



## CITY COUNCIL SPECIAL AND REGULAR MEETING AGENDA

Tuesday, February 28, 2012

5:30 p.m.

701 Laurel Street, Menlo Park, CA 94025  
City Council Chambers

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### 5:30 P.M. CLOSED SESSION (1<sup>st</sup> floor Council Conference Room, 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(c) regarding potential/anticipated litigation: 1 case

### 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. Presentation: Environmental Quality Awards ([Attachment](#))

A2. Presentation by Marian Lee, CalTrain

#### B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

#### 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. Adopt a Resolution supporting progress toward completion of the Bay Trail Gap from Bayfront Expressway and University Avenue to the existing Bay Trail South of University Avenue on the Mid Peninsula Regional Open Space District Property ([Staff report #12-030](#))

D2. Adopt Council goals and deliverables for 2012 ([Staff report #12-031](#))

D3. Accept minutes for Council meetings of January 31 and February 14, 2012 ([Attachment](#))

**E. PUBLIC HEARINGS – None**

**F. REGULAR BUSINESS**

- F1.** Accept the 2011-12 Mid-year Financial Summary and adopt a Resolution approving the recommended amendments to the 2011-12 Operating and Capital Budgets  
([Staff report #12-034](#))
- F2.** Approve an Agreement with Capitol Advocates to provide legislative and regulatory advocacy on High Speed Rail issues ([Staff report #12-032](#))
- F3.** Consider state and federal legislative items, including decisions to support or oppose any such legislation, and items listed under Written Communication or Information Item

**G. CITY MANAGER'S REPORT – None**

**H. WRITTEN COMMUNICATION – None**

**I. INFORMATIONAL ITEMS**

- I1.** Update on staff review of the City of East Palo Alto Draft Environmental Impact Report for the Ravenswood/4 Corners Transit Oriented Development Specific Plan  
([Staff report #12-033](#))

**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**

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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](mailto: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>.

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2/16/2012

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*News Release*

For Immediate Release: February 16, 2012

For more information:  
Rebecca Fotu  
rfotu@menlopark.org  
(650) 330-6740

**AWARDS RECOGNIZE MENLO PARK'S  
ENVIRONMENTAL LEADERS**

Menlo Park, CA – Menlo Park's Mayor and Chair of the Environmental Quality Commission will present an award for exemplary environmental efforts at the February 28<sup>th</sup> City Council meeting at 7 p.m. The Environmental Quality Awards are presented annually by the Commission to individuals, businesses and organizations that improve environmental quality in Menlo Park.

The 2011 Environmental Quality Award winner is:

- Menlo Passive: Menlo Passive will be awarded in the categories of educational and sustainable building as the first passive home in San Mateo County. This zero energy home relies on an airtight and highly insulated system to reduce energy consumption by 90%. Passive homes improve air quality and save homeowners on their heating and cooling costs by primarily heating the home with solar and internal gains from electrical equipment, and other objects. The award will go to the homeowners, Tavinder Wadhwa and Vivek Wadhwa.

To learn more about the award winners, please visit

[www.menlopark.org/commissions/com\\_enviro.html](http://www.menlopark.org/commissions/com_enviro.html). For more information

contact Rebecca Fotu at 330-6740 or rfotu@menlopark.org.

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The Passive House Institute US Awards



The Designation of

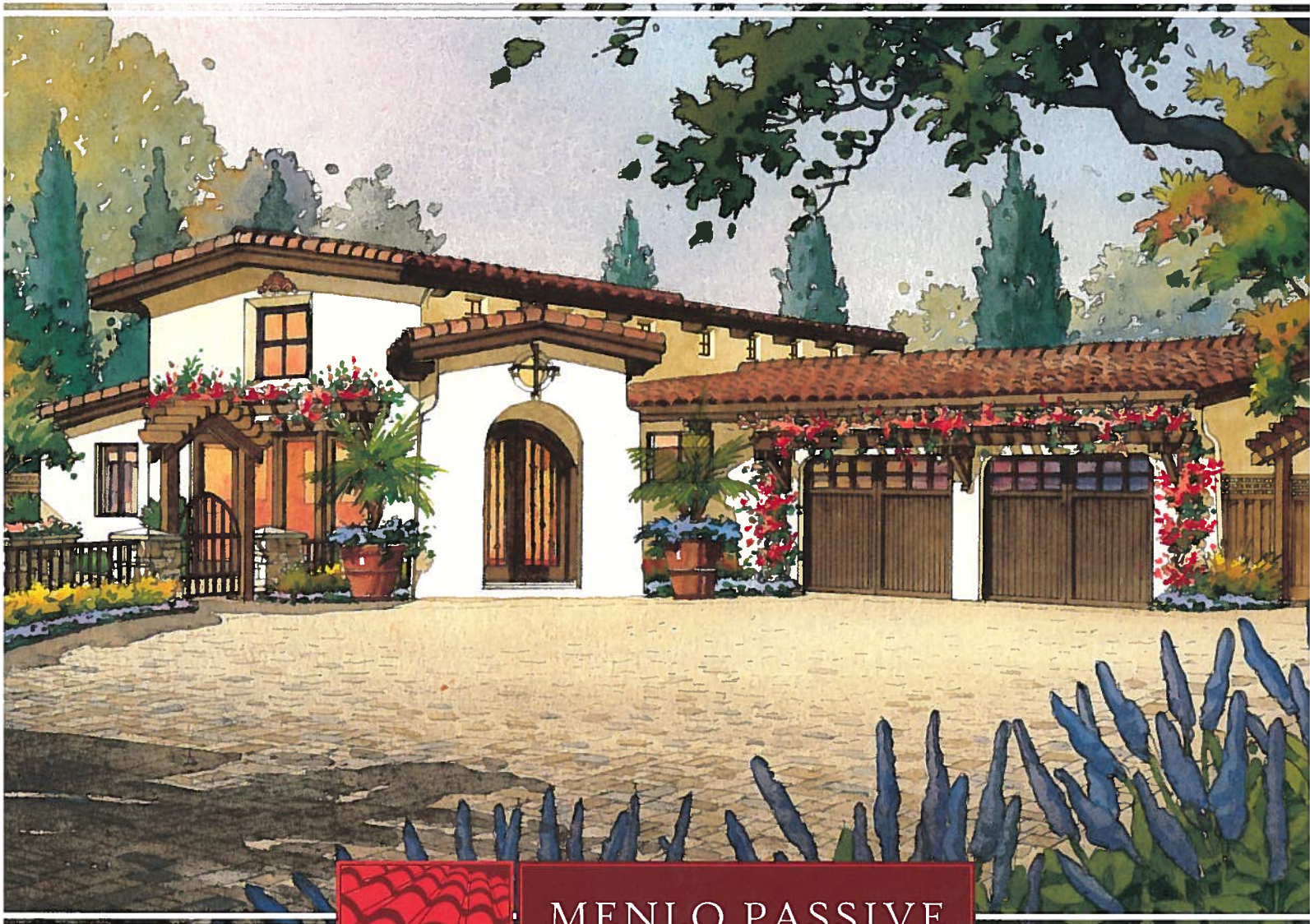
**PHIUS+ VERIFIED PASSIVE HOUSE**

PROJECT NAME: 1206 N. Lemon Ave  
PROJECT OWNER: Clarum Hansen Lane LLC  
CPHC: Katy Hollbacher  
DATE: November 4th, 2011

**Katrin Klingenberg**

Executive Director

• ANNUAL HEAT DEMAND	4.59	KBTU/ ft <sup>2</sup> yr
• ANNUAL COOLING DEMAND	NA	KBTU/ ft <sup>2</sup> yr
• SPECIFIC PRIMARY ENERGY DEMAND	30.9	KBTU/ ft <sup>2</sup> yr
• PRESSURIZATION TEST RESULT	.24	ACH <sub>50</sub>
• HEATING LOAD	2.2	BTU/ ft <sup>2</sup> hr
• COOLING LOAD	2.23	BTU/ ft <sup>2</sup> hr



## MENLO PASSIVE

*Menlo Passive is the first passive home in San Mateo County. It blends unsurpassed energy-efficient technology and sustainable building materials into a custom home that is gorgeously designed, healthy for occupants, and amazingly comfortable.*

# Extremely Comfortable, Healthy, Economical & Sustainable



**SOLAR POWER SYSTEM**

- increases energy independence
- produces electricity from sun
- reduces carbon footprint

**SUPER INSULATED ROOF**

- SIPS provide vaulted ceilings with super insulation

**INSULATED EXTERIOR (OUTSULATION)**

- provides super insulated exterior walls
- breaks thermal bridge

**SOLAR TUBE**

- provides natural light
- saves energy

**AIR & MOISTURE BARRIER**

- liquid applied elastomeric barrier provides air tight construction

**SOLAR HOT WATER SYSTEM**

- utilizes sun to heat water (8.5%)
- provides energy for home heating

**ADVANCED WALL SYSTEMS**

- SIPS walls reduce heating/cooling load
- super insulated walls keep indoor temperature constant
- SIPS walls are stronger, straighter and more durable

**SATELLITE CONTROLLED IRRIGATION**

- monitors weather and adjusts irrigation system
- conserves water

## Additional High-Performance Features:

**INSULATED FOUNDATION**

- increases energy efficiency
- keeps floor warmer

**HIGH PERFORMANCE INSULATION**

- enhances home comfort
- keeps temperatures constant
- reduces heating & cooling load

**INTERIOR AIR SEALING**

- eliminates drafts
- saves energy

**HIGH PERFORMANCE WINDOWS**

- increases comfort in home
- decreases energy use

**LOW VOC PAINT**

- improves air quality

**LED LIGHTING**

- provides highest quality efficient lighting
- provides 25 year life span
- saves energy

**ELECTRIC CAR PLUG**

- allows car charging using smart grid technology

**HEATED TOWEL BAR**

- provides localized heat
- programmable

**INDUCTION COOKING**

- accelerates cooking time
- eliminates carbon dioxide
- saves energy

**CONDENSING DRYER**

- does not require venting
- dries clothing at lower temperature
- saves energy

**HIGH PERFORMANCE DOORS**

- provides enhanced air sealing

**HEAT RECOVERY VENTILATOR (HRV)**

- provides continuous fresh air
- exhausts stale air
- recovers 90% of heat from exhausted air

**EXHAUST FANS IN GARAGE**

- reduces carbon dioxide in house

**ECO-CABINETS**

- formaldehyde-free frames improve air quality

**ECO-FLOORING**

- bamboo and reclaimed wood floors improve air quality and reduce allergens

**STRUCTURED PLUMBING**

- zoned hot water loops reduce wait time for hot water
- saves energy
- conserves water

**FRONT LOADING WASHER**

- saves energy
- conserves water
- less damaging to clothes

**DUAL FLUSH TOILETS**

- conserves water

**DROUGHT TOLERANT LANDSCAPING**

- conserves water

**RECLAIMED MATERIALS**

- reduces resource demand
- adds character

**ENGINEERED WOOD**

- replaces old-growth lumber
- reduces waste by using 30% more of each tree

**INTEGRATED PAVERS**

- permeable pavers improve landscape drainage

**ENERGY EFFICIENCY**

**COMFORT**

**DURABILITY**

**HEALTH**

**WATER CONSERVATION**

**ECO BUILDING MATERIALS**

built by

**CLARUM HOMES**

Watch the building process at [www.clarumhomes.com](http://www.clarumhomes.com)

## WHAT IS A PASSIVE HOUSE?

A passive home is an extremely comfortable, healthy, economical, and sustainable home, designed and constructed to use up to 90% less energy than a traditional home. What's more, these efficiency gains aren't due to some constrained design approach. Passive homes are elegant, comfortable living spaces that can be designed to meet your lifestyle, aesthetic tastes, and stylistic preferences.

### UP TO 90% REDUCTION IN ENERGY USE?

Passive home are highly insulated and sealed to prevent outside air infiltration and heat loss. This means no furnace (you read that right) and extreme energy efficiency. All of the heating in a typical passive home can be met by a single 1000-watt heater. Heat from people, lights, appliances and the sun does the rest.

And in the hotter months, the home stays delightfully cool without the need for air conditioning. Shading and well-planned window orientation helps to keep the house at a comfortable temperature.

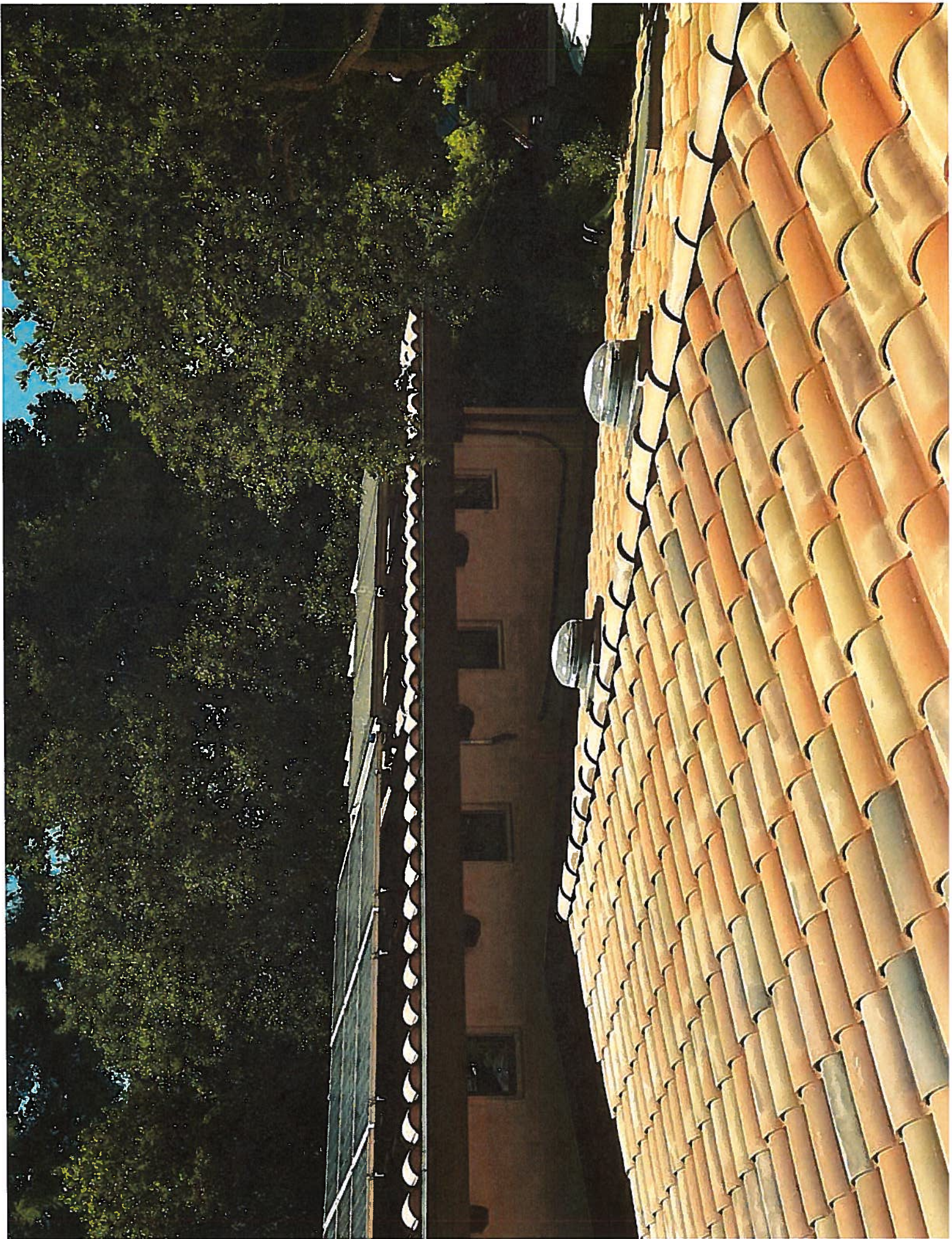
A heat recovery ventilator provides a constant, balanced fresh air supply. The result is an impressive system that not only saves up to 90% of space heating costs, but also provides healthy indoor air quality.

CLARUM HOMES

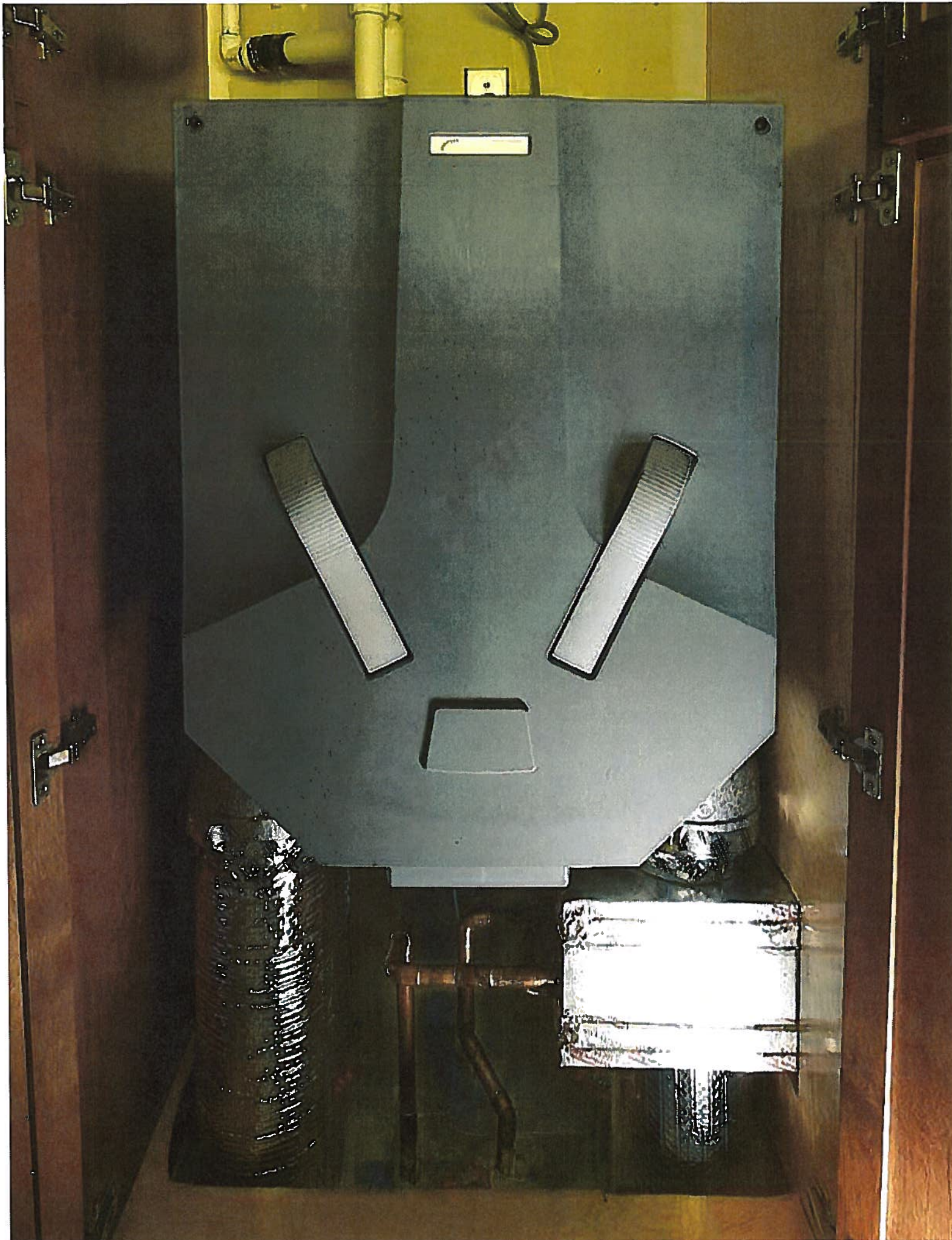
Learn more about building your custom-designed passive house:  
Call 650.319.6992 or visit [WWW.CLARUM.COM](http://WWW.CLARUM.COM).



















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# PUBLIC WORKS DEPARTMENT

Council Meeting Date: February 28, 2012

Staff Report #: 12-030

Agenda Item #: D1

**CONSENT CALENDAR: Adopt a Resolution Supporting Progress Toward Completion of the Bay Trail Gap from Bayfront Expressway and University Avenue to the Existing Bay Trail South of University Avenue on the Mid Peninsula Regional Open Space District Property**

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## RECOMMENDATION

Staff recommends that Council adopt a resolution (Attachment A) supporting progress toward completion of the Bay Trail gap from Bayfront Expressway and University Avenue to the existing Bay Trail south of University Avenue on the Mid Peninsula Regional Open Space District (MPROSD) property. (See Attachment C for map)

## BACKGROUND

The Bay Trail was originally established in 1987 by Senate Bill 100 (Lockyer), which directed the Association of Bay Area Governments (ABAG) to develop a pedestrian and bicyclist “ring around the bay”. The Bay Trail plan was adopted in 1989 and included the proposed alignment and policies to guide implementation. The Bay Trail provides easy access for recreational activities, wildlife viewing, environmental education opportunities, and a commute alternative.

The Bay Trail through Menlo Park is mainly located along Bayfront Expressway from the Dumbarton Bridge to Marsh Road. It consists of an off street paved pathway for pedestrians and bicyclists. In 2005, the City worked with several jurisdictions including East Palo Alto to develop a plan to connect the trail from Bayfront Expressway through East Palo Alto to the existing trail south of University Avenue. The existing trail south of University Avenue is located on the MPROSD property. The City of Menlo Park and East Palo Alto generally agreed on an alignment that included an off street trail along University Avenue from Bayfront Expressway to just west of the Dumbarton Rail track, then south adjacent to the tracks to connect to the existing trail.

## ANALYSIS

Based on recent discussions related to the Bay Trail connection, Councilmember Fergusson has been working with MPROSD and East Palo Alto to discuss ways to move the connection of the Bay Trail forward. The connection of the Bay Trail in this area has recently risen to the surface as part of the Facebook project and the East Palo Alto Specific Plan discussions. The entities have all shown a strong interest in finding a way to obtain the trail easement and work toward completion of the project.



