of his ability and experience he will at all times loyally and conscientiously perform all of the duties and obligations required of him either expressly or implicitly by the terms of this Agreement. MCINTYRE agrees that he will not, so long as he is employed by the CITY, take any employment or perform any consulting duties that will interfere with or be inconsistent with the performance of his duties as City Manager for the CITY.
4. Term of Agreement: The term of MCINTYRE’s employment shall commence on March 5, 2012. MCINTYRE agrees to remain in the exclusive employ of the CITY until March 7, 2015, and neither to accept other employment nor become employed by another employer until such termination date, unless such termination date is modified as provided hereafter.
5. Separation from Employment:
 - 5.1 The City Council may, subject to the provisions set forth below, terminate the services of MCINTYRE at any time, it being expressly understood and agreed between the parties that MCINTYRE serves as an at-will employee of the City Council. The CITY must provide MCINTYRE with thirty (30) days notice prior to the separation from employment. The CITY may not give notice of separation from employment to MCINTYRE until ninety (90) days after a general municipal election, or an election in which a member of the City Council is elected, as further set forth in Section 2.08.110, paragraph five, of the Municipal Code of the City of Menlo Park.
 - 5.2 In the event of separation from employment by the City Council prior to March 7, 2015, while still willing and able to perform the duties of City Manager, MCINTYRE shall be entitled to receive compensation, consisting of a lump-sum payment of six (6) months of base salary and benefits, (“Severance Payment”), inclusive of the thirty (30) day notification period.

“Benefits” shall include all benefits payable to or on behalf of MCINTYRE, including medical premiums, with the exception of general leave (other than those amounts already accrued by MCINTYRE as of the date of separation). Both salary and benefits shall be computed as of the rates in effect as of the date of separation from employment.

The Severance Payment will release the CITY from any further obligations under this Agreement, and any claims of any nature that MCINTYRE might have against the CITY by virtue of his employment or termination thereof. Contemporaneously, with the delivery of the Severance Payment and in consideration therefore, MCINTYRE agrees to execute and deliver to the CITY a release releasing the CITY of all claims that MCINTYRE may have against the CITY. In return for such Severance Payment, MCINTYRE agrees to be reasonably available for consultation and assistance to an Interim City Manager, a newly appointed City Manager or any other Council designated appointee during the period covered by such Severance Payment.

MCINTYRE shall not be entitled to a Severance Payment in the following events:

- 5.2.1 CITY elects not to renew this Agreement.
 - 5.2.2 MCINTYRE is terminated because of his conviction of a felony or misdemeanor involving moral turpitude, or is convicted of any illegal act involving personal gain to himself.
 - 5.2.3 MCINTYRE dies, or MCINTYRE becomes disabled as provided in Paragraph 6 and CITY terminates his employment.
- 5.3 MCINTYRE may resign at any time from his position with the CITY provided that he gives the CITY not less than sixty (60) days’ prior written notice. Should MCINTYRE not provide the CITY with at least sixty (60) days’ prior written notice, he shall not be entitled to cash out of any benefit other than as required by law. In the event MCINTYRE resigns his position as City Manager, he shall not be entitled to a Severance Payment.
6. Disability: If MCINTYRE is permanently disabled to the extent that he cannot perform the full range of the essential functions of his position as determined by his treating physician or is otherwise unable to perform the full range of the essential functions of his position because of sickness, accident, injury, mental incapacity or other health reasons for a period of six (6) successive weeks beyond the exhaustion of all general leave, the CITY shall have the option to terminate this Agreement, subject to compliance with all provisions of law.

7. Compensation:

- 7.1 CITY agrees to pay MCINTYRE for his services rendered pursuant hereto an annual salary of One Hundred Ninety Nine Thousand Dollars (\$199,000.00) payable on a bi-weekly basis in the same manner as other employees of the CITY are paid.
- 7.2 CITY agrees to establish a 401-A defined contribution plan for the manager with ICMA Retirement Corporation, and contribute Nine Thousand Five Hundred Dollars (\$9,500.00) to such plan annually. The contribution shall be pro-rated and made on a bi-weekly basis in the same manner as any deferred compensation contributions made to any other employee. There will be no vesting period. The CITY shall pay any set-up or administrative fees. In the event that MCINTYRE separates from employment, the bi-weekly contribution shall cease on the date of termination from employment and no additional contribution shall be made.
- 7.3 CITY agrees to pay MCINTYRE the same automobile allowance provided all executive management employees, currently Three Hundred Twenty Dollars (\$320.00) per month, payable on a bi-weekly basis in the same manner as other employees of the City are paid.
- 7.4 MCINTYRE shall be entitled to the same benefits, holidays and general leave provided to CITY executive management employees under the CITY's Management Benefit Plan for Management Appointees, as such plan may be amended by the CITY from time to time. In addition, CITY shall provide MCINTYRE with a cell phone and personal computer for business and personal use.