As an early step in this process, Councilmember Fergusson has requested that a Resolution be adopted by the Council to show support for the project. There are many steps to work toward completion of this project, but this Resolution would demonstrate the Council's commitment to the project and efforts toward finding resources, partnerships and funding to complete the project.

The trail would need to cross a San Francisco Public Utilities Commission (SFPUC) property immediately south of University Avenue. Currently, MPROSD is in the process of working with SFPUC to obtain a trail easement and is expected to be completed with their work by the end of 2012. If MPROSD is successful in obtaining the easement, the alignment for the trail would be set. The next steps would include determining a lead agency, acquiring funding for environmental and design work, permitting, and ultimately construction. The completion of the trail would be a multi-year process. These steps are contingent on finding the required resources and funding to complete the project.

### **IMPACT ON CITY RESOURCES**

The adoption of the Resolution would not have a direct impact on City resources.

### **POLICY ISSUES**

The project is consistent with the City of Menlo Park General Plan, Sections II-D and II-E.

### **ENVIRONMENTAL REVIEW**

The project would complete CEQA environmental clearance at such time as required.



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Charles Taylor, P.E.  
Public Works 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. Resolution
- B. Email from Councilmember Fergusson
- C. Map of Proposed Trail Location

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK  
SUPPORTING PROGRESS TOWARD COMPLETION OF BAY TRAIL GAP  
FROM BAYFRONT EXPRESSWAY AND UNIVERSITY AVENUE TO THE  
EXISTING BAY TRAIL SOUTH OF UNIVERSITY AVENUE**

WHEREAS, the Bay Trail is a 500 mile network of cycling and walking trails that when complete will create a ring around the San Francisco Bay, connecting all nine counties and 47 Bay Area Cities, and 310 miles have already been built in the last 25 years; and

WHEREAS, there is a mile-long segment gap in the Bay Trail in Menlo Park and East Palo Alto ("Bay Trail Gap") from Bayfront Expressway and University Avenue to the existing Bay Trail south of University Avenue, whose completion will connect Menlo Park to 100 continuous miles of path on the Peninsula and East Bay, and providing enhanced opportunities for commuting, recreation and the enjoyment of nature; and

WHEREAS, the City of Menlo Park commissioned and led a Bay Trail Feasibility Study in 2005 that worked with multiple stakeholders including the Association of Bay Area Governments (ABAG), Bay Conservation and Development Commission (BCDC), County of San Mateo, City of East Palo Alto, San Francisco Water Department, San Francisco Public Utilities Commission, U.S. Fish and Wildlife Service and San Mateo County Transportation District (SamTrans) to identify alignment options and funding sources to complete the Bay Trail Gap; and

WHEREAS, a completed Bay Trail would enable increased public access to and enjoyment of natural and cultural resources including the Don Edwards San Francisco Bay National Wildlife Refuge, the Ravenswood Wildlife Refuge, and Cooley Landing, and would provide a critical link in the fulfillment of the East Palo Alto Waterfront Access Plan; and

WHEREAS, Mid Peninsula Regional Open Space District (MPROSD) has a study currently in progress, to be completed in 2012, to create a conceptual plan and conceptual design for the Bay Trail Gap, and has been working cooperatively with Menlo Park and East Palo Alto on the project; and

WHEREAS, the completion of the MPROSD study will position the project for approval of a trail easement, and provide information for the next steps of formal environmental review and mitigation as necessary, as well as engineering design and construction.

NOW, THEREFORE, BE IT RESOLVED, that the City of Menlo Park supports the completion of the Bay Trail Gap; and

BE IT FURTHER RESOLVED that the City of Menlo Park continues to work with MPROSD East Palo Alto and other stakeholders toward the successful completion of the Bay Trail.

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-eighth day of February, 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-eighth day of February, 2012.

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Margaret S. Roberts, MMC  
City Clerk

## ATTACHMENT B

**From:** [Fergusson, Kelly J](#)  
**To:** [Jerome-Robinson, Starla L](#); [Taylor, Charles W](#); [Roberts, Margaret S](#)  
**Cc:** [McClure, William](#)  
**Subject:** Council member report -- tonight  
**Date:** Tuesday, January 24, 2012 9:33:09 AM  
**Attachments:** [Resolution MenloPark BayTrailGap Draft 2012-01-24 v0.doc](#)

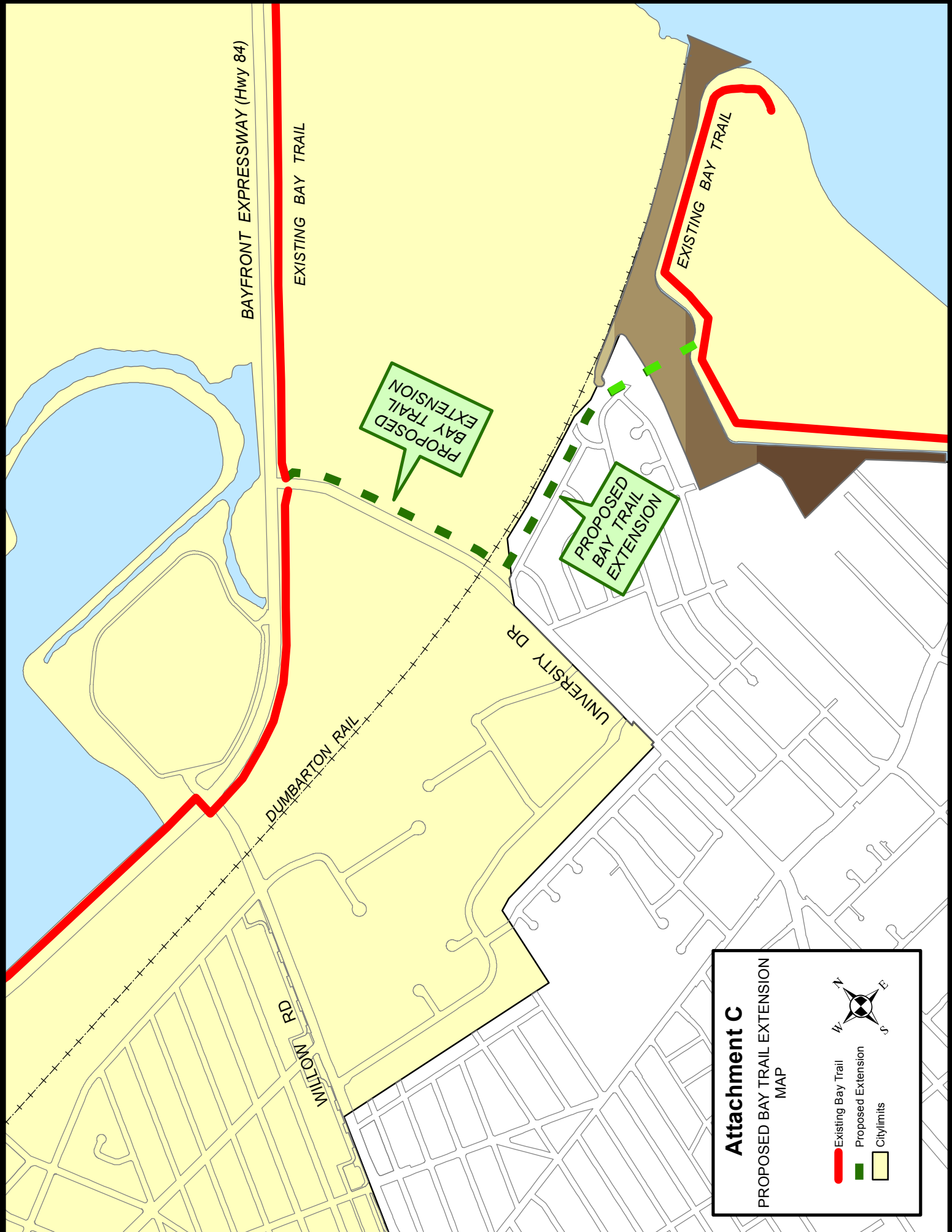
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As I've mentioned to the council previously, I've continued to meet with MPROSD and East Palo Alto to track progress on the effort to close the Bay Trail Gap. Chip Taylor has accompanied me to meetings in December and January. The next meeting is in mid-March.

I want to keep my colleagues apprised of this effort, and plan to make a brief verbal report under Council Member reports this evening. In addition, I will ask that the council consider agendizing either: 1) consideration of agendizing potential adoption of a Resolution in support of completing the Bay Trail Gap, or 2) agendizing potential adoption of a Resolution in support of completing the Bay Trail Gap.

I'm considering reaching out to the mayor this morning to see if I can gain her support of this request to agendize.

I've attached a DRAFT / sample Resolution along the lines of what might be considered. I'd be grateful for any staff comments on the draft. I'll bring copies of this draft (as is or revised) to the council meeting this evening.



**Attachment C**  
**PROPOSED BAY TRAIL EXTENSION**  
**MAP**

- Existing Bay Trail
- - - Proposed Extension
- City limits



## ADMINISTRATIVE SERVICES

Council Meeting Date: February 28, 2012  
Staff Report #: 12-031

Agenda Item: D-2

### CONSENT CALENDAR: Adopt Council Goals and Deliverables for 2012

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#### RECOMMENDATION

Staff recommends that the City Council adopt the attached Goals and Deliverables for the 2012 calendar year, and provide feedback on the proposed Governance Principles (Attachment D) as a tool to facilitate goal achievement.

#### BACKGROUND

Council members and staff have previously set goals in order to better align staff's work plans, Commission work plans, Council priorities and, ultimately, the City budget. Until 2009 these activities had generally occurred independently of one another, contributing to a lack of clear direction and priorities for the organization. In 2009 Council developed a set of three long-term goals with supporting one-year deliverables in a daylong goal setting process that also resulted in a set of high level Council values allowing the organization to better balance both the quality and quantity of work Council desired. The foundational idea behind the three high-level goals and staff deliverables was that it is appropriate for Council to determine "WHAT" needs to occur and staff to determine "HOW" best to achieve those results, expressed through Council-approved deliverables to ensure accountability for goal achievement.

In 2010 Council approved a continuation of the three long term goals for two years while the deliverables have continued to be updated annually to provide organizational and budgetary focus. On January 31, 2012 Council met for a two hour goal setting session which resulted in a 2012 update to the ongoing goal and deliverable worksheet (Attachment A). The meeting also produced Council vision statements and an environment scan (Attachment B). Attachment C represents the "raw" results of the Council and staff prioritizing process which clearly mirrored the three existing long term goals. A fourth goal was added to encompass the additional themes developed at the goal setting session.

#### ANALYSIS

Several key issues impact staff's ability to operationalize these goals and deliverables as stated at the goal setting session and may require further consideration by Council:

1. *Lack of Council consensus on some items:* Attachment C indicates in yellow those deliverables or deliverable “themes” receiving the most Council and staff indicators of priority. These items all appear with the deliverables update either as a goal or a deliverable. Other items that were mentioned during the sorting and prioritizing process at the goal setting session that did not receive at least two Council indicators (or two staff and one Council indicator) of priority are not included. This means that some items discussed at the goal session will most likely not be worked on this year.
2. *Lack of staff capacity (and other resources) to deliver everything Council has listed as a priority:* Even items receiving clear support from Council members and staff may not be fully achievable due to limited staffing and other resources such as general fund allocations or CIP funding. In order to reduce personnel costs and increase efficiencies, the organization has eliminated 13 positions over the last three years, and has an additional 14 vacancies. These staff cuts have been largely without compensatory reductions in services, resulting in an organization without the capacity to take on additional projects.
3. *Lack of common language and the need for progress on shared Council / staff understanding of some priority deliverables –* such as the priority placed on a “balanced budget” versus a “sustainable” budget.

As explained by staff at the January 31 goal setting session when the sustainable budget goal was discussed, the term “balanced budget,” when referring to a single budget year in which revenues and expenditures are exactly equal is not necessarily a prudent long-term approach for a City budget. Because the budget represents the maximum amount departments can spend, steps to “balance” the budget will, most likely, result in a surplus for any single fiscal year, even when that budget includes non-sustainable cuts in such things as technology purchases, staff training and delayed infrastructure maintenance. It is also important to note that producing a “balanced” budget for the year does not equate to a sustainable budget for the long term. Staff remain concerned that an over-reliance on short term budget reduction strategies continues to stress the organization, especially when Council has determined that a “balanced budget” is the goal. A short term focus on balancing the budget can easily result in unnecessary service reductions in one year and unnecessary build up of reserves in that same year. Other year-by-year changes in the type and quality of services could prove to be unnecessary over time just as annual variations in taxes and fees are undesirable. Finally, pursuit of a balanced budget could actually prevent opportune investment in the community that could move the City toward the long-term sustainable budget it seeks.

Alternatively, a sustainable budget is one in which the long-term (10 year) forecasted revenues are adequate to support the long-term forecasted expenditures, assuming: appropriate and current community needs are met (as determined by Council and / or community process); adequate funding is provided annually for existing infrastructure maintenance; and undesignated GF balance is stable at between 47 and 52 percent of General Fund expenses.

Long term financial planning is essential for ongoing financial sustainability, providing a consistent level of financial services and protecting constituents from volatility in local taxes. However, long term financial strategies often take years to become fully realized. As can be seen from Council's goal-setting exercise, financial resources necessarily constrain both services that can be provided and the City's ability to invest in its own financial future. Most major development projects, capital investments and environmental programs provide the desired "pay off" only over time.

The blow dealt to the City by the early demise of its redevelopment agency will require new long term financial strategies to move the City back to the path of sustainability. Such strategies will require the use of City reserves (from past strategies coming to fruition) or other non-recurring resources. Once a long term vision is established and priorities are set, the long-term plan will then align future finances with the envisioned services and programs. The City can continue to "supplement" the one-year budget with short-term strategies that do not pose a threat to the long term goal of sustainability. It takes fiscal discipline to stick to the long term financial strategies despite pressure to expand programs, reduce taxes, etc. Staff recommends that each fiscal year budget provide an assessment of the City's progress toward a sustainable budget, providing an assessment of the City's progress, an update on not just "savings" but on sustainable strategies, investments and opportunities. The Council will be advised of potential long term positive and adverse trends along with this assessment.

The sustainable budget goal deliverables shown in Attachment A include this recommendation.

Next steps for Council Goals:

If Council affirms these goals and one-year deliverables as presented, staff will provide quarterly updates at the May 8, July 31, and November 13, 2012 Council meetings.

## **IMPACT ON CITY RESOURCES**

The approval of Council goals and deliverables essentially allocates the resources of the organization toward achievement of those specific outcomes to the extent that resources are available. It assumes that resources may not be available for other work that may be identified by individual Council members during the rest of the year and, should other priorities emerge, Council consensus would be required before that work could be undertaken.

In reviewing these Council priorities given current resource constraints, staff researched policy prioritization best practices across the Country and identified a tool to help facilitate goal achievement used by communities around the world as well as the International City Management Association (ICMA). A draft of this tool, based on the Policy Governance Model, is included as Attachment D. Should Council approve these



draft principles and success measures, staff will return with a resolution for formal adoption.

## **POLICY ISSUES**

The proposed action is consistent with existing policy.

A handwritten signature in blue ink, appearing to read "Starla Jerome-Robinson", is written over a horizontal line.

Starla Jerome-Robinson  
Interim City Manger

## **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. 2012 Update to Council Goal and Deliverable Worksheet
- B. Council 2012 Vision Statements and Environment Scan
- C. Results of the 2012 Council and Staff Prioritizing Process
- D. Menlo Park Governance Principles

**Council Goal Deliverables 2012 Update**

<b>Ongoing Goal</b>	<b>Proposed 2012 Deliverables (due on or before 1.13)</b>	<b>Progress Report – May, 2012</b>
<p><b>1. Vibrant and resilient economy supporting a sustainable budget.</b>                      Promote a desirable level of economic growth to maintain an economically vibrant and sustainable community with a sustainable budget through implementing a comprehensive community supported business development plan for attraction and retention and through finalization of development projects currently in process.</p>	<ul style="list-style-type: none"> <li>• Conduct study session with Council (March 6) to review business development plan and confirm priorities                             <ul style="list-style-type: none"> <li>◦ Other deliverables to be developed following this meeting</li> </ul> </li> <li>• Continue BD subcommittee meetings                             <ul style="list-style-type: none"> <li>◦ Evaluate idea for tech start up incubator w/ VC support</li> <li>◦ Track progress on state level tool to replace RDAs</li> <li>◦ Continue focus on major property and business owners to ensure business retention (AMB, Tyco, Willow Business Park, Gateway, Downtown)</li> </ul> </li> </ul>	
	<ul style="list-style-type: none"> <li>• Complete Facebook Development Agreement</li> <li>• Develop sustainable options for 2012-13 budget                             <ul style="list-style-type: none"> <li><input type="checkbox"/> Resolution to place TOT increase on Nov. '12 ballot</li> <li><input type="checkbox"/> Assessment of budget sustainability to Council with 2012-13 budget</li> <li><input type="checkbox"/> Complete sale of Terminal Ave property to Beechwood School</li> </ul> </li> </ul>	
	<ul style="list-style-type: none"> <li>• Specific Plan adopted</li> <li>• WBA Phase 1.2 completed</li> </ul>	
	<p><b>Ongoing Goal</b></p>	<p><b>Proposed 2012 Deliverables (due on or before 1.13)</b></p>
<p><b>2. Future focused planning and visioning supporting a high quality of life</b>                      Proactively plan for the future direction for the City's growth, development, &amp; public investments (CIP) by continuing the public outreach process to define values, goals, and policies addressing the Community's future vision and updating appropriate planning documents to reflect the vision.</p>	<ul style="list-style-type: none"> <li>• Prepare a Housing Element, including associated amendments to other elements of the General Plan, and accompanying required zoning changes</li> <li>• Maintain CIP projects on time and within budget                             <ul style="list-style-type: none"> <li><input type="checkbox"/> CIP review by Commissions in February</li> <li><input type="checkbox"/> Draft final CIP to Council in March</li> </ul> </li> </ul>	

Ongoing Goal	Proposed 2012 Deliverables (due on or before 1.13)	Progress Report – May, 2012
<p><b>3. Regional focus creating synergy of efforts on issues of mutual interest</b> Provide technical expertise and staff support to Council as they leverage regional partnerships with all levels of government</p>	Support to Council in focusing attention on issues related to BAWSCA	
	Support to Council in focusing attention on issues related to Caltrain	
	Support Council in focusing attention on issues related to SBWMA	
	Support Council in focusing attention on issues related to Fire District <ul style="list-style-type: none"> <li>• Ensure Emergency Operations Plan remains NIMS compliant</li> <li>• Participate in ongoing emergency exercises</li> <li>• Take initial steps required to develop a Community Disaster Committee</li> </ul>	
	Support Council in focusing attention on issues related to School Districts <ul style="list-style-type: none"> <li>• Council approval of Joint Field Use Agreement with MPCSD</li> <li>• Resolve issues related to scheduling the PAC</li> </ul>	
	Support Council in focusing attention on issues related to San Francisquito Creek JPA	
	Support Council in focusing attention on issues related to HSR <ul style="list-style-type: none"> <li>• Participate in regular PCC meetings</li> <li>• Monitor HSR activities and progress on Program &amp; Project EIRs</li> </ul>	
	Participate in the Grand Blvd Initiative	
	Support Council in focusing on regional issues considered by CCAG to have an impact on Menlo Park	
Participate in development of the Sustainable Cities Strategy		
Ongoing Goal	Proposed 2012 Deliverables (due on or before 1.13)	Progress Report – May, 2012
<p><b>4. City services reflect an appropriate alignment of resources to services</b></p>	<ul style="list-style-type: none"> <li>• Decisions are made on potential new service including Police / City Services Center and Flood Park</li> <li>• Confirm that existing services are staffed appropriately (ie NET, Library, new recreation facilities, etc) Consider volunteers</li> <li>• Determine efficient ways to increase transparency and communication (ie on-line records and social media)</li> </ul>	

## Council Goal Setting 1.31.12

### Environmental Scan

- What makes Menlo Park special?
  - Survey says
    - Safety
    - Natural Environment
    - Recreation opportunities
    - Neighborhoods / sense of community
    - Great place to raise kids
  - Council says
    - Fortunate economic stability
    - Highly educated population / proximity to Stanford
    - Geographic location between SF and Silicon Valley
    - Diversity (Kelly Park increasing connections)
    - Vibrant civic and community life
    - VC / Sand Hill corridor (“capital of capital” but they are not engaged)
- What are people concerned about
  - Survey says
    - Availability of affordable, quality child care
    - Availability of affordable, quality housing
    - Employment opportunities
  - Council says
    - Loss of RDA / Belle Haven isolation
    - Not all areas are safe
    - Education disparities and lack of other east / west community connections
    - Lack of economic vibrancy / Willow area planning / revenue sources
    - Traffic east / west
    - Lack of Housing Element / need a plan
    - Lack of disaster preparedness
    - Sustainable budget

### Vision statements (POCADOT Award Justification in 5 years)

*Rich Cline:* For creating social and environmental programs to unify the community and provide equal housing, **educational** and **employment opportunities** for the entire community under a **balanced budget**.

*Andy Cohen:* For creating a **bike / ped** friendly city and encouraging a 100% increase in volunteerism. **All Menlo Park schools exceed national records in student achievement and performance**. City **sustainable balanced budget** last 5 years.

*Kelly Fergusson:* For creating land use and transportation plans our children can be proud of; for leading the way in climate adaptation and green house gas reductions; for unprecedented expansion of bike / ped networks and other mobility options; for providing every child in Menlo Park with an equal chance for success and prosperity.

*Kirsten Keith:* For passing the Specific Plan leading to beautification of ECR and full occupancy (waiting list) for space on Santa Cruz; for M-2 completely leased with strong bio-tech firms emerging and remaining adding to increased revenues; for outstanding parks and recreation facilities / programs; for a police force that is fully staffed and a model program for the nation; for Facebook expanded to 9200 people creating vibrancy in Belle Haven (new library and police substation); for being a Bicycle City USA with expanded bike share program at Caltrain and other transit sites; for schools that continue to be the best in the Country; for being #1 out of 240 communities to live in via national survey.

*Peter Ohtaki:* The future beings in Menlo Park. For rejuvenating our local economy by making it easier for new businesses to start here; for retaining an exceptional quality of life; for recognizing that few cities have the ZVC capital and game-changing technology within 3 miles

#### **Informal Tally of topics**

- 4 education references
- 3 local economy / business development references
- 3 bike / ped references
- 2 quality of life
- 2 balanced budget references

#### **Council "one word" vision themes**

- Opportunity
- Fabulous
- Future
- Adaptability
- Excellence in services
- #1
- Sustainability
- Success
- Innovation
- Legacy

#### **Bike Rack**

1. Schedule meetings with Housing organizations
2. Work with Bill re housing / Facebook

# Council Goal Setting January 31, 2012

Staff priorities indicated with a #<sup>S</sup>

Communi- cation	Trans- portation	Safety <sup>15</sup>	Business Outreach	CIP Delivery	Major Dev Projects	Sustainable budget 4 <sup>S</sup> **	Planning <sup>25</sup> ***
Enhance social media outreach	Local bike routes and shuttles increased / Transit improvements	Decide on substation / Substation complete <sup>15</sup> *	Tech startup incubator with VC support	Energy – related CIPS complete	Menlo Gateway Hotel ground breaking	Increase services to Menlo Park residents	Housing Element (2) <i>notes: "2015 too late" land use planning (not housing separately)</i>
More records on-line	Draft plan for Dumbarton ROW bike / ped trail	Solve violent crime open cases*	Attract and retain businesses esp downtown and M2 <sup>25</sup> *	Focus on delivering current CIP projects <sup>25</sup> *	New revenue flows from FB DA, ECR development fees, TOT	5 year plan for sustainable growth <sup>25</sup>	Vision for future-focused planning projects <sup>15</sup>
Increase volunteers *		Maintain NET at current staffing level <sup>15</sup>		Reinstatement of state tool for RDA property tax	Specific Plan adopted / law (7) <sup>25</sup>	Sustainable budget / budget stabilization (3)	Complete p. 1.2 WBA (3) <sup>15</sup> ***
		Community Disaster Committee			Complete FB DA (3) 3 <sup>S</sup> **	Balanced budget <sup>15</sup> **	Plan for Business Development <sup>25</sup>
							Flood Park
							Stream line building codes
							Willow / M2 / FB spurs new develop in BH, jobs, housing

"stand alone" deliverables:

- MPCSD absorbs Belle Haven Elementary and Willow Oaks (10 years)
- Enhance Environmental Programs (trash capture)

## **Menlo Park City Council Governance Principles**

**2012**

The following principles form an outline of the process that the City Council of Menlo Park will use to govern the community. The process provides principles for the three legs of the governance stool – Council’s role; Staff’s role; and the Council/Staff relationship:

### **Council’s Role**

**Principle 1: The Council serves as stewards on behalf of the citizens and the community’s stakeholders (including residents, local businesses and people working here).**

The Menlo Park City Council is the governing body of the citizens of the City of Menlo Park. The Council will establish sufficient policies to maintain oversight of the finances and operations of the City. In addition, the Council will develop methods of accountability for both the Council and the City Manager and City Attorney.

**Principle 2: The Council will establish the strategic direction of the City and focus its work on policy decisions.**

The Menlo Park City Council will establish goals and deliverables for setting the strategic direction of the City. The Council’s focus will be on policy decisions and on the results achieved.

**Principle 3: The Council has a responsibility to represent the citizens and community’s stakeholders while respecting its regional responsibilities.**

The Menlo Park City Council represents all members of the community, connecting the priorities and issues of the community to City policies. Further, the Council has the responsibility to encourage community engagement, through Commissions and other processes, in development of policies and strategies when appropriate and to solicit community input.

## **Staff's Role**

### **Principle 1: The City staff will provide complete and accurate information and analysis.**

The Menlo Park City staff has the responsibility to ensure that information provided to the Council is complete, accurate, timely and sufficiently comprehensive to support the decision requirements of the Council.

### **Principle 2: The City Staff will provide analysis of alternatives and recommendations.**

When appropriate, the City Manager and City staff will develop alternatives for the Council to consider along with analysis sufficient to support the Council's policy-making responsibility. An important responsibility of the Staff and City Manager is to provide a recommendation for the Council to consider.

### **Principle 3: City Staff will provide the same timely information to all members of the Council.**

The Menlo Park City staff, while recognizing different learning styles and specific needs of individual Council members, will ensure that all Council members receive the same information to support the Council's decision-making responsibilities.

## **Council / Staff Relationship**

### **Principle 1: The Council will focus on policies and outcomes.**

The Menlo Park City Council will focus on what results or outcomes need to be addressed on behalf of our citizens and community stakeholders. The Council's unique value is to ensure that the strategic direction leads the community to the desired outcomes.

### **Principle 2: The Council will focus on oversight without micromanaging.**

The Menlo Park City Council has an important oversight and fiduciary responsibility and must maintain processes to ensure accountability. However, the Council should resist the temptation to micro-manage or tell staff how to do their job.

### **Principle 3: The Council will maintain an evaluation and accountability system for the City Manager and City Attorney.**

The Menlo Park City Council will establish, in partnership with the City Manager and the City Attorney, an evaluation system that ensures accountability, performance and alignment with



Council priorities. The Council and City Manager, and Council and City Attorney, will mutually develop criteria for evaluation and should ensure that evaluations are conducted annually.

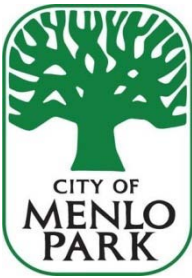
**Principle 4: The Council will evaluate its own performance.**

The Council will develop a system to evaluate its own performance on an annual basis. In addition to soliciting feedback from each Council member, the Council will also ask the City Manager and City Attorney for feedback on the Council's results and relationship to staff.

## **Menlo Park City Council Measures of Success**

### **2012**

1. There is open communication among the Mayor, Council members, City Manager, City Attorney and staff in accordance with the Brown Act
2. Each Council member has a voice and contributes to a consensus-based judgment when possible (not necessarily unanimity)
3. The Council is open to new ideas and creative thinking
4. Council members exhibit respect for each others' perspectives and styles and if necessary, agree to disagree without being disagreeable
5. There is positive, respectful behavior by all Council members
6. Each Council member acts in a professional manner with ethics and integrity
7. There is respect and sensitivity to community needs
8. Council and staff work as a team, each respecting the others' role
9. Decisions are based on community benefit, not individual advantage or agenda
10. There are clear priorities and direction that are well defined and consistent
11. Once decisions are made, Council speaks with one voice and supports the group judgment
12. Staff produces results consistent with Council vision, priorities and direction
13. Community stakeholders feel the Council is effective and they can trust and take pride in the City



## CITY COUNCIL SPECIAL MEETING DRAFT MINUTES

Tuesday, January 31, 2012 at 6:00 p.m.  
701 Laurel Street, Menlo Park, CA 94025  
City Council Chambers

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Mayor Keith called the meeting to order at 6:01 p.m. with all members present.

### A. STUDY SESSION

**A1.** Consider and possible direction on the Facebook Campus Project located at 1601 Willow Road and 312 and 313 Constitution Drive including discussion about the project proposal, Draft Environmental Impact Report (EIR), Draft Fiscal Impact Analysis and Development Agreement Process ([Staff Report #12-019](#)) (Additional documents)

NOTE: Mayor Keith Advised that Starla Jerome-Robinson, Interim City Manager was not present due to being recused from the item due to her husband's employment.

An introduction and overview was presented by Justin Murphy, Development Services Manager.

John Tenanes, Facebook Real Estate Director, gave a presentation on the plans for the Facebook Campus. ([PowerPoint](#))

A presentation of the Environmental Impact Report (EIR) process was given by Rachel Grossman, Associate Planner. Chip Taylor, Director of Public Works presented the impacts and potential mitigations related to transportation. ([PowerPoint](#))

A presentation on the Financial Impact Analysis (FIA) was given by Ron Golem, Bay Area Economics (BAE). ([PowerPoint](#))

A presentation on the Development Agreement process was given by Justin Murphy.

### Public Comments

- Yosana Tewolde spoke in favor of the project and stated that Facebook has provided her with a laptop as well as the other participants in the Exploratory Experience Program.
- Delila Tewolde spoke in favor of the project and what Facebook has provided for the participants in the Exploratory Experience Program.
- Cetlalli and Adrian Contreras also spoke in favor of the project and what Facebook has provided for the participants in the Exploratory Experience Program.
- William Nack, San Mateo Building Trades Council, encouraged the Council to move forward with the Facebook Project as it will provide construction jobs to the community.
- Mike Swanson, Plumbers Local 467, requested the Council move forward with the project as it will provide multiple jobs.
- Ray Mueller, Ravenswood Education Foundation, stated that Facebook will allow the Belle Haven community to do great things.
- Chuck Sholtz urged the Council to support the project and requested that bicycle improvements be included in the development agreement.
- Spence Leslie, Menlo Park Chamber of Commerce, stated that this is a unique opportunity and Facebook will bring many improvements to Menlo Park.

- Brian Flegel spoke in favor of the project as he is impressed with the tenacity of the Facebook team and what they are bringing to the community.
- Scott Lohmann stated that Facebook is making a significant difference in the community and the improvements they have and will make for the bicycling community is outstanding.
- Mike Harding thanked Facebook for their offer to improve the bicycle amenities and he would like the improvements formalized and urged the Council to work with the City of East Palo Alto to complete the Bay Trail.
- Amy McGaraghan spoke regarding the impacted neighborhoods and requested the Council consider a long term view of the noise and traffic impacts as well as looking at bicycle improvements in more detail.
- William Webster stated that his twenty page letter is included in the non-EIR section of the comments and should be moved and addressed in the Final EIR.
- Ana Adriano spoke in favor of the project and stated that Facebook is a company that wants to know the community because they want to be a part of the community. Facebook is providing computers for a computer lab as well as laptops for the students.
- Mariana Rodriguez a resident in East Palo Alto who attends Willow Oaks School stated that Facebook is supporting the school and they have the opportunity to learn and urged the Council to support Facebook.
- Diane Campbell stated that Facebook needs to come with their eyes open regarding the neighborhood.
- Dick Givens stated that this is a marvelous opportunity and urged the Council to advance the project.
- Adina Levin spoke regarding the completion of the Bay Trail which would create 100 miles of continuous bike trail and improvements to bicycle routes.
- Dorsey E. Nunn asked if he would benefit from Facebook coming to the neighborhood and would he still be able to afford to live in the neighborhood. He asked that the city require the box asking about being convicted of a crime be removed from the application.
- Brett Lider encouraged the Council to accept the bicycle infrastructure and be included in the development agreement.
- Andrew Boone stated there is a shift in how people commute to work and he applauds the improvements to the bike trails included in the project as they will improve safety.
- Tom Linebarger stated that 30% of the painters union is currently not working and he appreciates that Facebook will be using union workers for the project and encouraged the Council to move the project forward.
- Jamie Morgan stated that he lives in the area to be impacted and he would endorse the position stated by Adina Levin and Andrew Boone regarding bicycle improvements.
- Sharon Williams, Job Train, spoke in support of Facebook as they will improve the areas surrounding the Facebook Campus. There were many members of Job Train present, who stood showing support for the project.
- Robert Pronovost, second grade teacher at Belle Haven, stated he feels lucky that the community can welcome Facebook as a new neighbor. Facebook has provided 46 laptops which are going out to kindergarten through third graders as well as mentoring at the school.
- Viet-Trung Luu stated that he cycle commutes from San Francisco to Mt. View and he thanked Facebook for their commitment to bicycle improvements and urged the Council to include cycle infrastructure in the development agreement.
- Louise DeDera stated that she is excited that Facebook is coming to Menlo Park and the location is perfect and suggested that the bicycle trails on Marsh be considered for improvements.
- Harry Bims stated that Facebook is already the largest employer in Menlo Park and the numbers will only increase. There are three open issues in the EIR; traffic flow which is mostly pass through and he has not seen any change in the traffic flow, air quality which

Facebook uses emission friendly buses and noise which cannot be worse than the noise from the recent Hetch Hetchy project.

- Richard Ellson, chair of the Moffett Park Business Group, stated that they applaud Facebook for their alternative transportation methods and encouraged completion of the Bay Trail be included in the project.
- Lisa Villarreal stated the streets are inviting to alternative transportation but could be improved and asked that improvements be included in the development agreement.
- Fran Dehn, Menlo Park Chamber of Commerce, stated that Facebook will bring change to the community both directly and indirectly; however, they bring stewardship and community involvement. They are a good neighbor as they listen to the community.
- Josh Arias, Eternal Life Church, is excited for Facebook to be their neighbor.
- Joshua Gurrola, Eternal Life Church, spoke in favor of the project and he is responsible for connecting members of the church to resources in the community. Facebook has shown excitement in partnering with the community.
- Terry Barton stated that he commutes ten miles to the Facebook campus which is 12 minutes faster than if traveling by car. Facebook makes it easy to use alternative transportation and the bicycle improvements will make it better in the future.
- Jim Bigelow stated that there are opportunities in bicycle trails and other improvements through the project. Facebook is the leader in alternative modes of transportation and they will be an excellent partner with the community.
- Nancy Cash, Mt. Olive Church of God, stated they want to go on record as a strong supporter of Facebook.
- Francois Michael stated that nothing stays the same and Facebook is bringing great things to the area.

Recess at 9:02

Reconvene at 9:14

Council Member Cline departed the meeting at 9:30 p.m.

**ACTION:** There was no formal action on this item.

#### **ADJOURNMENT**

The meeting was adjourned at 10:59 p.m.

Margaret S. Roberts, MMC  
City Clerk

Minutes accepted at the Council meeting of

**Facebook Campus Project Development Agreement  
Summary of City Council Direction for Entering into Good-Faith Negotiations  
February 14, 2012**

City Council considered the following parameters as outlined in the staff report for negotiating the Development Agreement for the Facebook East Campus Project located at 1601 Willow Road:

1. Provide a source of on-going revenue for as long as the land use entitlement to exceed 3,600 employees is in place.
2. Provide one-time items in the form of public improvements or studies that would benefit the surrounding area.
3. Provide a mechanism for funding programs and services that meet on-going community needs.
4. Pursue a commitment to fund housing opportunities in the City and surrounding region.
5. Pursue a trip cap penalty amount that is severe enough to ensure compliance with the project description.

In general, the Council expressed support for a realistic, reasonable and fair agreement and believed the parameters provided a good basic structure subject to the addition of the following individual comments:

**Cline**

- Development Agreement negotiations should focus on opportunities where [public-private] partnerships would create the greatest benefit.
- Affordable housing is the number one priority.
- Consider development of creative programs that can address the need for affordable housing through corporate cash management systems.
- There needs to be good access to and from the site related to bicycles, shuttles and nearby amenities.
- Dissolution of redevelopment agencies should not be factor in negotiations.
- Explore ways in which funds are contributed directly to community organizations with guidance from the City.
- Address traffic impacts and pursue means to enhance the transportation system.
- Community resources, such as recreational and senior facilities, related to potential impacts should be on the table for discussion.
- If possible, the state of the existing school districts serving Menlo Park should be part of the discussions.
- Consider opportunities for improving Flood Park.

**Cohen**

- Consider advertisement revenue as a source for the on-going revenue stream.
- Explore ideas to link the impacts of jobs to housing associated with the project.
- Factor in the implication of the State Housing Element requirements associated with the need to plan for new housing.
- Facebook should be viewed as a community partner and the negotiation process should not be adversarial.
- Facebook should support the development of affordable housing, but should not be responsible for addressing all City challenges related to this matter.
- Facebook should recognize City's obligation to maintain services and infrastructure.
- Consider the nearby marshlands as a place where some of the volunteer energy could be spent to assist in reducing greenhouse gases and improve wildlife habitats.
- East of 101 is a unique community and trust that Facebook understands the balance that needs to be achieved.

**Fergusson**

- City has been pursuing efforts to improve the quality of life in the area and the Development Agreement provides a catalyst to pull threads together to create a better outcome.
- Consider an on-site bus stop for the transit service across the Dumbarton bridge.
- Attachment A of the staff report that summarizes public benefit ideas to date is aspirational.
- Consider undergrounding of electrical transmission lines on property frontage along Bayfront Expressway on the West Campus.
- Provide the language for Bayfront Expressway landscaping agreement from the Menlo Gateway project as part of the discussion.
- Supports idea to explore possibilities related to the school districts.
- Provide transit shelters.
- Number one focus from the public benefit ideas is completing the Bay Trail gap.

**Keith**

- Supports concept of a foundation or on-going committee to address community needs.
- Trip cap penalty is important and would like to see other examples of trip cap implementation.
- Improved bicycle access to the site and work on the Bay Trail Gap are key and they have broad benefits.
- In-lieu fee is important and maybe it should be evaluated periodically.
- Shuttles are important.

- Focus more on the Ravenswood School District than the Menlo Park School District.
- Does not support funding improvements to Flood Park associated with this project.
- Landscape improvement to Willow Road is a great idea.
- Look to leverage dollars through C/CAG for items such as bus shelters.
- Likes the idea of job opportunities for local residents.
- Explore potential for on-site child care.

### **Ohtaki**

- Highest priority is on-going revenue.
- Expressed a concern that the estimate of \$15,000 of taxable sales in the Fiscal Impact Analysis is understated.
- Comparable development agreements in other communities such as San Mateo (e.g., Franklin Templeton), Los Gatos (e.g., Netflix) and South San Francisco (e.g., Genentech) should be considered.
- Focus on near term revenues related to the East Campus.
- Provide a mechanism for funding programs and services that meets on-going community needs, such as Community Foundation.
- Attempt to formalize the existing corporate volunteer efforts into an on-going program.
- Add a 6<sup>th</sup> parameter to recognize the City's lead agency role and responsibility to work with and address the concerns of other agencies and organizations, such as East Palo Alto and the Fire District.



## ADMINISTRATIVE SERVICES

Council Meeting Date: February 28, 2012  
Staff Report #: 12-034

Agenda Item #: F-1

**REGULAR BUSINESS: Accept the 2011-12 Mid-year Financial Summary and Adopt a Resolution Approving the Recommended Amendments to the 2011-12 Operating and Capital Budgets**

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### RECOMMENDATION

Staff recommends that the City Council accept the 2011-12 Mid-year Financial Summary and adopt the attached resolution amending the 2011-12 Operating and Capital Budgets to reflect the recommended mid-year adjustments.

### BACKGROUND

This report summarizes the City's mid-year fiscal status by providing an analysis of anticipated revenues and expenditures in comparison to the current adjusted budget for the 2011-12 fiscal year. Revised forecasts incorporate final 2010-11 fiscal year results, year-to-date cash flow and other data points that were not available when the budget was originally developed. In addition, the "Dissolution Act" AB1x26, found to be constitutional in late December mandates the elimination of the City's Community Development Agency (CDA) as of February 1<sup>st</sup>. The dismantling of the City's redevelopment agency will have a dramatic impact on the funding of all City services, not just those specific to the redevelopment area. This mid-year report reflects a close-out of the budgets for the CDA's funds and the three special revenue funds that accounted for the redevelopment services (both housing and non-housing) and public facility agreements between the City and the former agency. To continue the services previously funded by CDA tax increment revenues, budgets have been provided largely within the City's General Fund. The result of this added burden to the General Fund for the current fiscal year could not be offset with departmental savings or positive adjustments to the City's revenue forecast. (As Successor Agency for the CDA, the City has established a Redevelopment Obligation Retirement Fund, as a repository for property taxes received from the County Controller to pay specific enforceable obligations of the former agency.)

To the extent possible, other trends or emerging items that were not included in the City's operating budget have been identified and the budgetary impacts of these items



have been assessed. Although the focus of the mid-year review is the City's General Fund and the immediate loss of redevelopment resources, this report also provides an update for other funds where fiscal changes are noted. A budget resolution (Attachment A) is recommended so that the current budget will not only provide the proper funding needed to carry out the programs and activities anticipated through June 30, 2012, but will also more accurately reflect the financial condition of the City as it enters the 2012-13 budget process. Having the latest projections reflected in the current budget enhances the forecasting process and allows decision makers to have greater confidence in the information provided within the budget development framework.

Considering the impact of CDA dissolution, current economic conditions and this most recent analysis of operations, staff has updated the assumptions and projections incorporated in the City's 10-year financial forecast for the General Fund. This long-term forecast establishes an appraisal of fiscal sustainability beyond the current budget cycle, providing important context and focus to the annual budget process. A more thorough discussion of the potential impacts of the current economic environment on the development of the 2012-13 Budget will occur at the March 13<sup>th</sup> Council meeting.

Staff continues to be challenged by an increasingly limited capacity to take on new priorities and unexpected opportunities. In order to help channel the use of staff resources during these difficult economic times, a special meeting of the Council was held on January 31<sup>st</sup> for Council to review their goals and provide general direction on key service priorities. Staff will use the results of this meeting, expressed as Council goals and deliverables for the 2012 calendar year, to allocate the resources of the organization toward achievement of those specific outcomes to the extent resources are available. Should other priorities emerge, Council consensus would be required before work could be undertaken.

## **ANALYSIS**

### **Economic Conditions**

#### ***National Economy***

At the time the City's 2011-12 Budget was being prepared, the national economy was one full year into a slow recovery from the worst recession since the Great Depression of the 1930s. Although the most forecasts indicated that the economy would continue to grow at a moderate pace, and fears of a return to recession or a prolonged period of deflation had virtually disappeared, the outlook was far from stable. Inflationary pressures were rising as the global economic recovery accelerated. At the same time, rising energy prices were reducing consumer purchasing power and squeezing corporate profits, and the national unemployment remained stubbornly high. In February 2011, the Japanese earthquake and tsunami disrupted the global supply of goods and parts for manufacturing, causing a pull-back in stock market gains of the past two years. Nonetheless, economists anticipated that output would expand by at least 2.5 percent real growth, with inflation only growing moderately. The outlook for the

national economy was conservatively optimistic, but every economic event seemed to impact the delicate recovery.