8. Retirement Plan: MCINTYRE shall be covered by the same retirement plan by which all other "miscellaneous employees" of the City in effect as of March 5, 2012. MCINTYRE shall be placed in the appropriate miscellaneous tier according to his hire date. MCINTYRE shall pay the required employee contribution on a tax-deferred basis as provided under Section 414(h)(2) of the Internal Revenue Code, and shall contribute to the employer contribution as specified in the CITY's Management Benefit Plan for Management Appointees as such may be modified from time to time by the City Council.

9. One Time Relocation Assistance and Temporary Housing:

- 9.1 The CITY shall reimburse MCINTYRE for all reasonable relocation expenses incurred in moving his residence including transportation, packing, temporary storage of household goods and furnishing, unpacking and insurance. MCINTYRE shall obtain three quotations for such relocation services and shall select the lowest of the bids. MCINTYRE shall provide copies of the quotations to the Finance Director for documentation and reimbursement purposes. The CITY shall also pay or reimburse MCINTYRE for the expenses incurred in one economy round trip air travel between his place of residence and

Menlo Park for MCINTYRE to locate temporary housing in the vicinity of Menlo Park. The trip shall be coordinated with participation in the City Council meetings of January 30, 2012 and January 31, 2012, plus one goal setting session/Council meeting the afternoon of January 31, 2012 in Menlo Park. The total paid or reimbursed under this provision shall not exceed One Thousand Dollars (\$1,000.00).

- 9.2 The CITY shall pay MCINTYRE up to Two Thousand Five Hundred Dollars (\$2,500.00) per calendar month to reimburse him for the reasonable costs of obtaining temporary housing in the vicinity of the City while he searches for a permanent residence. This allowance shall only continue until MCINTYRE secures a permanent residence and only if MCINTYRE is incurring rental expenses, but shall in no event exceed nine (9) months. MCINTYRE shall provide copies of rental and other temporary housing expenses to the Finance Director for documentation and reimbursement purposes.

10. Housing Assistance:

- 10.1 The CITY agrees to loan to MCINTYRE up to One Million Three Hundred Fifty Thousand Dollars (\$1,350,000.00) toward the purchase price of a home, townhouse or condominium should he elect to purchase a primary residence within the City limits of the City of Menlo Park. The specific terms and conditions of the new loan are pursuant to the terms of Attachment "A".
- 10.2 During the term of this Agreement, MCINTYRE shall pay in a timely manner the loan obligation for the property acquired in Paragraph 10.1. MCINTYRE shall obtain and keep in force policies of fire and hazard insurance with limits of not less than the replacement value of the property naming both the CITY and MCINTYRE as insured parties. All taxes, homeowner dues, and other obligations assessed against the property, and the cost of maintaining the policies of fire and hazard insurance, shall be paid on a timely basis by MCINTYRE.
- 10.3 MCINTYRE shall maintain the property, at his sole expense, in good and habitable condition, reasonable wear and tear excepted. MCINTYRE may make such improvements to the property as he deems beneficial.
- 10.4 The loan to MCINTYRE shall not be assumable, and shall be immediately due and payable in full to the CITY upon sale or other transfer of title of the property to any third party. In the event that MCINTYRE's employment is terminated for any reason, the loan shall become due and payable in accordance with the terms set forth in Attachment "A". If the use of the property as the principal residence of MCINTYRE is terminated, the loan shall become due and payable in full not later than twelve (12) months following the termination of such use.

11. Performance Evaluation:

11.1 The City Council shall endeavor to review and evaluate the performance and compensation of MCINTYRE on at least an annual basis.

11.2 The City Council, in consultation with MCINTYRE, shall define such goals and performance objectives which they determine to be necessary for the proper operation of the City. In attainment of the City Council's adopted performance objectives, the City Council, in consultation with MCINTYRE, shall further establish a relative priority among the various goals and objectives, and reduce said goals and objectives to writing.

12. Professional Development: The CITY hereby agrees to budget a reasonable amount for and to pay membership fees and dues, of conference and meeting registrations, and the travel and subsistence expenses of MCINTYRE for professional development and official travel, meetings and occasions adequate to continue the professional development of the City Manager and to adequately pursue necessary official and other functions of the CITY, including, but not limited to, International City Manager's Association (ICMA) conferences. Travel and conference expenses shall be reimbursed for reasonable expenses only, and in accordance with the City's standard policies governing travel and conference expense reimbursement.

13. Non-Liability of Officials and Employees: No official or employee of the CITY shall be personally liable for any default or liability under this Agreement except MCINTYRE.

14. Bonding: MCINTYRE shall secure a public official's bond in the amount of \$200,000 as required by Section 2.08.040 of the Municipal Code of the City of Menlo Park. The CITY shall bear the full cost of such bond and/or any other bonds required of MCINTYRE under any law or ordinance.