By the end of the fiscal year ended June 30, 2011, the economy was not quite as sensitive to changing conditions, but still far from stable. Political haggling over the national debt ceiling continued to cause angst in the markets, and various European countries took turns at being on the brink of bankruptcy. Still, moderate growth has prevailed since that time. GDP grew by 1.7 percent for all of 2011, following a 2.9 percent growth in 2010. The manufacturing sector recovery continued, and retail sales nationwide were up 5.8 percent in 2011 (year over year). Consumer confidence continues is mildly improved.

As we approach this mid-year analysis, leading indicators for the U.S. economy show that the moderate growth will continue. Projections assume that we will be living in a post-stimulus environment, no matter the results of the November 2012 elections. Fundamental economics will prove more effective in determining the speed of future recovery.

### ***State Economy***

As 2011 came to a close, California's economy remained weakened by the effects of the recession. Previously to this most recent recession, California was viewed as a leading indicator for the rest of the country. Now the state generally lags in its economic recovery. The Silicon Valley is one exception.

In Sacramento, the governor was grappling with an estimated \$17.2 billion gap between revenues and expenditures in 2011-12. Expiration of one-time and temporary budget solutions approved in recent years, along with the failure to obtain significant federal funding for key programs, meant that elected leaders had to impose strict budget measures. In response to economic conditions, the governor's proposed budget included the dissolution of the state's 425 redevelopment agencies. The revenues of the dissolved agencies would first be used to retire redevelopment debts and contractual obligations; any remaining revenues would be redirected to other local governments in the county, including K-14 education districts. As a result, the State's obligations to education would be decreased. As the State budget package developed, legislation that would allow redevelopment agencies to remain in existence by making substantial payments to schools and special districts was proposed. These "Redevelopment Restructuring Acts" passed as an integral part of the States 2011-12 budget. The provisions of the bills were postponed by the State Supreme Court's agreement to review their constitutionality. However, redevelopment agencies were prohibited from entering into any further obligations or contracts until the Court could decide on the matter. Late in December, the Supreme Court ruled that the dissolution of redevelopment agencies was indeed within the scope of legislative power, and there would be no optional program for these agencies to continue. Cities that sponsored large redevelopment agencies are still reeling from the impact of this decision, as they struggle to cut staff and services no longer funded. The immediate impact on the State economy is continued pressure on a public sector that was already in the process of

severe contraction. The 2012 Silicon Valley Index commented on this phenomena and the impacts on the Bay Area economy, below.

Most economic forecasts call for mid-year job growth throughout the state, and some moderate increases in home sales. The speed of the recovery for the state, as in the nation, will be determined by the rate of relief from high unemployment rates.

### ***Bay Area Economy***

In calendar year 2011, the Silicon Valley economy showed signs of recovery from the recent recession. Unemployment rates decreased from 10.3 percent in July 2011 to 8.7 percent in December 2011. The return of jobs equates to 42,000 jobs gained in the region in 2011. With Silicon Valley's innovation heating up, year-to-year patent registrations reached an increase of 30 percent over the prior year. (The region accounted for 49 percent of total registrations statewide and 12 percent nationally.) Venture Capital (VC) investment in the Silicon Valley increased 17 percent in 2011, for a total of \$7.6 billion. This increase marks a recovery to 2004 levels following the drop in 2009. Growth rates in the areas of Software, Industry/Energy, Biotechnology and Medical Devices are particularly strong. Following a similar pattern in the nation and the whole of California in 2011, the region's real per capita income increased by four percent over the previous year to roughly \$66,000. Although encouraging, the gains are sector-specific and not widespread. Small businesses are not out of the rough as business loans continue to be tight and the public sector is still mostly contracting.

The 2012 Silicon Valley Index commented on the region's public sector and the fiscal crises that continue to remain a problem in financing essential public services. Municipal revenues as a whole fell by eleven percent from the prior year - the second straight year of declining revenue. Previously, property tax had been the fastest growing revenue source for Silicon Valley cities, increasing from ten to 25 percent of total municipal revenues since 2000-01. Now, such revenues are level at best. The housing picture is mixed throughout the Bay Area. Residential foreclosures fell 16 percent from the first half of 2008 to the first half of 2011. However, only five percent of new housing development was classified as affordable, reaching a 14-year low..

Fortunately, the Silicon Valley is making an impressive recovery. The region was last to succumb when an historic recession hit the nation; now it appears to be the first to emerge. Employment in the region is picking up as the unemployment rate continues to decline. However, economists are in general agreement that the job market must make significant gains if the economy is to truly recover.

For Menlo Park's long-term financial forecast (Attachment B), only the impacts of known events or opportunities that are imminent in the next few years have been included, after which broader assumptions regarding operating cost increases and revenues are used. More discussion of the long-term forecast is provided later in this report.

## **General Fund**

The 2011-12 Budget anticipated that the very slow recovery from the severe downturn of the economy in 2007-09 would continue. Several revenue components were impacted even more severely than in the “dot com” slump of 2001-02. Sales tax revenues, which had fallen to \$6.04 million in 2003-04 from the 2000-01 high of \$12.3 million, reached less than \$5.5 million dollars in 2009-10, and will only “recover” to \$6.2 million in the current fiscal year. Despite moderate increases in consumer confidence and spending, sales tax revenues for the City are expected to continue to recover very slowly in the current fiscal year.

When the budget was developed for the 2011-12 fiscal year, the national economy was showing signs of moderate recovery. But, because municipal revenues typically lag the general economy, City revenues were expected to increase only moderately. Expenditures were further reduced to better align with these constricted revenues. Now, with more than half of the fiscal year of actual transactions under analysis, the City’s year-end General Fund revenues are currently projected to be approximately \$578,580 higher than projected in the 2011-12 adopted budget. Whereas some expenditures had to be increased in direct correlation with the increased revenues, some of the growth, such as in hotel tax revenues, reflects real progress in terms of the local economy. Much of the gain in the revenue category of Charges for Services reflects pass-through planning and legal costs incurred in the processing of major development projects. For the fourth consecutive year, significant revenue declines result due to continued low yields on safe (federally insured) investments. The elimination of the transfer from the Community Development Agency to reimburse the General Fund for overhead will be offset by the City’s ability to collect repayment for administrative costs in its role as Successor Agency. Details of the City’s General Fund Revenue analysis at mid-year are provided in **Appendix A** of this report.

Many departments were significantly impacted by the loss of redevelopment funding; expenditure budget revisions are discussed in more detail in **Appendix B** of this report.

### **General Fund - Revenues**

The following table shows the mid-year assessment of 2011-12 General Fund revenues. There are three columns for fiscal year 2011-12. The “Current 2011-12 Budget” column shows the revenue budget adopted by Council in June. The “2011-12 Projection” column shows the most current projection for the fiscal year. The final column reflects a summary of the revenue amendments to the 2011-12 budget as requested through Council’s action on this Mid-year Report. For comparison purposes, the table also includes the City’s actual General Fund revenues in fiscal year 2010-11, as well as figures for the previous fiscal year.

Revenues actually received as of December 31, 2011 were presented with the second Quarterly Financial Review of General Fund Operations presented to Council on February 14<sup>th</sup>, and were analyzed as part of the projection for the fiscal year as a whole. However, year-to-date revenues are not included here as the timing variability within each different category greatly complicates the analysis and would make for a confusing presentation as a whole. Year-to-date receipts may be discussed in the various

categories of revenue as they relate to a revised 2011-12 projection. The factors which pertain to staff's recommended adjustments to each of the City's General Fund revenue categories are discussed in **Appendix A** of this report. Often, the revenues that require a reduced forecast for the current fiscal year were based on the previous year's receipts that fell short of estimates. This is the main reason the 2011-12 UUT revenue projection has been reduced. But most revenue sources show improvement over the 2010-11 actual amounts, with receipts comparing favorably to the prior fiscal year.

<b>City of Menlo Park</b>					
<b>General Fund Revenues - Summary</b>					
	2009-10	2010-11	Current	2011-12	Mid-Year
	Actual	Actual	2011-12	Mid-Year	2011-12
			Budget	Projection	Amendment
Property Taxes	\$12,603,742	\$12,811,324	\$13,021,000	\$13,021,000	\$0
Sales Tax	5,499,244	5,988,055	6,203,000	6,203,000	0
Transient Occupancy Tax	2,074,486	2,453,981	2,580,000	2,920,000	340,000
Utility Users Tax	1,148,454	1,122,940	1,249,000	1,135,900	(113,100)
Franchise Fees	1,508,666	1,677,016	1,743,000	1,768,000	25,000
Licenses & Permits	2,738,638	3,239,561	3,307,140	3,371,465	64,325
Intergovernmental	1,811,140	1,946,156	1,131,631	1,140,552	8,921
Fines	1,028,825	953,195	970,000	980,000	10,000
Interest and Rent Income	849,023	575,758	925,438	681,188	(244,250)
Charges for Services	5,210,044	5,246,250	5,425,265	6,030,515	605,250
Transfers & Other	744,583	730,505	707,125	589,559	(117,566)
<b>Total Revenue</b>	<b>\$35,216,845</b>	<b>\$36,744,741</b>	<b>\$37,262,599</b>	<b>\$37,841,179</b>	<b>\$578,580</b>

Again, the largest source of General Fund revenue reduction is in the area of investment income. This revenue continues to experience historical lows due largely to current federal monetary policies. It is appropriate to consider how this rather uncontrollable revenue source should be factored into a sustainable budget. This concept is discussed further in the discussion of General Fund Balance on page 10 of this report.

### **General Fund - Expenditures**

The following table shows the mid-year assessment of 2011-12 General Fund expenditures by department. Again, there are three columns for fiscal year 2011-12. The Current 2011-12 Budget column shows the budget adopted by Council in June 2010, adjusted for encumbrances of the prior fiscal year. Note that encumbrances (commitments of prior year funding) of \$325,779, in addition to \$94,121 carried forward for the Downtown/ El Camino Specific Plan project) were funded from savings in the 2010-11 operating budget. The "Current 2011-12 Budget" column also includes two budget revisions approved by the Council earlier in the fiscal year: a \$225,980 budget addition for extension of contracts to complete the Downtown/ECR Specific Plan, and a \$50,000 amendment to fund the defense of a lawsuit filed against Measure L. This brought the beginning "bottom line" of General Fund operations for the fiscal year to a deficit of \$695,880. The second column shows the new mid-year projection for each

department's expenditures for 2011-12. The final column shows the resulting amendments to the 2011-12 adjusted budget to reflect additional resources required (or anticipated operational savings) by department for the remaining fiscal year. For comparison purposes, the table also includes the City's General Fund expenditure actual performance in fiscal year 2010-11, as well as figures for the previous fiscal year.

The overriding impact of the dissolution of the Community Development Agency on the City's General Fund is reflected in the large increase in expenditures included in the mid-year budget amendment proposed for fiscal year 2011-12. As with last year's mid-year analysis, departments were asked to identify all reasonable cost reduction opportunities for the remainder of the fiscal year in order to offset the loss of redevelopment funding. Although the adopted budget had anticipated only a modest recovery in the economy, savings from reducing expenditures for employee training, postponement of equipment upgrades and supplies, and other temporary operating expense reductions were already reflected in the current funding of General Fund programs. Significant labor concessions were also a factor in keeping 2011-12 expenditures down and avoiding reliance on General Fund reserves. Acknowledging that reductions already identified in the 2011-12 Adopted Budget would make further cost-reductions difficult to extract, each of the departmental operating budgets was carefully scrutinized.

<b>City of Menlo Park</b>					
<b>General Fund Expenditures</b>					
<b>By Department</b>	<b>2009-10 Actual</b>	<b>2010-11 Actual</b>	<b>Current 2011-12 Budget</b>	<b>2011-12 Projection</b>	<b>Midyear 2011-12 Amendment</b>
Administrative Services	\$4,954,042	\$4,677,760	\$5,004,665	\$164,463	\$5,169,128
Community Development	2,726,072	2,503,579	3,048,601	309,000	\$3,357,601
Community Services	6,228,201	6,169,154	6,562,831	88,623	\$6,651,454
Library	1,963,899	1,914,899	2,033,990	0	\$2,033,990
Police	13,531,642	13,927,897	13,891,220	275,142	\$14,166,362
Public Works	4,961,452	4,517,248	5,039,372	(54,082)	\$4,985,290
Transfers Out	2,132,656	2,267,950	2,377,800	0	\$2,377,800
<b>Total Expenditures</b>	<b>\$36,497,964</b>	<b>\$35,978,487</b>	<b>\$37,958,479</b>	<b>\$783,146</b>	<b>\$38,741,625</b>
<b>By Expenditure Category</b>					
Personnel	26,960,643	26,845,799	26,929,719	450,546	\$27,380,265
Operating	4,726,740	4,614,493	5,361,080	(9,980)	\$5,351,100
Services	2,677,925	2,250,245	3,289,880	342,580	\$3,632,460
Transfers Out	2,132,656	2,267,950	2,377,800	0	\$2,377,800
<b>Total Expenditures</b>	<b>36,497,964</b>	<b>35,978,487</b>	<b>37,958,479</b>	<b>783,146</b>	<b>38,741,625</b>

Again, the expenditure increases noted in the summary chart above are due largely to the inclusion of the costs of activities previously funded by redevelopment monies. In reality, expenditure increases of over \$1.2 million were offset by \$432,000 of reductions in nearly every department. Some savings will be achieved in the current fiscal year as the result of staff vacancies, but these were largely considered in the adopted budget for 2011-12. Although a decrease in the General Fund's annual transfer out to fund

infrastructure maintenance was considered as a mid-year strategy in the past, the shift of two current projects (with a total budget of \$557,000) previously funded by the Redevelopment Agency to the General Fund CIP already burdens the City's capital budget. In addition, the placeholder for a Senior Engineering position (funded in part by redevelopment funds), which was to provide for some advancement in the area of capital projects, has been removed from the budget. Details of the new 2011-12 expenditure projections for each of the departments are discussed in **Appendix B** of this report.

### **General Fund – Operations Summary**

The implications of the dissolution of the CDA on the General Fund for the current fiscal year were presented to the Council on January 24<sup>th</sup>. As anticipated, additional revenues and cost savings for the remainder of the 2011-12 fiscal year are not sufficient to offset the General Fund support required for activities previously funded from redevelopment revenues without triggering significant service level reductions. Despite the identification of positive revenue growth and many short-term operational savings, the proposed mid-year adjustment indicates an additional draw of \$200,000 from General Fund reserves will be necessary to complete the fiscal year. However, the City will be receiving part of the one-time distribution of the former redevelopment agency's liquid assets, which will more than offset any deficit for the year. This one-time distribution has not been included in this mid-year discussion of General Fund operations. Clearly, the larger issue is that of being able to maintain all City services, now including redevelopment activities, in future year budgets.

<b>City of Menlo Park General Fund Summary</b>					
	<b>2009-10 Actual</b>	<b>2010-11 Actual</b>	<b>Current 2011-12 Budget</b>	<b>2011-12 Mid-Year Projection</b>	<b>Mid-Year 2011-12 Amendment</b>
Property Taxes	\$12,603,742	\$12,811,324	\$13,021,000	\$13,021,000	\$0
Sales Tax	5,499,244	5,988,055	6,203,000	6,203,000	0
Transient Occupancy Tax	2,074,486	2,453,981	2,580,000	2,920,000	340,000
Utility Users Tax	1,148,454	1,122,940	1,249,000	1,135,900	(113,100)
Franchise Fees	1,508,666	1,677,016	1,743,000	1,768,000	25,000
Licenses & Permits	2,738,638	3,239,561	3,307,140	3,371,465	64,325
Intergovernmental	1,811,140	1,946,156	1,131,631	1,140,552	8,921
Fines	1,028,825	953,195	970,000	980,000	10,000
Interest and Rent Income	849,023	575,758	925,438	681,188	(244,250)
Charges for Services	5,210,044	5,246,250	5,425,265	6,030,515	605,250
Transfers & Other	744,583	730,505	707,125	589,559	(117,566)
<b>Total Revenue</b>	<b>\$35,216,845</b>	<b>\$36,744,741</b>	<b>\$37,262,599</b>	<b>\$37,841,179</b>	<b>\$578,580</b>
Personnel	26,960,643	26,845,799	26,929,719	27,380,265	450,546
Operating	4,726,740	4,614,493	5,361,080	5,351,100	(9,980)
Services	2,677,925	2,250,245	3,289,880	3,632,460	342,580
Transfers Out	2,132,656	2,267,950	2,377,800	2,377,800	0
<b>Total Expenditures</b>	<b>\$36,497,964</b>	<b>\$35,978,487</b>	<b>\$37,958,479</b>	<b>\$38,741,625</b>	<b>\$783,146</b>
<b>Net Operating Revenue</b>	<b>(\$1,281,119)</b>	<b>\$766,254</b>	<b>(\$695,880)</b>	<b>(\$900,446)</b>	<b>(\$204,566)</b>
Encumbrances from Prior Year			(419,900)	(419,900)	
Downtown/ECR Specific Plan Project			(225,980)	(225,980)	
<b>Net addition to/draw on General Fund</b>			<b>(50,000)</b>	<b>(254,566)</b>	

To be consistent with the presentation of the adopted budget, this summary shows encumbrances from the prior year as “below the line” of net operating revenue for the year, as these commitments were funded out of the prior year’s appropriations. In addition, the El Camino Real/Downtown Specific Plan project budget is assumed to be funded directly from reserves (rather than from revenues of the current period).

As noted in previous budget presentations, addressing a budgetary deficit brought on by economic downturn requires fundamentally different strategies than dealing with an on-going structural deficit. Structural deficits require sustainable strategies that will allow for the delivery of products and/or services through all economic cycles. Any *deferral* of costs, such as a reduction in the funding of infrastructure maintenance, simply delays costs to future fiscal periods, and would not be considered effective in resolving a structural deficit. Likewise, continued reliance on General Fund reserves is not a sustainable strategy, but can be considered in the short term.

However, deficits resulting from temporary economic downturns can be managed with shorter-term strategies. The reduction in employee training, freezing of some vacancies, and the deferral of non-critical supplies and equipment purchases, which were utilized in past year in response to the recession, continued to be included in the development of the 2011-12 Adopted Budget. This makes further reliance on these short-term strategies difficult



**Changes to General Fund Balance** – Adjusted by the recommended amendments in this report, the General Fund is projected to experience negative net operating revenues of nearly \$900,000 for the 2011-12 fiscal year. Of this amount, nearly \$650,000 is for expenditures that were anticipated to be funded from prior year revenues (prior year encumbrances and the Downtown/ECR Specific Plan project). However, not shown in these mid-year projections is a one-time distribution of the Community Development Agency’s unencumbered fund balances prior to dissolution. The estimated amount of the City’s share of this one time distribution approximates \$1.3 to 1.9 million, depending on whether Affordable Housing monies are included (the subject of pending legislation SB 654); the amount of funds retained in the County’s Redevelopment Property Tax Trust Fund to pay recognized obligations of the former CDA; and the amount of administrative fees to be paid the County Controller, the State Controller, State Treasurer and Director of Finance for their roles in the dissolution process. It is anticipated that the County will allocate a significant portion of these funds prior to the end of the fiscal year. Although these operating and one-time revenue estimates will be revised in the coming months, the mid-year forecast reflects the most probable scenario for revenues and the amount of expenditure appropriations needed to carry out the General Fund operations of the City for the fiscal year.

City of Menlo Park General Fund Summary	2009-10 Actual	2010-11 Actual	Current 2011-12 Budget	2011-12 Projection	Mid-Year 2011-12 Amendment
Total Revenue	35,216,846	36,744,741	37,262,599	37,841,179	578,580
Departmental Expenditures	34,365,308	33,710,537	35,580,679	36,363,825	783,146
Transfers Out	2,132,656	2,267,950	2,377,800	2,377,800	0
Total Expenditures	36,497,964	35,978,487	37,958,479	38,741,625	783,146
Net Operating Revenue	<u>(1,281,118)</u>	<u>766,254</u>	<u>(695,880)</u>	<u>(900,446)</u>	<u>(204,566)</u>
Encumbrance from Prior Year			(419,900)	(419,900)	
Downtown/ECR Specific Plan Project			(225,980)	(225,980)	
Net addition to/draw on General Fund			<u>(50,000)</u>	<u>(254,566)</u>	

The budget continues to reflect significant cost reductions undertaken by the departments and the advanced recognition of personnel cost savings anticipated from vacancies. As Council has noted in the past, additional budgetary savings are a certainty, because the revised budget reflects the legal spending level of each department. Departments are only able to expend or commit funds *up to* this legal level of budgetary control. Budgetary savings may be less than those experienced in prior fiscal years, because a greater portion of these savings are recognized and the budgets are revised downward as part of this mid-year analysis.

Again, many of the strategies recommended in this report provide the most fiscally expedient method of minimizing deficit spending in the 2011-12 fiscal year without visible detriment to current City services. As sustainable strategies included in the adopted budget are implemented, staff continues to work on incrementally scaling the organization to align with projected reduced resources.

### **Long-Term General Fund Forecast**

The 10-Year Forecast attached to this report as Attachment B was developed using the 2011-12 budget, adjusted for funding of redevelopment activities and other recommended adjustments in this report, as a starting point for estimating revenues and expenses of future operating budgets.

To evaluate the ongoing impact of each of the updated General Fund projections described in the City's long-term forecast, it is important to consider which adjustments reflect one-time events, and which represent a fundamental change in the City's revenue or expenditure structure. One-time revenues cannot be relied upon to augment ongoing services, just as non-reoccurring costs will not drain the General Fund on a continuing basis. Therefore, no sale of property or other General Fund assets are assumed in the 10-Year Forecast. However, the funding of redevelopment activities as part of the General Fund budget is a permanent change that will definitely continue to impact the City's future operating budgets.