15. Other Terms and Conditions of Employment:

15.1 The City Council, in conjunction with MCINTYRE, shall fix any other terms and conditions of employment, as it may determine from time to time, relating to the performance of MCINTYRE, provided such terms and conditions are not inconsistent with or conflict with the provisions of this Agreement or other applicable law.

15.2 All provisions of the Municipal Code of the City of Menlo Park, and regulations and rules of the CITY relating to other fringe benefits and working conditions as they now exist or hereafter may be amended, shall also apply to the City Manager as they do other employees of the CITY except as herein provided.

16. Notice: Notices pursuant to this Agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid. Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial proceedings. Notice shall be deemed given as of the date

of personal service or 48 hours after the date of deposit of such written notice in the course of transmission in the United States Postal Service to the addresses set forth below or as subsequently communicated by one party to the other in writing.

16.1 Notice to MCINTYRE shall be sent to: Alexander D. McIntyre
6463 SW Burlingame Place
Portland, OR 97239

16.2 Notice to CITY shall be sent to: Mayor
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

17. General Provisions:

17.1 The Agreement shall be binding and inure to the benefit of the heirs at law and executors of MCINTYRE.

17.2 This Agreement shall become effective March 5, 2012.

17.3 If any provision, or any portion therefore, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be effective, and shall remain in full force and effect.

17.4 The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.

17.5 This Agreement constitutes the entire agreement between the parties and supersedes any previous Agreements, oral or written. This Agreement may be modified or provisions waived only by subsequent mutual written agreement executed by the CITY and MCINTYRE.

17.6 This Agreement shall be interpreted as though prepared by both parties.

CITY OF MENLO PARK

Date: _____

By: _____
Kirsten Keith
Mayor

Date: _____

By: _____
Alexander D. McIntyre

ATTEST:

Margaret Roberts
City Clerk

ATTACHMENT "A"
TO
EMPLOYMENT AGREEMENT
TERMS OF HOUSING LOAN

The CITY agrees to provide a loan(s) to MCINTYRE for purposes of purchasing a home, townhouse, or condominium unit located in the City of Menlo Park upon the following terms and conditions:

1. **Loan Amount** – The amount of the loan(s) shall not exceed One Million Three Hundred Fifty Thousand Dollars (\$1,350,000.00), which may include a first loan in the amount of not to exceed ninety percent (90%) of the purchase price and a short term bridge loan of not to exceed ten percent (10%) of the purchase price, provided the total amount of both loans shall not exceed the maximum loan amount of \$1,350,000.

2. **Interest Rate** – The interest rate on the loan(s) shall be three and one half percent (3.5%) per annum, simple interest, for five (5) years. Thereafter, the interest shall be adjusted once per year based on comparable "5/1" loans made at the time of the loan to MCINTYRE, as determined by the City Attorney.

3. **Payments** – Monthly payments shall be interest only. At MCINTYRE's option, he may make monthly payments based on an interest rate of two percent (2%) with interest of one and one-half percent (1.5%) being deferred until the loan is paid off. At the option of MCINTYRE, the monthly payments may be automatically deducted from his bi-weekly salary check or paid monthly by the first of the month. All payments shall be applied first to interest and then to principal. Upon the adjustment of the interest rate as provided in Paragraph 2, the required payment and the amount MCINTYRE may elect to defer shall be proportionately adjusted to reflect any increase in the interest rate.

4. **Late Payment Penalty** – There shall be a late payment penalty of five percent (5%) of any payment not paid within ten (10) days of the due date.

5. **Security for Loan** – The loan in the amount of not to exceed 90% of the purchase price shall be secured by a first deed of trust against the property purchased in Menlo Park with a standard title company form of deed of trust. The short term bridge loan in the amount of not to exceed 10% of the purchase price shall be secured by a second deed of trust against the Menlo Park property and also secured by a junior deed of trust against other property owned by MCINTYRE having demonstrated equity (to the reasonable satisfaction of the City Attorney) of not less than the amount of the bridge loan (after deducting estimated selling expenses for the sale of such other property).

6. **Due on Sale, Termination of Employment or Non-use as Personal Residence** – The loan(s) shall be due and payable in full on sale or transfer of the Menlo Park property, no later than twelve (12) months plus one (1) additional month for every two (2) months of completed employment after February 2013, but in any event within twenty-four (24) months following the termination of MCINTYRE's employment with the CITY for any reason, including death or disability or within twelve (12) months of MCINTYRE's failure to reside in the property, whichever shall occur first. The bridge loan shall be due and payable in full upon the earlier of (a) the sale of the other property securing said bridge loan (if only one property, or if

multiple properties are securing the bridge loan, the net sales proceeds from the sale of any one property sold shall be applied to the outstanding principal balance), or (b) one year from the date of the bridge loan.

7. **Payment of Taxes, Insurance, Maintenance and Repairs** – MCINTYRE shall keep and maintain the property in good condition and repair, reasonable wear and tear excepted, shall pay all property taxes in a timely manner, and shall maintain hazard and liability insurance for full replacement cost, with the CITY named as loss payee.