The 10-Year Forecast was prepared utilizing the MuniCast system, a series of Excel spreadsheets that allow optimistic, most likely and pessimistic scenarios, and a different scenario for every account within a revenue or expenditure category. For example, if water franchise fees are anticipated to grow faster than electric franchise fees, these different growth rates can be part of the assumptions. However, the casual reader will not be able to determine these forecast assumptions by simply calculating a growth ratio. Likewise, different revenues are forecasted to rebound with the economy at different speeds, even within the same category of revenues. The forecast shown provides only the "most likely" scenario of future revenues and expenditures. The notes to the 10-Year Projection attempt to articulate major deviations from a flat growth assumption within any category.

In the 10-Year Forecast, Property Taxes are assumed to grow slightly with the annual allocation of remaining tax increment from the former CDA. In addition, tenant improvements at the Facebook campus are assumed to be completed by the end of 2014-15, with associated increased property tax revenue. The potential revenue impact of other future development, including any development prompted by the Downtown/ECR Specific Plan, are NOT included in the long-term forecast. In addition, no increase in the City's Transient Occupancy Tax (TOT) rate has been included in this forecast. Although a rate increase from the current 10 percent to 12 percent, has been discussed as a viable strategy for the 2012-13 budget, the strategy would require placement of the issue on the ballot and a majority vote in November 2012. The earliest implementation would have the new rate effective as of January 1, 2013, and would

impact the General Fund forecast by increasing revenues \$292,000 in 2012-13, and another \$300,000 in fiscal year 2013-14 before returning to regular growth assumptions. The 10-Year Forecast also does not assume any increase in the Utility User Tax or growth in intergovernmental revenues.

In past scenarios, Salaries and Wages have been broadly projected at levels which assume all existing labor agreements are adhered to until expiration, and then grow at the “most likely” scenario level of 4%. All labor contracts expired at the end of the 2010-11 fiscal year (or shortly thereafter), and successor agreements achieved savings in the four major cost areas of employee compensation: salary, health premium contributions, pension obligations and retiree medical. In addition, figures shown incorporate continued savings from the restructuring strategies implemented in the past two fiscal years. However, where short-term budget cuts were incorporated into the current mid-year to recognize vacancies, these were added back into the base-line 2012-13 forecast. Each position will be revisited as the 2012-13 budget takes shape. Also taken into consideration is the expiration of the San Carlos dispatch contract in November 2011, where four positions were eliminated. Because of the very visible pressures to contain salary and benefit costs, no employee rate increases were included in this very broad projection of salaries and wages for 2012-13. However, the addition of FTE previously funded by redevelopment, an assumption that budgeted positions will be filled, and an increase in temporary and/or provisional personnel all served to increase this line item in the forecast for 2012-13. A three percent increase in 2013-14 was conservatively assumed.

Rates charged by the California Public Employees Retirement System (CalPERS) are projected to go up in the next few years due to the impact on investment losses in 2008-09. In addition, a recent circular letter from CalPERS alerted public agency employers that changes to actuarial economic assumptions will soon be considered that could significantly increase employer rates. The rates shown reflect rates provided by CalPERS (through 2012-13) or calculated by City staff based on CalPERS estimates:

Fiscal Year	Miscellaneous	Safety
2011-12	16.070%	24.110%
2012-13	16.820%	24.700%
2013-14 (est.)	20.100%	30.200%
2014-15 (est)	20.400%	30.520%

A provision for employees to share the cost of the employer rate should it exceed a certain threshold was included in recent agreements with non-safety labor groups, and safety personnel currently pay a full 3 percent of the employer rate. Since personnel costs are such a large portion of the General Fund budget, changes in these categories will have a significant impact on the fund’s 10-Year Projection. Like many other public and private employers, Menlo Park will face the challenges of recruiting and maintaining a stable and competent work force in the face of large-scale baby-boomer retirements and reductions in benefit packages.

With respect to the mid-term adjustments to non-personnel expenditures discussed in this report, it should be noted that no decrease for the General Fund transfer out (expenditure) for infrastructure maintenance is assumed in the 10-Year Forecast. Although a reduction of the transfer has in the past been utilized as a short-term strategy for reducing current year costs, the regular transfer amount reflects the annual cost of maintaining the City's current infrastructure in its current condition. As such, the transfer is considered an essential part of a sustainable budget. In fact, the transfer out is subject to the same inflationary growth as other General Fund operating expenditures in the 10-year Forecast.

Spending for contract services is shown net of encumbrances before growing with inflation, and the costs of redevelopment activities were included in the General Fund budget prior to the application of other assumptions. Despite pressure to keep costs controlled, most other operating costs are anticipated to grow from 2011-12 adjusted levels at an annual rate of 4 percent in 2012-13 and subsequent years as the recovery strengthens, and short-term operating budgets are returned to sustainable levels.

Even with the budget revisions proposed, uncertainties still exist in the current year forecast. Budgetary risks intensify as revenues and expenses are projected into future years. Economists forecast that the recovery will be slow and fairly fragile. Although the broad assumptions that underlie the 10-year forecast are considered to be conservatively realistic, any number of risks could result in a less positive forecast, including ineffective monetary policy by the Federal government, a major retrenchment of consumer spending, continued or increased unemployment, escalating inflation or an emergency event. The recession has already taken a toll on the City's sales tax revenues. The departure of *any one* of the City's top sales tax generators could damage this revenue further. And recent legislation by the state to deal with growing budget deficits by tampering with local governmental revenues will likely continue.

Conversely, improved revenues from the implementation of business development strategies in progress may provide the headwind needed for smoother budgetary times in the near future. However, no one strategy is assumed to succeed (and included in the 10-year Forecast) until the result is imminent. Staff has endeavored to provide the most realistic budgetary projections possible using the most recent data available. Analysis of the General Fund and the City as a whole will continue through the development of the 2012-13 Budget, and will include revisions to this 10-year Forecast.

Concerns regarding sustainability are not limited to the General Fund. The City's other operating funds are also examined for future liability, as discussed below. The Bedwell/Bayfront Park Maintenance fund balance is dropping as annual operating costs exceed interest earnings on the remaining fund balance, as shown in the 5-year CIP draft document. Absorption of these park maintenance costs in to the General Fund operating budget are not included in the 10-year Forecast. However, even at the current reduced level of expenditures, this fund represents a \$100,000 annual program deficit, and the fund will be totally depleted in the next 8-9 years.

The Finance Committee is pursuing development of a more detailed 3-Year Forecast for the City to include *all* funding sources as part of their work plan for the next two years. As forecasts for the various funds progress, staff hopes to incorporate practical, consistent forecasting suggestions into this longer-term General Fund forecast.

### **Other Funds**

The 2011-12 mid-year adjustments reflect many changes to other funds, particularly capital funds, as a result of the elimination of redevelopment funding. Although the Mid-year Report is largely focused on the City's regular operations which reside in the General Fund, over half of the City's annual budget appropriations reside in other funds. To the extent that these Special Revenue, Capital Improvement, Debt Service and Enterprise Funds stay healthy and provide for the execution of the specific purpose for which they were created, it reflects well on the fiscal status of the City as a whole. To the extent that these funds do not accomplish intended objectives within their unique budgetary constraints, they may pose a risk to the City's General Fund and the overall well-being of the City. A listing of changes made to other funds is included in the Resolution adopting all the budget revisions discussed in this mid-year report (Attachment A).

It should also be noted from the resolution authorizing the budget revisions recommended in this report (Attachment A) that downward adjustments are needed to the budgets for interest income in most of the City's various funds; these revisions are not noted for each individual fund.

**Community Development Agency** – Funds established to account for the various activities, projects and programs of the Community Development Agency (CDA) previously comprised the largest of the City's other funds. Revenues were largely in the form of dedicated tax increment from properties within the Las Pulgas Redevelopment Area. Expenditures for debt service, pass-through sharing of the tax increment with other governmental agencies, and community development and housing improvements typically added an additional \$12-15 million dollars to the annual budget. In February of last year the City established separate funds to account for contractual agreements between the City and the CDA which were intended to preserve the City's ability to continue the use of tax increment to fund improvements and programs in the redevelopment area. However, under the legislation dissolving all redevelopment agencies in California, these agreements do not constitute enforceable obligations of the former CDA. Therefore, these funds (the Housing Authority, the Redevelopment Services Agreement, and the Public Improvements Grant funds), as well as the original funds for the CDAs housing, non-housing and capital improvement functions will need to be closed out as of January 31, 2012.

Of the original \$2.8 million operating budget in the City's redevelopment funds, approximately \$1.6 million remained unspent as of January 31<sup>st</sup>. The \$1.6 remaining budget consists of \$900,000 in Housing Authority Fund spending (including \$450,000 in funds available for the Rehab Loan program), and a \$700,000 budget remaining in the Redevelopment Services Agreement Fund. Acknowledging that estimates would be

used to determine the necessary budgets for redevelopment activities through the first seven months of the fiscal year, and that these same activities would need to be funded in some manner until final dissolution, staff assessed the impact of the elimination of redevelopment funding and sought Council direction on January 24<sup>th</sup>. Staff assumed that all non-housing activities were to be continued, with curtailed spending to the extent possible, when estimating an impact for 2011-12 of \$610,000 to the General Fund. And Staff recommended that Measure A funds be used to support the midday shuttle service for the rest of the fiscal year. On January 30<sup>th</sup>, a transition plan was presented for the elimination of the Housing Division with cost estimates of \$175,000-260,000 to the General Fund for the remainder of the 2011-12 fiscal year. The impacts to the General Fund of the CDA dissolution reflected in the attached budget amendment are nearly \$150,000 for affordable housing activities and \$610,000 for non-housing redevelopment activities. It should be noted that a one-time distribution of the former CDA's liquid assets (largely unencumbered fund balances) to all taxing agencies in the jurisdiction has NOT been included in the proposed budget changes (Attachment A). This revision will be made once proposed legislation is decided on and the amount can be better estimated. In addition, no increase in property taxes from the distribution of remaining property tax increment from the County's Redevelopment Property Tax Trust Fund (Trust Fund) has been included for 2011-12 (although some increase has been estimated in the General Fund's 10-year forecast).

The City's Public Improvements Grant Fund was created last year to account for capital and other large projects that were appropriately funded from redevelopment tax increment revenues from prior years (Non-Housing fund balance). The budgets for any projects funded in 2011-12 that had not been spent or encumbered were moved to other funding sources or abandoned. The budget for this fund decreased \$3,700,000 as a result of these changes, as reflected in the proposed budget revision.

The recession has heavily impacted Menlo Park's redevelopment area's taxable assessed value. As a result, the Agency's tax revenues have declined in recent years, dropping from \$12.3 million in 2008-09 to \$11.1 million in 2010-11. Although the adopted budget anticipated approximately the same result for 2011-12, the sale of the former Sun Microsystems site and other commercial sites in the area caused a reduced reassessment of the properties and a further decline in tax revenues. Actual tax increment from the area, which will be placed in the County's Redevelopment Property Tax Trust Fund as part of the agency dissolution process, will be closer to \$9.8 million. The anticipated added value of the area's tenant improvements in the next few years will bring a welcome reversal to this downward trend. In the meanwhile, funding to carry out the business development activities and projects planned for the area has been greatly diminished. As Successor Agency, the City is required to dispose of the former Agency's assets or properties expeditiously and in a manner aimed at maximizing the value of the disposition for all taxing agencies in the jurisdiction. However, continued development efforts aimed at maximizing future assessed values will be critical to revitalization of the area as a whole. Until that time, revenues from allocation of tax increment generated in the area should be fairly minimal

As previously noted, the County will determine the amount of property tax increment that would have been allocated to the CDA and deposit that amount in a special trust fund. The trust fund will be used to pay the bonded debt of the former Agency as it comes due (approximately \$5.5 million annually), pass-through payments (less than \$3 million based on current tax increment revenues) and other enforceable obligations before any remaining balance is distributed to local taxing agency as property taxes.

Staff have examined all budget year-to-date and adjusted each revenue and expenditure line-items in order to provide adequate appropriations for the Agency's funds prior to dissolution as of January 31<sup>st</sup>. Similarly, the City's special revenue funds that were created to account for redevelopment activities funded by agreements with the CRA have been revised to reflect funding for only the first seven months of the 2011-12 fiscal year.

**General Fund CIP** – As previously noted, a mid-year reduction of projects funded out of the City's General Capital Improvement Project (CIP) has often been considered as a short-term budget balancing strategy for the General Fund in difficult economic times. It is through this fund that the City has channeled a consistent and adequate amount of funding for the City's infrastructure. The level of funding was determined to be the amount needed to maintain the City's infrastructure (streets, sidewalks, buildings, etc.) in its current condition, thereby preventing the more costly repairs and upgrades needed when maintenance is deferred. As such, the annual transfer of approximately \$2.1 million is an integral part of the City's framework for a sustainable budget.

For this fiscal year, a mid-year reduction of the General Fund transfer to the CIP has not been included in the proposed budget amendment. The General CIP Fund will be heavily impacted in the years to come by the elimination of redevelopment resources from the mix of funding that makes up the City's Capital Improvement Plan. Due to the dissolution of redevelopment agencies and concurrent invalidation of the Public Improvement Grant and Cooperative Agreement between the City and the CDA, all capital projects were reprioritized. Projects that were included in the redevelopment funds' budget for 2011-12 that could not be funded from other City sources were categorized as "unfunded" to await future year prioritization. The chart below shows the impact to the General Fund CIP by the current year addition of two projects that were formerly funded from redevelopment monies with no additional resources added to the fund. Consequently, any *reduction* in the General Fund transfer to this fund would further reduce resources available for funding future infrastructure projects. For example, the \$2 million Overall RDA Resurfacing and Improvements Project is now shown as unfunded in the 5-Year CIP document. Although this project would potentially involve landscaping, lighting or other improvements along various streets throughout the Redevelopment Area, much of the work will need to be integrated into the City-wide Street Resurfacing Program, meaning more miles of streets being resurfaced with the same amount of funding. This additional workload for the bi-annual resurfacing project may be acceptable in the short term, but eventually the PCI (Pavement Condition Index) of all City streets will be lowered. In the long term, an increase in the General Fund transfer will be required, other funding sources will need to be identified for this work, or expectations for the condition of City streets will need to be decreased.

In past years' review of this fund, it was also noted that many of the projects supported by the General Fund CIP do not contribute to current infrastructure maintenance, but actually add to the inventory of assets that will need to be maintained in the future. This puts further pressure on the fund. Although the Council may consider a reduction in the General Fund transfer for infrastructure maintenance of any amount at any time, Staff proposes that the elimination of redevelopment resources for funding capital projects in the future makes the protection of the current transfer amount much more imperative.

<b>General Fund CIP Capital Projects Recommendations</b>		
<u>General Fund CIP Project</u>	<u>Action</u>	<u>Impact</u>
Atherton Channel Flood Abatement Design	Add; previously funded by redevelopment funds	\$493,225
Belle Haven Pool Boiler/Pumps Upgrade	Add; previously funded by redevelopment funds	\$63,770
Carbon Dioxide Mitigation Project	Add; State Resource Agency grant funds to offset costs	\$350,000 <u>-\$350,000</u>
Total Impact (Budget Increase)		\$556,995

In addition, the attached budget amendment adds a budget to this fund for the Highway 84 Widening Carbon Dioxide Mitigation Project. In April 2011, the City was awarded a \$350,000 grant from the State Resource Agency to plant 1,000 native trees and shrubs at Bedwell Bayfront Park. The planting of trees and shrubs will offset carbon dioxide generated from the widening of Bayfront Expressway. The City's match contribution (\$10,000) will come from the Park Improvements (Minor) project. This budget is being created based on previous Council approval in 2010 to apply for and receive state grant funds to complete this project. Per direction by City Council, staff will present draft planting plans to Council for approval prior to installing trees and shrubs at the site. The draft plans are expected to be completed by fall 2012.

**Measure A (Transportation Authority) Fund** – Revenues to this fund consist of the County-wide ½ cent sales tax used for City transportation programs and projects. In addition to the current project and programs anticipated in the adopted budget, the expenditure budget in this fund should be increased \$28,000 in order to pay the portion of the cost to operate the Midday Shuttle that was previously funded by the CDA. In addition, Staff recommends moving the \$300,000 Willow Road Signal Interconnect project, also previously funded by the CDA, to this fund. The City will receive a federal grant in the amount of \$240,000 for this project.

**Traffic Impact Fees Fund** – The fee revenue budget for this fund should be reduced; based on year-to-date activity, developers fees will fall short of the \$1.3 million adopted budget by approximately \$80,000. Conversely, the construction of the Elder Ave/Santa



Cruz Traffic Signal Installation will start in May; the Menlo Park School District will pay the \$120,000 grant that was budgeted this year when the construction is completed, most likely in fiscal year 2012-13. Therefore, the 2011-12 budget for intergovernmental revenue should be reduced in this fund by the amount of the grant.

**Construction Impact Fees** – This fund is supported through developer fees assessed to mitigate pavement damage due to heavy construction activity. Recent year revenues have approximated \$500,000 per year, and the fund currently contributes \$1 million to the bi-annual Street Resurfacing project. Due to adequate available fund balance, staff recommends that the purchase of asphalt and other road repair material be purchased utilizing the Building Construction Impact Fee revenues (as opposed the General Fund) for the remainder of the fiscal year. In addition, this fund can relieve the General Fund by support the salaries of the Right-of-Way Maintenance Repair Program.

**Bedwell/Bayfront Park Landfill** – Revenues in this fund consist largely of solid waste surcharges collected to cover current and future post-closure costs of the landfill site. Solid waste rates have increased over the past few years, and the budget for this surcharge revenue should be adjusted upward by \$70,000 fiscal year 2011-12.

**Narcotic Seizure Fund** - The revenues in this fund are derived largely from assets seized in arrests for drug law violations. The proceeds can be used to purchase law enforcement equipment and supplies. Revenues for the fund are not predictable, and there are usually no items budgeted for this fund. However, small amounts have been collected so far this year, warranting an increase in the budget revenue of \$14,000 (categorized as “charges for services”).

**Cal Literacy Grants Fund** – As both the Family Literacy and Adult Literacy grants have been eliminated from the state budget, with adopted revenue budgets of \$8,000 and \$26,786, respectively, these revenues should be removed from the 2011-12 budget. However, the Family Literacy program is expected to receive donations in excess (\$13,000) of the adopted budget. In addition, the State has also ceased the distribution of Public Library Fund grant funds (\$2,300). Although fund balances in these areas will cover revenue shortfall of the current fiscal year, other funding sources will have to be tapped in order to continue the programs in the future.

**Downtown Parking Permit Fund** – The majority of this fund’s revenues are collected in the months of November and December. Based on year-to-date activity, staff recommends increasing the \$350,000 budget for parking permits by \$15,000. In addition, the downtown parking meter kiosk installed in October will require a budget for credit card fees, a cost of approximately \$1,400.

**Water Operations Fund** – Staff recommends that the remaining \$29,000 budget being utilized for inspection services for the SFPUC for water line located in the Belle Haven neighborhood be moved to the Water Operations Fund. This activity was previously funded (\$35,000) by redevelopment funds, but the funds were not contractually committed.

**Recreation In Lieu Fund** – No estimate of revenues was budgeted for this fund in 2011-12, but there have been several residential projects incurring rec in-lieu fees in the first half of the fiscal year. A revenue budget of \$180,000 is appropriate for this fund.

**General Liability Internal Service Fund** – Claim settlements for the first half of the fiscal year have been higher than anticipated in the adopted budget. Staff recommend that the budget for general liability claims be increased by \$50,000 to provide for the rest of the fiscal year. This relatively small increase can be accommodated without increasing internal charges to departments, as the adopted revenue budget was established to result in an increase of fund balance of \$124,000.

## **IMPACT ON CITY RESOURCES**

Authorization of the attached budget amendment updates the previous allocation of City resources for the 2011-12 fiscal year, reflecting changes in economic conditions, the loss of redevelopment funding, and the City's current fiscal year-to-date performance. Council may consider revisions to the mid-year adjustment in the attached resolution, and/or additional amendments to the 2011-12 Budget.

## **POLICY ISSUES**

The acceptance of the Mid-year Report and authorization of the associated budget revisions does not represent a change in City policy.

## **ENVIRONMENTAL REVIEW**

Environmental Review is not required.

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Carol Augustine  
Finance Director

## **ATTACHMENTS:**

- A. Resolution Adopting the Budget Amendments Identified in the Mid-year Report
- B. Revised 10-year Forecast

## 1. Appendix A – General Fund Revenues

**Property Taxes** – The San Francisco Bay Area housing sector was a sustaining factor in the local economy through the difficult period following the “dot com” bust, but the steep declines in home prices from 2008 through 2010 left its mark on local property tax revenues. Although high unemployment rates decreased the demand for housing and created an inventory of homes on the market that further depressed sales prices, the market seems to have stabilized somewhat over the past year. But the annual rise in property taxes that were the norm earlier in the decade no longer rescues municipal operating budgets. Despite the surplus of bank capital, tight credit conditions persist in both the housing and commercial markets. However, economists generally agree that the broader economy must also recover in order to maintain this stability; an increased demand for housing will only be achieved through increased employment and incomes.

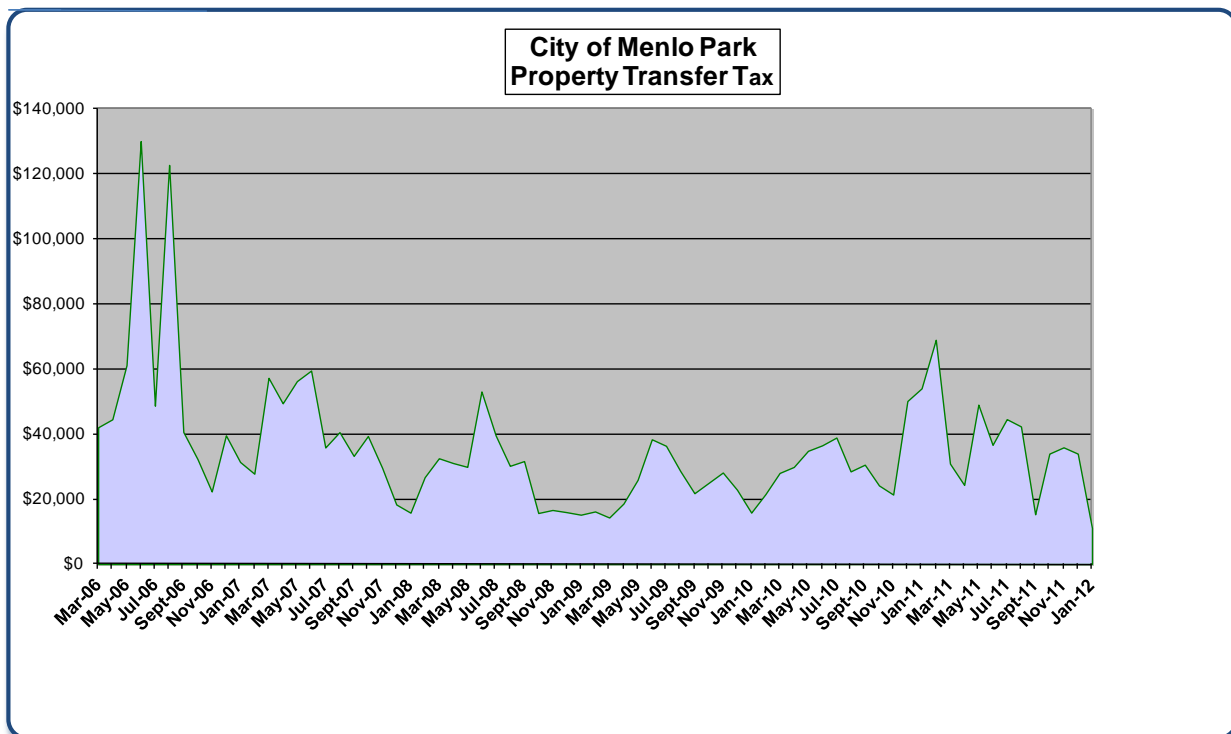
Property tax rolls are established prior to the beginning of the fiscal year. For 2011-12 Menlo Park’s roll value (net of the redevelopment area) increased by 2.03 percent, including an inflationary factor of slightly over 1 percent applied to all California property assessments. As shown in the chart below, the preponderance of the City’s property tax revenues (over ninety percent) comes from secured property taxes, which are established by the tax rolls and diminished only through refunds on successful appeals to the County Assessor’s Office. The appeal rate on Menlo Park properties remains low outside of the redevelopment area.

City of Menlo Park Property Taxes					
	2008-09	2009-10	2010-11		2011-12
Property Tax Account	Actual	Actual	Adjusted Budget	Actual	Adopted Budget
Secured Property Tax--Current	10,826,698	11,563,259	11,740,000	11,724,140	12,040,000
Unsecured Personal Prop Tax	385,377	472,082	370,000	393,250	400,000
Property Transfer Tax	278,290	329,368	410,000	457,702	400,000
Supplemental and Other Property Tax	377,194	239,033	240,000	236,232	181,000
<b>Total Property Tax Revenue</b>	<b>11,867,559</b>	<b>12,603,742</b>	<b>12,760,000</b>	<b>12,811,324</b>	<b>13,021,000</b>

In 2010-11, actual property tax revenues were only slightly higher (\$51,000) than the adjusted budget. Revenues from secured property taxes were expected to rise approximately 2.7 percent in 2011-12, but since other components were expected to be lower, the entire category of these revenues were conservatively budgeted. In particular, adjustments in the County’s ERAF (Educational Revenue Augmentation Fund) distributions were expected to negatively impact the City’s excess ERAF reimbursement (ERAF reimbursements are categorized as secured property tax revenues) in comparison to prior years. The ERAF reimbursement, received early in February, was in fact slightly less than in the prior year. As discussed further, other components of property tax revenues are coming in as projected, so that no adjustment

is anticipated for this category based on regular property taxes. However, the dissolution of the Community Development Agency (CDA) will provide a one-time bump-up in property taxes as unencumbered fund balances of the former RDA are distributed as secure property taxes to all taxing agencies in the jurisdiction. Depending on the results of proposed legislation that would leave affordable housing balances intact, the City of Menlo Park could receive between \$1.3- 1.9 million from such a distribution in late 2011-12. No budget revision will be recommended until the amount of these one-time property taxes can be better estimated. In addition, no revision has been recommended in this report for an increase in secure property taxes as a regular distribution of the current year's property tax increment via the County's Redevelopment Property Tax Trust Fund. The Trust Fund was established by the Dissolution Act for the deposit of property tax increment and the disbursement of enforceable obligations of the former RDA. Since property tax increment revenues from the CDA's redevelopment project area have declined so significantly in the past few years, there should be only a relatively small amount of revenue to distribute after debt service and other enforceable obligations are paid.

Although property transfer tax comprises only 3-4 percent of the City's property tax revenues, it is an excellent indicator of real estate activity in the City, and is tracked monthly. Since many sales transactions still result in an increase to the tax roll, higher turnover of properties serves to offset the lowered assessments on properties due to falling real estate prices.

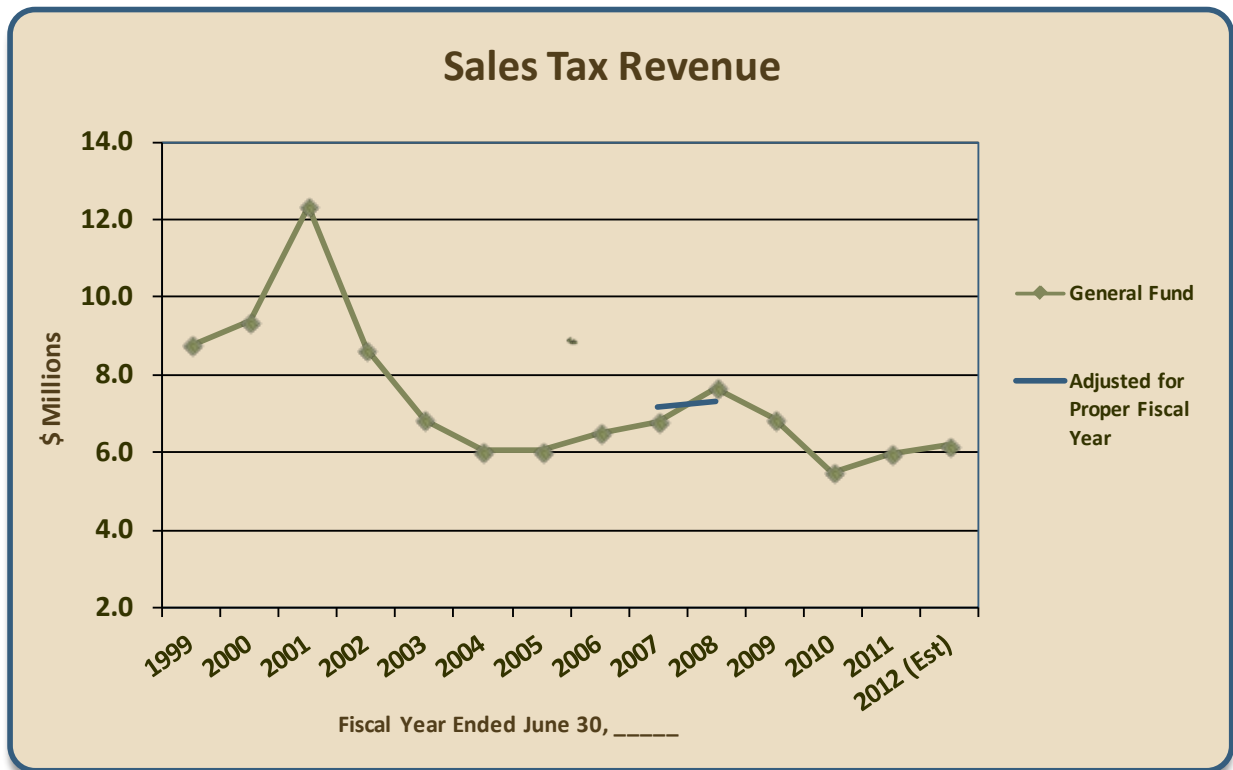


A significant decrease in the *volume* and *value* of real estate sales in the past 3-4 years is reflected in the City's property transfer tax revenue chart above. In each of the three fiscal years prior to 2007-08, the dollar value of property transfers were nearly double

the rate experienced in the most recent fiscal year. Since July 1, 2007, revenues from this source have averaged approximately \$30,000 per month, compared to the \$49,000 per month in the 2006-07 fiscal year. In the first half of the current fiscal year, property transfer tax receipts were at the same level as in the prior fiscal year. However, in January the monthly remittance was at a new low (\$11,000). For this reason, no change is recommended to the current budget for property transfer tax revenues.

Unsecured personal property tax is collected largely in December, and the City's receipts of these taxes to date have fallen slightly short (\$10,000) of the budget. Similarly, supplemental property taxes are coming in right on target with the lowered budget for this fiscal year. Again, as General Fund property tax projections appear to be fairly accurate at this time, no adjustments are recommended for this revenue category for 2011-12. However, an increase in secure property taxes will occur as a result of the CDA dissolution; Council will be notified when the amount of that increase becomes known.

**Sales and Use Taxes** – Persistent declines in the real estate market and continued credit concerns began to change consumer habits with the recession, resulting in a significant decline in California sales tax revenues in the past few years. Menlo Park began to experience a flattening of sales tax revenues in the last quarter of fiscal year 2007-08; both consumers and businesses retrenched in response to the economy. As can be seen in the chart below, sales tax revenues for the City declined 6.1 percent in 2008-09, with a further 19.9 percent decrease in 2009-10.



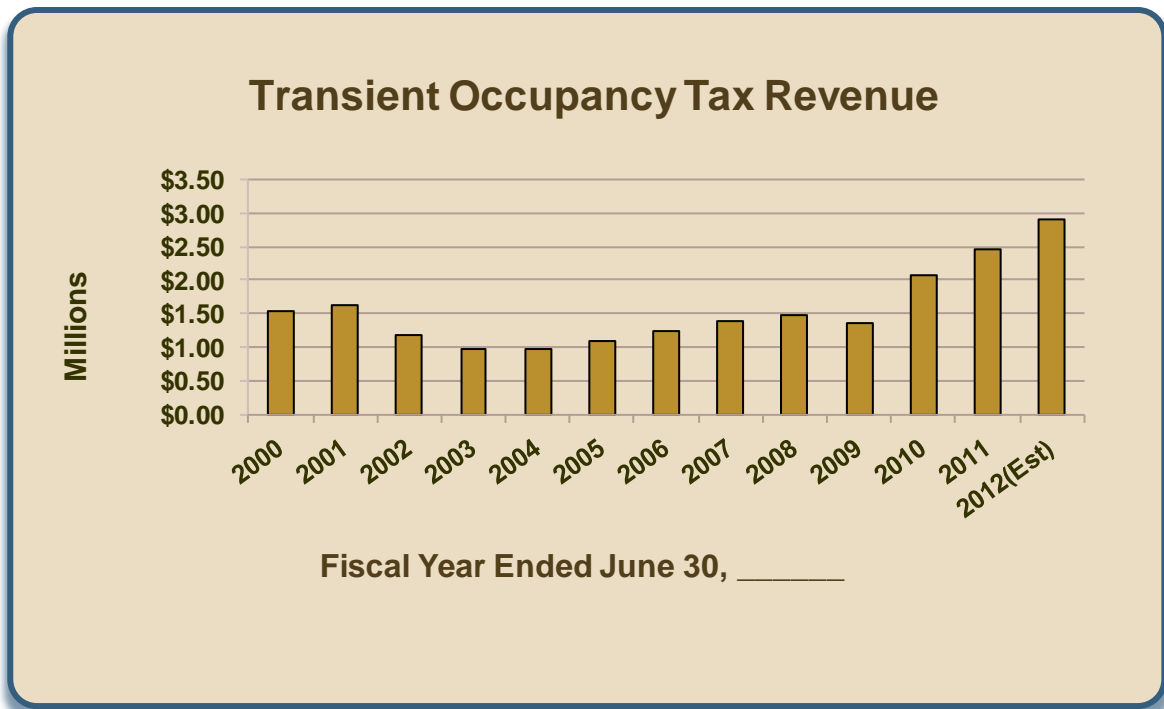
As the economy began to recover, sales tax revenues finally started to stabilize for the City last year. The current fiscal year forecast calls for a 3.5 percent increase in these

revenues. But because the Business-to-Business category of taxable sales transactions (which comprised nearly half of the City's sales tax receipts in 2008) is still recuperating from the absence of Sun Microsystems, the City will not be experiencing sales tax increases comparable to other cities in the county.

Because sales tax receipts are remitted to the state with returns due within the quarter *following* actual taxable sales, sales tax data is received only quarterly. The nearly 4-month lag time makes timely analysis very difficult. However, it is apparent that on the average, sales tax revenues in Menlo Park were up only slightly (comparing the quarter ended September 30, 2011 to the same quarter of the previous year) with the Business-to-Business category down nearly 11 percent. A Bay Area analysis shows a 6.9 percent increase in quarter-over-quarter total sales, with a 6.1 percent *increase* in Business-to-Business sales. Once the impact from Sun Microsystems departure subsides, the forecast should reflect more closely the increase in sales transactions occurring in the Bay Area. But no adjustment is recommended for this revenue category for the current fiscal year.

**Transient Occupancy Taxes (TOT)** – Hotel taxes in 2010-11 were more than 18 percent (\$379,000) higher than in the previous fiscal year, as the economy improved and the Rosewood Sand Hill continued to gain prominence as a premier resort in the area. Growth in this revenue source continues in the current fiscal year, with all of the City's hotels/motels experiencing higher occupancy rates than in the same quarters last year.

TOT revenues are usually a good indicator of current economic activity, but are not reported or paid to the City until the month *following* the close of each quarter. Results of second quarter (June 2011) operations were not known until the close of the fiscal year, at which time the budget for 2011-12 was already in place. Occupancy rates at all hotels now appear to be healthy, and room prices (which were lowered to increasingly competitive rates during the economic downturn) are also higher. The adopted budget for this revenue item appears to be too low in comparison to the actual results of the prior fiscal year and current year activity. A \$340,000 upward adjustment is recommended and included in the 2012 estimate in the chart below.

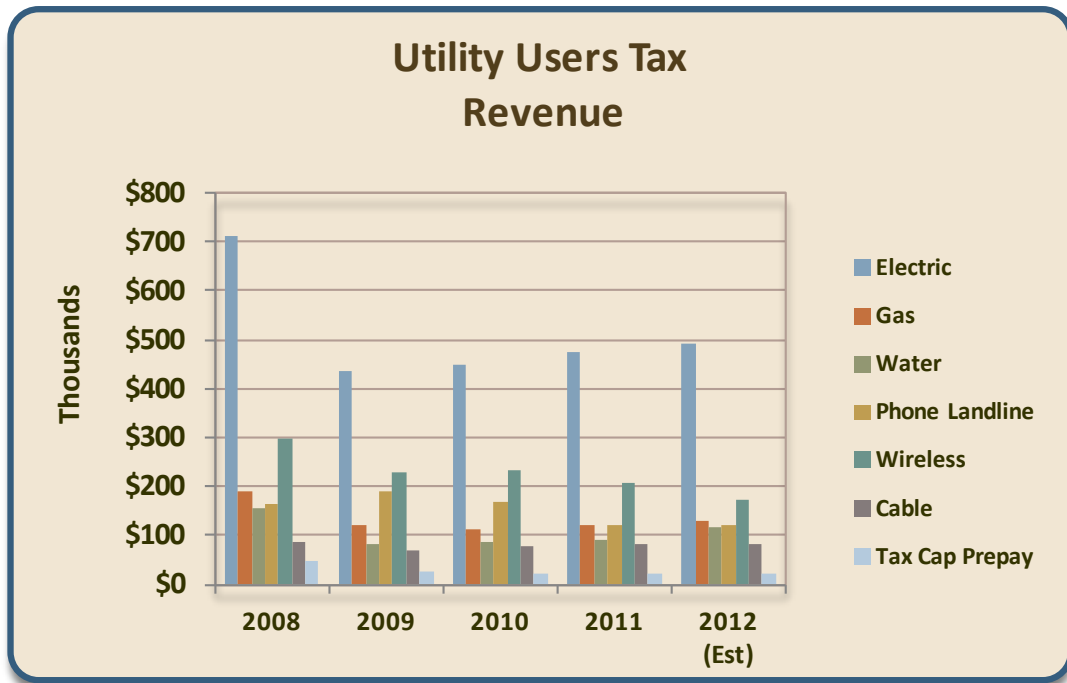


**Utility Users Tax (UUT)** – Collection of the City’s UUT, passed in November 2006 as a strategy towards long-term budget sustainability, began as of April 1, 2007. The tax was reduced from the 3.5 percent assessed on electric, gas and water utility use and 2.5 percent tax on telecommunication and video/CATV services to a flat 1 percent rate on all utilities beginning October 1, 2007. This reduced rate was reconfirmed by the City Council for the 2008-09 fiscal year, and for each subsequent year’s budget to date.

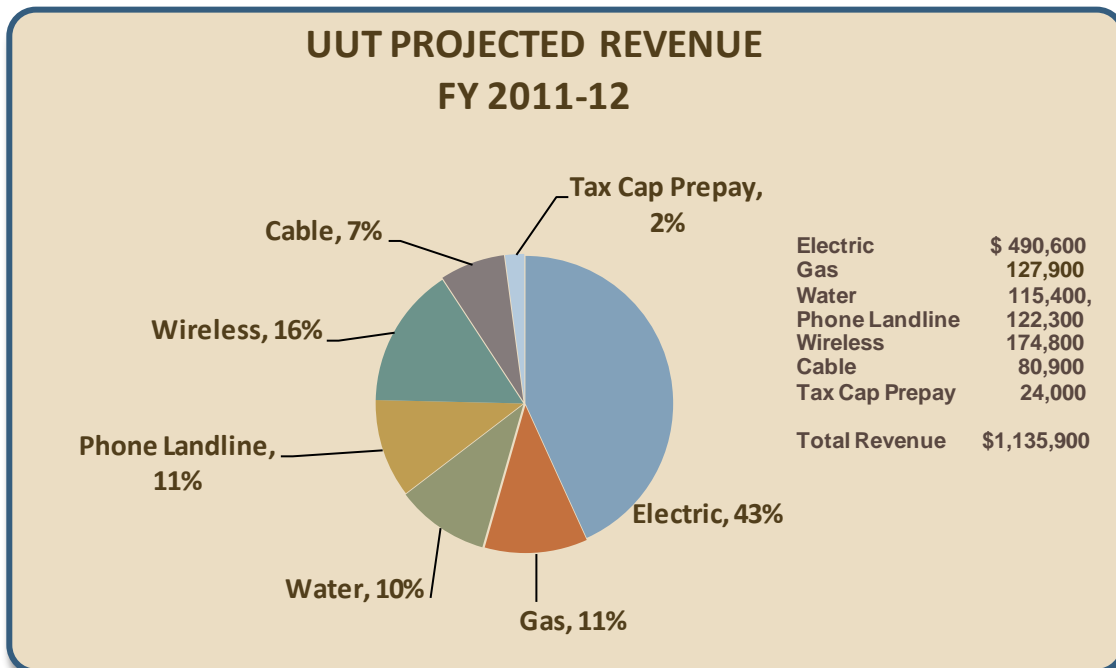
The cost of utilities, large-scale changes in utility usage and the weather can significantly impact UUT revenues. UUT revenues came in approximately 6.7 percent below the 2010-11 adjusted budget, and are being received at only a slightly higher pace in the current fiscal year. These weak results can largely be attributed to a continued decline in telephone (landline) services and (taxable) wireless communications giving way to (non-taxable) text messaging and data transfers. Lower energy utilization, the result of relatively mild weather and a very slow economic recovery, appear to be curbing the affects of slightly higher utility rates. As a whole, UUT revenues were expected to increase a healthy 11 percent over the prior fiscal year in 2011-12, but again, the budgets were established before the results of 2010-11 were known.

In addition, the City recently settled a \$90,833 Utility Users Tax refund claim and class action lawsuit filed in November 2010 by AT&T Mobility (New Cingular Wireless), for \$26,174. The class action lawsuit was initiated when it was determined that AT&T had collected tax from certain customers for internet access services in error. The payment of the refund will reduce UUT revenues (for wireless telecommunications)for fiscal year 2011-12 only.

In total, mid-year analysis indicates that the 2011-12 budget for the City's revenues for all UUT collections should be reduced by \$113,000.



At the current 1 percent rate, the City can anticipate revenues of \$1,135,900 from the tax this fiscal year, as shown below.

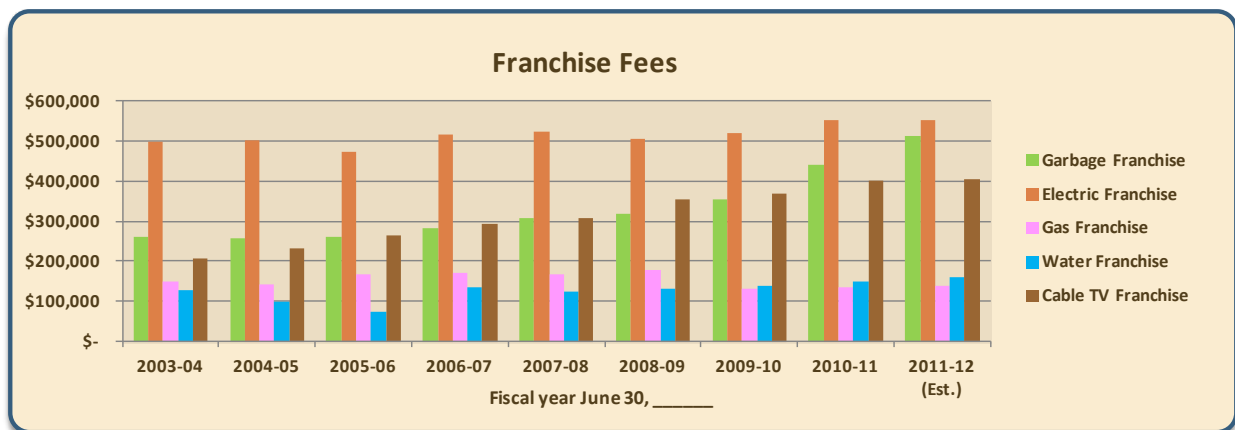


An annual review of the UUT has been incorporated into the City's budget process, and the Council will consider an action to continue the tax at a reduced rate in the 2012-13



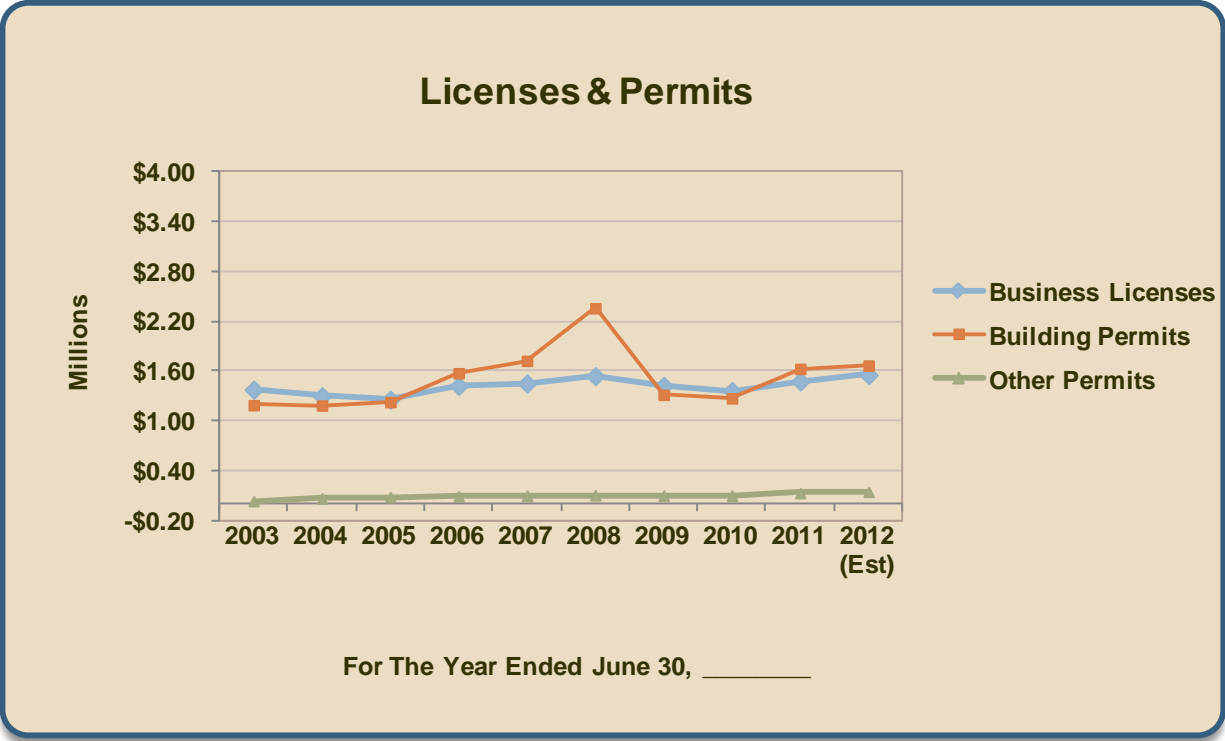
fiscal year budget deliberations in June. If the Council does not establish (by resolution), a reduced rate for the tax, the current temporary (12-month) tax rate reduction will expire, and the original tax percentages will be automatically reinstated as of October 1, 2012.

**Franchise Fees** – Franchise fees are a fairly consistent contributor to General Fund revenues. Nearly half of the City’s franchise fee revenues (those from PG&E for electricity and gas) are paid in April each year for the subsequent calendar year. Total revenues from this source flattened somewhat with the recession, and an analysis of UUT revenues indicates that the franchise fees paid by PG&E will be only slightly higher than in the prior year. The franchise fees for water, cable and garbage services are received quarterly and have risen moderately through the years due to higher rates/fees for these utilities.



The current year budget projections (although calculated separately for each franchised utility) called for a 2.5 percent increase overall from the 2010-11 fiscal year in anticipation of a moderately recovering economy. The budget was based on 2010-11 revenues that fell slightly short of the budget. Due to mild weather in 2011, electric and water franchise fees are anticipated to be somewhat lower than the adopted budget. However, increased rates in garbage and cable utilities should yield higher franchise fees, so that this revenue category will exceed the original \$1,743,000 budget for 2011-12 by \$25,000.

**Licenses and Permits** - The City’s budget for this revenue category is largely comprised of two main sources: development permits and business license fees. Total revenues from these two sources were slightly over \$4 million in 2007-08, but fell to \$2.8 million in 2008-09, and slightly over \$2.7 million in 2009-10, necessitating sharp mid-year budget reductions in these revenues during those recessionary years.



As shown in the chart above, business license and development permits have typically contributed an equal amount of revenues in prior years, but development permits increased to comprise nearly 60 percent of this revenue category in 2007-08. This dramatic growth reflected an increase in the value and number of applications, including the Rosewood Hotel and several residential subdivisions. However, the collapse of the credit markets in 2008-09 added a great deal of uncertainty in development activity, and the value of projects decreased considerably, and permit revenues remained subdued throughout 2009-10. Actual revenue from development permits in (over \$1.6 million) in 2010-11 exceeded the prior year by nearly 28 percent, 6.1 percent over the adopted budget. An analysis of the current year's permit revenues indicates that development permit activity will stabilize at this higher level for 2011-12, on target with the adopted budget, exceeding the 2010-11 results by approximately 2.5 percent.

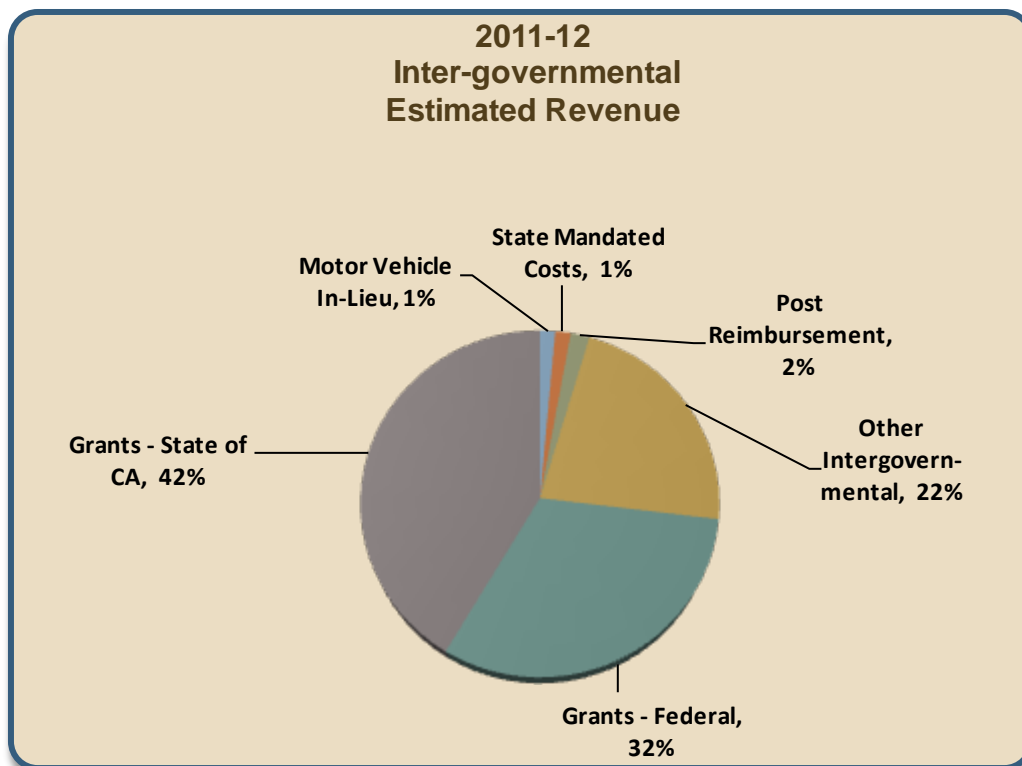
The chart also reflects an anticipated increase in business license revenues in the current fiscal year. The bulk of business license renewals (nearly 90 percent) of business license revenues are processed by Finance and received in the second half of the fiscal year. Last year, Finance began a major effort to achieve a higher rate of compliance by comparing address information from the State's Franchise Tax Board (FTB) 2009 income tax returns with the City's own business license data base, and issuing letters to those businesses that did not appear to have a current City business license. Based on this effort, approximately 400 new licenses have been issued for tax years 2009, 2010, and 2011, resulting in over \$100,000 in added revenue in 2010-11 and the current fiscal year. Even though an increase was anticipated in the adopted budget, revenues from business license fees and penalties are projected to exceed the budget by approximately \$62,000. This adjustment is included in the proposed mid-year budget amendments.

**Intergovernmental Revenues** – This revenue category consists largely of state and federal grant funding and inter-jurisdictional contracts. Approximately 75 percent of the City's intergovernmental revenue is the result of state and federal grants, which comprise approximately \$850,000 of the 2011-12 budget. Of this amount, \$732,000 is directed to the Belle Haven pre-school program (BH CDC). Revenues associated with the \$620,000 state grant were expected to decline due to a new requirement that a certain level of co-payment for program participants be maintained. Further revenue adjustments are necessary due to an amended contract that shifts grant funding from the State (down \$200,000) to Federal sources (up \$176,000). An increased reimbursement for allowable food costs of \$8,500 from the federal grant for the center is now anticipated.

The Library's Transaction Based Reimbursement (TBR) revenue has been eliminated from the state budget. TBR revenues received in the current fiscal year are for activity in 2010-11, and will have to be adjusted downward by \$2,825.

Because of the on-again/off again nature of California Mandated Cost Reimbursements from the State, staff hesitated to budget any amount for this program in 2011-12. However, the City has received nearly \$16,500 for these reimbursements thus far this year, which should be reflected in the adjusted budget.

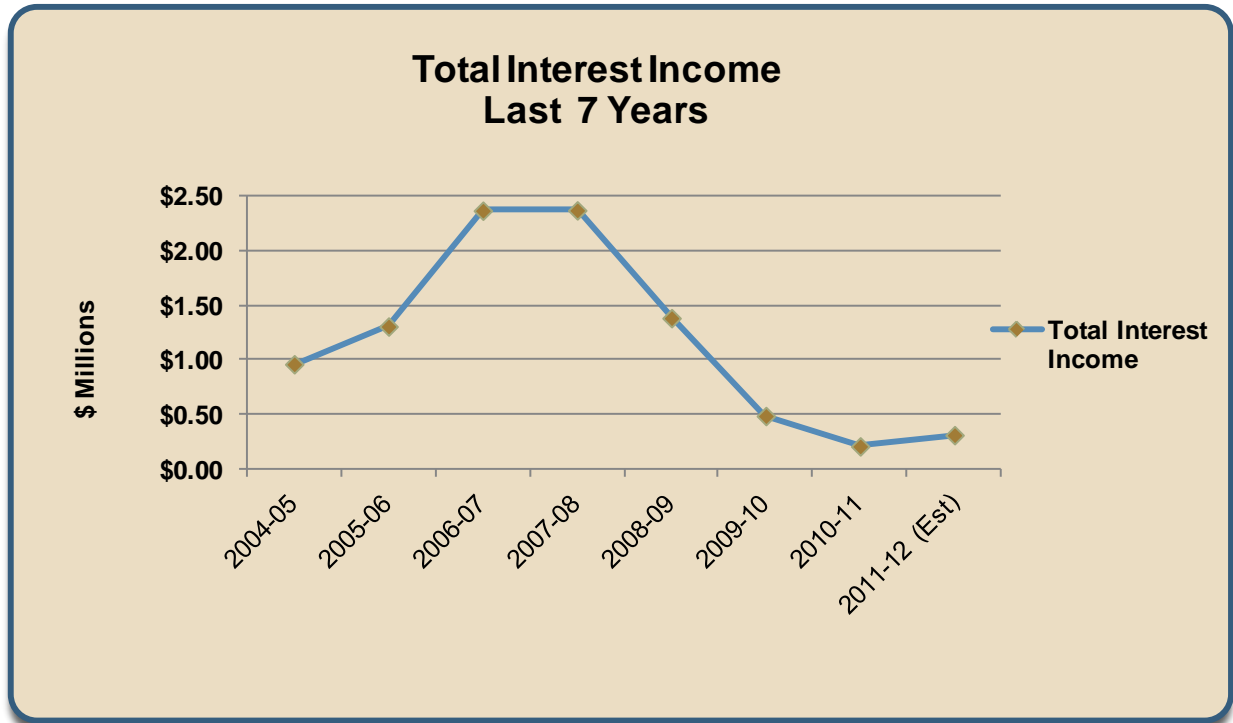
The adopted budget for intergovernmental revenues included the contract for dispatch services with San Carlos, which expired in November 2011. The budgeted amount for fiscal 2011-12 was based on 6 days more than the actual contract, and should be adjusted downward by \$12,900.



Recall that the first amendment to the 2011-12 budget made in July 2011 reflected impacts of the state's budget strategy (specifically, SB89) of funding law enforcement grants through Vehicle License Fee (VLF) revenues previously furnished to counties for further allocation to cities. The City's General Fund intergovernmental revenue was reduced by \$111,000 as part of this adjustment. However, the City will continue to receive "VLF in Excess" amounts allocated under R&T11001.5(b) which was NOT affected by SB89. "VLF in Excess" is a small amount of revenue collected by the DMV as a result of certain compliance procedures. These funds are allocated annually in September by the state Controller directly to cities and counties (not via the county allocation). These R&T11005(b) VLF amounts total approximately \$13 million to \$19 million per year for all cities in proportion to population. In Menlo Park, this amounted to nearly \$16,000, which should be added to 2011-12 and future budgets.

**Fines** – Revenues from fines have decreased in the past few years as citation collections from Menlo Park's four red-light camera system installations, which peaked in 2008-09, have declined since that time. The volume of citations appears to have been reduced at all four installations, although the costs of the enforcement program continue to be covered by the citation revenue. Although the volume of red-light violations was anticipated, an additional decrease of \$20,000 in net revenue from this \$500,000 budget is needed based on current year-to-date receipts. This amount is also consistent with prior year actual revenues. Revenues from parking fines should also be reduced to reflect an amount similar to 2010-11 receipts. However, other traffic fines are expected to increase \$45,000 over the adopted budget of \$170,000, based on year-to-date receipts. The increase reflects fewer police officers on leave than in prior years.

**Use of Money and Property** - Interest earnings on the portfolio in 2010-11 for the General Fund was approximately \$510,000, prior to posting a *decrease* in the portfolio's "unrealized gain" of nearly \$300,000. The City is required to "mark to market" its investment portfolio as of the fiscal year end, per Governmental Accounting Standards. Because the City typically holds its investments to maturity, unrealized gains and losses do not enter into the budget calculation, as discussed in the City's quarterly and unaudited financial statements. The chart below reflects the significant fall in interest income in recent years – total interest revenues are shown as reported in the financial statements for each fiscal year.



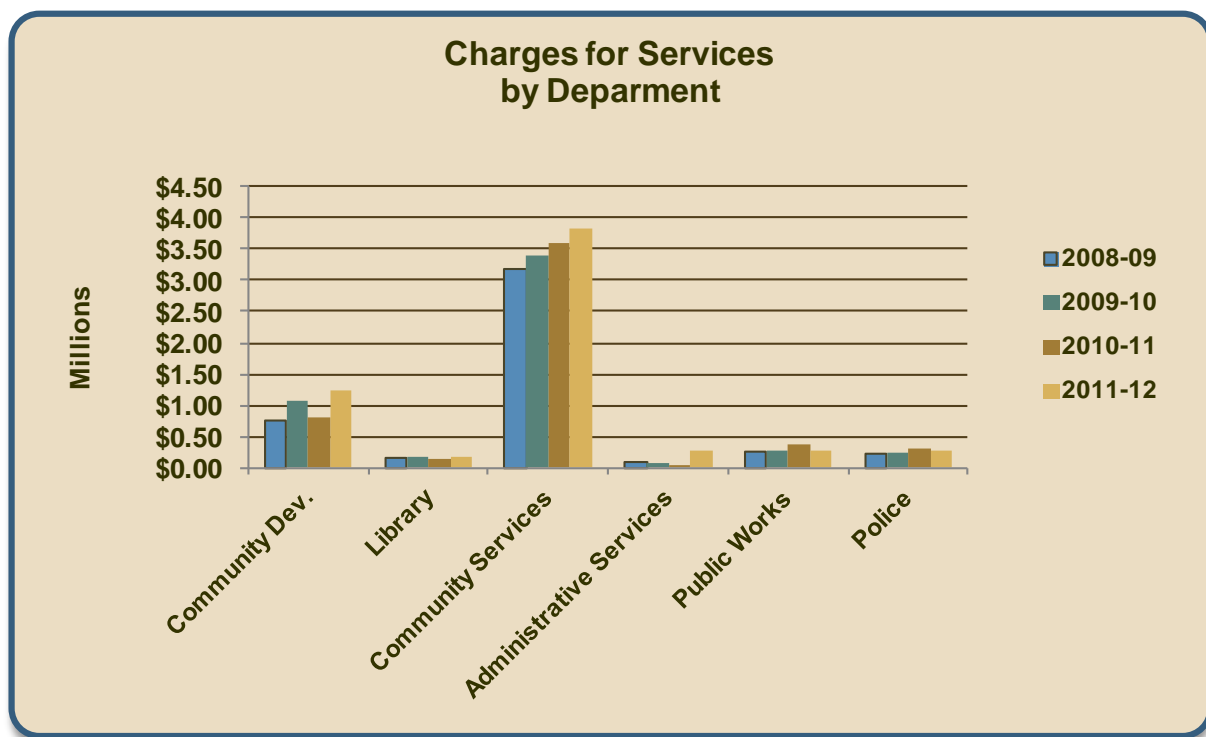
As anticipated, 2011-12 investment earnings continue to decline due to the effect of the very low interest environment of the past few years. Because the City has always invested in only the safest of securities (the highest priority of the City's investment policy is preservation of capital), no investment losses were incurred. However, the average yield (net of fees) in 2008-09 of 3.35 percent fell to 1.57 percent in the 2009-10 fiscal year, and fell further to 1.36 percent in 2010-11. The Federal Reserve has vowed to maintain its "easy monetary policy" to promote economic growth, so there is little reason to expect short-term investment rates to rise over the next several years. The U.S. Treasury is still perceived as a safe-haven instrument, and the City also invested holds short-term investments in federal agency issues. As many corporations have improved their balance sheets in recent years, the City has purchased high-quality corporate notes and commercial paper that offer a better value than federal instruments.

The current yield on the City's account with the Local Agency Investment Fund (LAIF), which comprised nearly 60 percent of the City's cash holdings in the last quarter of 2011, is currently hovering at 0.38 percent. Although a rapid rise in long-term rates are not expected, staff continues to acquire short-term notes in order not to be holding too

many low-yielding securities when interest rates start to increase. Staff continues to work with the City's investment advisors to identify appropriate investments that meet the City's investment objectives, and to rearrange the portfolio for maximum yield.

At this time, a reduction of \$260,000 is recommended for General Fund interest earnings. No mid-year revision is proposed for rental income, which is also included in this revenue category.

**Charges for Services** – This category of revenues includes a variety of fees, including fees for recreational and social programs in the Community Services Department as well as plan check fees and development review fees related to Community Development services, and encroachment fees. Although the recommended budget revision includes reductions to some of the revenues included in this category, a 6 percent increase is projected for General Fund Charges for Services revenues as a whole. The revision represents a significant number of line item modifications, but the largest revenue increase will be experienced in the Community Development Department, due to increased planning activity involving major development projects.



In recent years the City has paid particular attention to establishing fees that provide a specific, policy-based level of cost recovery for the programs from which these revenues are derived. Unanticipated changes in program participation and/or service demands can impact the City's cost-recovery goals considerably; to the extent that cost recovery goals are not met, General Fund reserves (i.e., tax dollars) must be utilized to support programs that do not necessarily serve the general public.

Again, the most significant upward budget adjustments recommended in this revenue category relate to an increased demand for certain development services. The City is reimbursed for staff time spent on large projects such as the Facebook application; such reimbursements are recorded as Planning Fees revenues. The currently high level of planning activity in this area is expected to continue. In addition, the City recently received a \$75,000 payment for planning fees that were outstanding from a previous project that was abandoned. In all, these revenues are expected to exceed the adopted budget for 2011-12 by \$325,000, a 47.8 percent increase. The increase in current year planning fee billings will be largely offset by higher costs in staff time, legal services and contract services. (Details of the new 2011-12 departmental expenditure projections are discussed in Appendix B of this report.) Similarly, projected revenues from Improvement Plan Checks and Subdivision Inspections fees are \$27,000 and \$9,000 higher, respectively, than reflected in the current budget.

In the Community Services Department, Charges for Services have varied greatly over the past couple years as new recreation facilities are completed. A full 45 percent (\$1,750,000) of the department's revenues in this category are from recreation fees. In the past two years, Youth and Adult Sports programs have gone up an average of 68 percent with the completion of the Arrillaga Family Gymnasium, and recreational rental fees for 2011-12 are anticipated to more than *double* the \$224,000 revenues received for these fees in 2008-09. A mid-year increase of \$61,200 in the 2011-12 budget for recreational rental income is warranted. Staff continues to seek out optimum utilization of the new facilities from these largely cost recovery programs including: evaluation of existing program and contractor effectiveness; a department-wide branding effort to reshape the image of City recreation programs to meet the standards of the new facilities; and development of business plans for each program that include customer analysis, competitive analysis and operations improvement strategies.

The City's use of the Menlo-Atherton Performing Arts Center (PAC) has been largely limited to community facility rentals for this fiscal year. The rental revenue (and corresponding expenses) reflect these pass-through fees from the local community groups to Menlo-Atherton High School. Whereas a \$4,000 increase in these rental revenues is needed, a \$12,000 decline is anticipated for other revenue from the facility. While there were plans for city-sponsored events this year, these events did not take place due to logistical and scheduling challenges. City staff and the school are continuing to review options to optimize the use of the facility for the community.

Meanwhile, the new Gymnastics Center is well on its way to completion and should be ready for all of the gymnastics programs, which were last year re-located to a temporary building on the southwest side of Burgess Park, by mid-April. Although the program's revenue budget was reduced significantly to account for the temporary change in venue, enrollment dropped more than anticipated, and a \$42,000 reduction in gymnastics fee revenue is recommended for the current fiscal year budget. Once the new facility is open, staff is eager to implement plans for expansion of the line of very popular gymnastics programs.

Charges for Services revenue adjustments associated with the City's child care programs are also needed. At the Menlo Children's Center (MCC) Afterschool and

Summer Camps program, revenue projections for the year need to be reduced significantly (\$86,100) due to lower-than-expected enrollment in the afterschool program, a reduction in the number of children attending the summer camp in 2011, and a restructured public school year (summer camp enrollment is usually lower than in the afterschool program). Revenues forecasts for the current fiscal year should also be lowered for the Belle Haven Child Development Center (\$15,770), and the MCC (\$28,000) where enrollment is also down. A reduction in staff hours and supplies only partially offsets these revenue decreases.

In Public Works, fees charged for temporary encroachments and certain street services are coming in at a much slower pace than anticipated, while other encroachment activities, tree permit fees, and other services are exceeding prior year volume. In all, the Public Works' Charges for Services budget should be increased by \$36,000 (about 16 percent for the department.) In the Police Department, Alarm Citation fees and Ticket Sign-Off fees should be adjusted upward (by \$10,000 and \$3,500, respectively), with slight decreases in projected revenue from Fingerprint Fees (\$1,900) and Alarm Registration Fees (\$2,000).

The Administrative Services Department revenue budget will be adjusted to include the \$250,000 administrative fee that the County will provide from the Redevelopment Property Tax Trust Fund for administrative costs of the former RDA's Successor Agency. Although this payment is subject to the approval of the Oversight Board, the legislation that dissolves all redevelopment agencies does allow the Successor Agency to be reimbursed for the administrative costs incurred in an amount up to five percent of the property tax allocated to the Successor Agency for fiscal year 2011-12, but not less than \$250,000. Staff will present an administrative budget for the Successor Agency for approval by the Council in March, prior to its submittal to the Oversight Board.

**Miscellaneous Revenues** – Although no revenue was anticipated, various prior year refunds and miscellaneous recoveries have been received in the current fiscal year, allowing a \$10,000 increase in this revenue category in the Administrative Services Department.



## ***Appendix B – General Fund Expenditures***

**Administrative Services** – Nearly all programs within the Administrative Services Department were impacted by the reallocation of personnel costs required by the dissolution of the redevelopment agency as of February 1<sup>st</sup>. The budget revision provides funding for the accounting, audit and reporting activities that will be needed as the City serves as Successor Agency to the CDA, and which will ultimately be reimbursed (up to \$250,000) by the County's Redevelopment Property Tax Trust Fund. It also includes funding for continued Business Development activities that had been supported through redevelopment monies. In addition, office equipment repair services had been underestimated (\$8,500) in the adopted budget.

Savings (\$20,000) were identified in the City's unemployment costs, down from past years based on payments in the first two quarters of 2011-12. In addition, the City should experience some energy savings in the remaining months of the fiscal year. The City entered into a natural gas procurement contract with Visa Energy Marketing. The contract, effective this month, guarantees that City facilities will save 6 percent over the natural gas pricing of PG&E. Although not reflected in the proposed budget revision, annual savings for the City are estimated to be approximately \$4,000.

**Community Development** – A significant increase in development services requires a budget revision of approximately \$60,000 for additional temporary and provisional personnel costs. In addition, \$50,000 of contract planning services is needed to provide management for new project submittals. The increase in planning fee revenues, also included in the attached budget revision, will cover these additional costs.

The largest cost increase in the Community Development Department is a \$200,000 increase for legal services required for the review of Facebook development documents and negotiation of the associated development agreement. These costs will also be offset with reimbursement revenues (recorded in the category of Charges for Services).

Note that the adjusted budget for the year includes \$225,980 for additional consultant services related to the El Camino Real/Downtown Specific Plan, approved by the council on December 13<sup>th</sup>. The need for the additional services was in response to direction from the City Council for new analysis and studies on, and significant revisions to, topics including: street sections, building height and bulk restrictions, land use, development concepts, development intensity, and circulation improvements necessary to ensure that the Specific Plan reflects Menlo Park's diverse community preferences.

As a part of the December 13 staff report, it was explained that due to a conflict of interest with the City Attorney (who leases property within the Plan area), the City contracted with a Contract City Attorney to provide legal services for the project. The Contract City Attorney's review of the Draft Environmental Impact Review (EIR) and attendance at meetings was conducted through a contract under the City Manager's discretion. It was noted that if additional funds were needed, staff would present the increase for Council consideration with the mid-year budget report.

The additional services approved by the Council on December 13, as well as the work to respond to comments on the Draft EIR, has in fact required significant involvement of the Contract City Attorney. Additional legal services will be required to complete the EIR and Specific Plan process. Staff intends to bring forward to Council at an upcoming meeting a proposal for additional legal services and budget appropriation.

**Community Services** – Costs of the City's Housing Division, previously funded from redevelopment tax increment revenues, are now included in the Community Services Department's General Fund budget. Although affordable housing activities are to be wound down in the remaining months of the fiscal year, the transitional costs of eliminating this division will require a budget revision of \$135,000 for personnel, contract and operating expenditures.

Demand for some recreation programs have remained fairly high despite the transitions to new facilities. An increase in staff costs is the result of increased facility rentals (\$32,500), but these are more than offset by a restructuring of staff at the Senior Center (for a \$25,200 savings) and a decrease in staffing due to lower enrollment in the child care programs (savings of \$54,300). Increased recreational programming will also require an increase in contract services for new programs (\$40,100) and for increased participation in existing programs (\$17,500). However, the budget for contractors for events at the PAC can be decreased \$30,000. Supplies and other operational costs are also provided in many recreational programs, but decreased where lower enrollment is experienced. In all, net savings of nearly \$50,000 were identified to offset the addition of the housing program costs.

**Library** – No midyear changes are recommended for the Library's General Fund expenditure budget. The department continues to operate within the constraints of expenditure reductions in materials, supplies and temporary staffing incorporated into the adopted budget.

**Police** – An increase in the Police's General Fund budget is needed to provide for the continuation of the narcotics enforcement team and code enforcement services previously funded from redevelopment funds (approximately \$360,000). Partially offsetting these increases, the savings provided by holding one officer position vacant for the remainder of the fiscal year amount to \$82,000. An increase in the cost of gas and oil (\$16,000) will be completely offset by a decreased budget (\$25,000) for departmental supplies and other operating expenses. However, an increase in the issuance of overnight parking permits will add \$10,000 to that program's supplies cost.

**Public Works** – The Public Works Department was also impacted by the loss of redevelopment resources. To continue graffiti abatement and other maintenance efforts in the redevelopment area, the department's General Fund budget will have to absorb an additional \$24,900 of operating costs. However, savings of \$55,000 in General Fund operations can be realized by the transfer of asphalt and other road repair costs (including \$20,000 of staffing costs) to the Building Construction Impact Fee fund. In addition, the budget for janitorial services and supplies can be temporarily reduced \$30,000, but will be needed next year when the new gymnastics building is completed

and in use. In addition, landscaping supplies and equipment budgets can be reduced a total of \$10,000, as the level of expenses for Kelly Park has decreased.

Contract services need to be increase by \$16,000 as the costs of the sale of the Terminal Avenue property were not carried over from the prior year, when the budget was approved for this purpose.

### **General Fund Personnel Savings**

The challenge of any public sector agency is to provide competitive salary and benefit packages in order to recruit and retain quality talent, while keeping the cost of providing these packages at a reasonable and sustainable level. Recently negotiated or imposed contracts on all labor groups have resulted in significant savings for this fiscal year, as well as achieved structural benefit changes that will help control future employee benefit costs. Frozen salary schedules were assumed in the 2011-12 adopted budget. In addition to the employee's retirement contribution, all employees are now paying a portion of the employer's retirement rate. Employees are also paying a larger portion of their health care plans. Provisions for the accrual and use of sick leave have been tightened, and the retiree health credit system has been eliminated for new hires. Most of these savings were incorporated in the 2011-12 adopted budget, but many of the savings will not be realized in full for many years.

**RESOLUTION NO.****RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO  
PARK ADOPTING THE ATTACHED 2011-12 BUDGET REVISIONS  
TO EFFECT MIDYEAR ADJUSTMENTS**

The City of Menlo Park, acting by and through its City Council, having considered and been fully advised in the matter and good cause appearing therefore;

NOW BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of Menlo Park that the City Council does hereby approve the adjustments to the 2011-12 Operating Budget as outlined below, as recommended to reflect actual fiscal conditions and projections discussed in the Midyear Report:

General Fund**Revenues:**

340,000	Transient Occupancy Tax
(113,100)	Utility Users' Tax
25,000	Franchise Fee
62,000	Licenses and Permits (Administrative Services)
3,000	Licenses and Permits ( Public Works)
(675)	Licenses and Permits (Police)
(2,825)	Intergovernmental Revenue ( Library)
(17,135)	Intergovernmental Revenue (Community Services )
32,500	Intergovernmental Revenue (Administrative Services)
(3,619)	Intergovernmental Revenue (Police)
45,000	Fines – Violations (Police)
(15,000)	Fines – Parking (Police)
(20,000)	Fines – Redflex (Police)
(245,000)	Interest Income
12,000	Rental Income (Public Works)
(11,250)	Rental Income (Administrative Services)
(52,350)	Charges for Services (Community Services)
9,600	Charges for Services (Police)
36,000	Charges for Services (Public Works)
360,000	Charges for Services (Community Development)
252,000	Charges for Services (Administrative Services)
(500)	Donations ( Community Services)
10,000	Miscellaneous Revenue ( Administrative Services)
<u>(127,066)</u>	Transfers from Other Funds (Administrative Services)
<b>\$578,580</b>	<b>Total</b>

**Expenditures:**

93,006	Personnel (Administrative Services)
44,980	Services (Administrative Services)
26,477	Operating Expense (Administrative Services)
49,523	Personnel (Community Services)
46,600	Services (Community Services)
(7,500)	Operating Expense (Community Services)

59,000	Personnel (Community Development)
250,000	Services (Community Development)
254,409	Personnel (Police)
20,733	Operating Expense ( Police)
(5,392)	Personnel (Public Works)
(31,000)	Services (Public Works)
(49,690)	Operating Expense (Public Works)

**(\$783,146) Total**

Other Funds

101	<u>Worker's Compensation Fund</u>		
	Revenues:	\$5,000	Interest Income
102	<u>Liability/Fire Insurance Fund</u>		
	Revenues:	\$1,000	Interest Income
	Expenditures:	\$50,000	Operating Expense
451	<u>Cal Literacy Grant Fund</u>		
	Revenues:	(\$34,786)	Grants-State of CA
		\$13,000	Donations
452	<u>Public Library Grant Fund</u>		
	Revenues:	(\$2,300)	Grants-State of CA
705	<u>Narcotic Seizure Fund</u>		
	Revenues:	\$14,000	Charges for Services
710	<u>Traffic Impact Fees</u>		
	Revenues:	(\$3,000)	Interest Income
		(\$80,000)	Charges for Services
754	<u>Bedwell Bayfront Park Landfill</u>		
	Revenues:	(\$10,000)	Interest Income
		\$70,000	Charges for Services
		(\$120,000)	Intergovernmental Revenue
758	<u>Downtown Parking Permit Fund</u>		
	Revenues:	\$15,000	Licenses and Permits
		(\$20,000)	Interest Income
	Expenditures:	\$1,400	Operating Expense
801	<u>Rec-In-Lieu Fund</u>		
	Revenues:	(\$1,000)	Interest Income
		\$180,000	Charges for Services

809	<u>Bedwell Bayfront Park Mt. Operation</u>		
	Revenues:	(\$7,500)	Interest Income
813	<u>Frances Mack Trust Fund</u>		
	Revenues:	(\$1,500)	Interest Income
832	<u>BMR Housing Resdl/Commerl</u>		
	Revenues:	(\$25,000)	Interest Income
833	<u>Redevelopment Services Agreement:</u>		
	Revenues:	(\$150,000)	Interest Income
	Expenditures:	(\$458,415)	Personnel
		(\$66,795)	Operating Expense
		(\$98,213)	Services
834	<u>Measure A</u>		
	Expenditures:	\$15,207	Personnel
		\$250,997	Operating Expense
		\$60,000	Services
835	<u>Highway Users' Tax</u>		
	Revenues:	(\$5,000)	Interest Income
837	<u>Comm.Dev't Block Grant</u>		
	Revenues:	\$10,000	Interest Income
841	<u>Storm Water Mgnt. Fund</u>		
	Revenues:	\$2,300	Charges for Services
843	<u>Construction Impact Fee</u>		
	Revenues:	\$2,000	Interest Income
	Expenditures:	\$20,000	Personnel
		\$35,000	Operating Expense
851	<u>General Fund – CIP</u>		
	Revenues:	\$350,000	Intergovernmental Revenue
	Expenditures:	\$64,239	Personnel
		\$357,644	Operating Expense
		\$485,112	Services
855	<u>Water Fund – Capital</u>		
	Revenue:	(\$30,000)	Interest Income

859	<u>Public Improvements Grant</u>		
	Revenue:	(\$115,000)	Interest Income
	Expenditures:	(\$141,335)	Personnel
		(\$2,570,125)	Operating Expense
		(\$884,961)	Services
861	<u>Water Fund Operations</u>		
	Expenditures:	\$28,927	Services
863	<u>Housing Authority</u>		
	Revenues:	(\$60,000)	Interest Income
	Expenditures:	(\$173,000)	Personnel
		(\$496,715)	Operating Expense
		(\$104,800)	Services
872	<u>Debt Service Fund –CDA</u>		
	Revenues:	\$55,000	Interest Income
	Expenditures:	\$1,460,000	Operating Expense
874	<u>1990 Library Bond Debt Service</u>		
	Revenues:	(\$1,000)	Interest Income
	Expenditures:	\$450	Operating Expense
875	<u>2002 Recreation GO Bond D.S.</u>		
	Revenues:	(\$12,000)	Interest Income

I, Margaret Roberts, City Clerk of the City of Menlo Park, do hereby certify that the foregoing resolution was approved at a regular meeting of the City Council held on the \_\_\_\_ day of February 2012, and adopted by the following votes:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

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Margaret Roberts  
City Clerk

Revenue Categories	Scenario	Adjusted Budget 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022
Property Taxes	<i>Most Likely</i>	\$13,021,000	(2) \$13,568,150	(2) \$14,138,474	(2) \$14,736,745	\$15,326,214	\$15,939,263	\$16,576,833	\$17,239,907	\$17,929,503	\$18,646,683	\$19,392,551
Sales Tax	<i>Most Likely</i>	6,203,000	(3) 6,315,220	(3) 6,476,323	6,735,376	7,004,791	7,284,982	7,576,382	7,879,437	8,194,614	8,522,399	8,863,295
Transient Occupancy Tax	<i>Most Likely</i>	2,920,000	3,036,800	3,158,272	3,284,603	3,415,987	3,552,626	3,694,732	3,842,521	3,996,222	4,156,070	4,322,313
Utility Users' Tax	<i>Most Likely</i>	1,135,900	(4) 1,180,376	1,226,631	1,274,736	1,324,766	1,376,796	1,430,908	1,487,185	1,545,712	1,606,580	1,669,884
Franchise Fees	<i>Most Likely</i>	1,768,000	1,838,720	1,912,269	1,988,760	2,068,310	2,151,042	2,237,084	2,326,567	2,419,630	2,516,415	2,617,072
Licenses & Permits	<i>Most Likely</i>	3,371,465	3,506,324	3,646,577	3,792,440	3,944,137	4,101,903	4,265,979	4,436,618	4,614,083	4,798,646	4,990,592
Intergovernmental Revenue	<i>Most Likely</i>	1,140,552	(5) 940,285	977,897	1,017,013	1,057,693	1,100,001	1,144,001	1,189,761	1,237,351	1,286,845	1,338,319
Fines & Forfeitures	<i>Most Likely</i>	980,000	1,019,200	1,059,968	1,102,367	1,146,461	1,192,320	1,240,013	1,289,613	1,341,198	1,394,846	1,450,639
Interest & Rent Income	<i>Most Likely</i> (6)	681,188	(6) 821,836	(6) 997,449	(6) 1,213,669	1,264,016	1,316,377	1,370,832	1,427,465	1,486,364	1,547,618	1,611,323
Charges for Services	<i>Most Likely</i>	6,030,515	(7) 6,294,100	6,219,013	6,467,774	6,726,485	6,995,544	7,275,366	7,566,380	7,869,036	8,183,797	8,511,149
Donations	<i>Most Likely</i>	29,050	30,212	31,420	32,677	33,984	35,344	36,758	38,228	39,757	41,347	43,001
Other Financing Sources	<i>Most Likely</i> (8)	560,509	405,809	422,041	438,922	456,479	474,739	493,728	513,477	534,016	555,377	577,592
<b>Total Revenues</b>		<b>\$ 37,841,179</b>	<b>\$ 38,957,031</b>	<b>\$ 40,266,333</b>	<b>\$ 42,085,081</b>	<b>\$ 43,769,324</b>	<b>\$ 45,520,937</b>	<b>\$ 47,342,615</b>	<b>\$ 49,237,159</b>	<b>\$ 51,207,485</b>	<b>\$ 53,256,625</b>	<b>\$ 55,387,730</b>
<b>Expenditure Categories</b>												
510 - Salaries and Wages	<i>Most Likely</i> (9)	\$19,928,789	(9) \$20,785,727	(9) \$21,409,299	\$22,265,671	\$23,156,298	\$24,082,549	\$25,045,851	\$26,047,685	\$27,089,593	\$28,173,177	\$29,300,104
520 - Benefits	<i>Most Likely</i> (10)	7,451,483	(10) 7,768,171	(10) 8,516,246	(10) 8,822,831	9,175,744	9,542,774	9,924,485	10,321,464	10,734,323	11,163,696	11,610,243
530 - Operating Expense	<i>Most Likely</i> (11)	2,733,665	2,829,343	2,942,517	3,060,218	3,182,626	3,309,931	3,442,329	3,580,022	3,723,223	3,872,152	4,027,038
540 - Utilities	<i>Most Likely</i>	1,097,935	1,141,852	1,187,526	1,235,028	1,284,429	1,335,806	1,389,238	1,444,808	1,502,600	1,562,704	1,625,212
550 - Services	<i>Most Likely</i> (11)	3,632,460	(11)(12) 3,241,971	3,225,761	3,354,791	3,488,983	3,628,542	3,773,684	3,924,631	4,081,616	4,244,881	4,414,676
560 - Fixed Assets & Capital Outlay	<i>Most Likely</i> (11)	287,312	291,909	303,585	315,729	328,358	341,492	355,152	369,358	384,132	399,498	415,478
570 - Travel	<i>Most Likely</i>	51,106	53,355	55,489	57,708	60,017	62,417	64,914	67,511	70,211	73,020	75,940
580 - Repairs & Maintenance	<i>Most Likely</i> (11)	923,597	881,112	916,356	953,010	991,131	1,030,776	1,072,007	1,114,887	1,159,483	1,205,862	1,254,096
590 - Special Projects Expenditures	<i>Most Likely</i> (11)	257,478	347,595	361,499	375,959	390,997	406,637	422,903	439,819	457,412	475,708	494,736
590 - Transfers Out	<i>Most Likely</i>	2,377,800	2,472,912	2,571,828	2,674,702	2,781,690	2,892,957	3,008,676	3,129,023	3,254,183	3,384,351	3,519,725
<b>Total Expenditures</b>		<b>\$38,741,625</b>	<b>\$39,813,947</b>	<b>\$41,490,107</b>	<b>\$43,115,646</b>	<b>\$44,840,272</b>	<b>\$46,633,883</b>	<b>\$48,499,238</b>	<b>\$50,439,207</b>	<b>\$52,456,776</b>	<b>\$54,555,047</b>	<b>\$56,737,249</b>
<b>Total Impact to Fund Balance</b>		<b>(\$900,446)</b>	<b>(\$856,916)</b>	<b>(\$1,223,773)</b>	<b>(\$1,030,565)</b>	<b>(\$1,070,948)</b>	<b>(\$1,112,946)</b>	<b>(\$1,156,623)</b>	<b>(\$1,202,048)</b>	<b>(\$1,249,290)</b>	<b>(\$1,298,422)</b>	<b>(\$1,349,519)</b>
<b>Encumbrances and Reappropriations</b>	(11)	<b>419,900</b>										
<b>Downtown El Camino Specific Plan</b>	(11)	<b>225,980</b>										
<b>Net Operating Revenue</b>		<b>(\$254,566)</b>	<b>(\$856,916)</b>	<b>(\$1,223,773)</b>	<b>(\$1,030,565)</b>	<b>(\$1,070,948)</b>	<b>(\$1,112,946)</b>	<b>(\$1,156,623)</b>	<b>(\$1,202,048)</b>	<b>(\$1,249,290)</b>	<b>(\$1,298,422)</b>	<b>(\$1,349,519)</b>

**Notes to 10-year Forecast:**

- <sup>(1)</sup> Revenues and expenditures are generally anticipated to grow by inflation of 4% unless otherwise indicated.
- <sup>(2)</sup> Property Tax increases 3.5% in 2012-13 and 4.25% by 2014-15; Facebook tenant improvements complete by 2014-15
- <sup>(3)</sup> Sales Tax to grow 1% in 2012-13; 2% 2013-14; 4% growth thereafter.
- <sup>(4)</sup> Assumes 1% UUT tax rate on all utilities; assumes no change on UUT tax cap payers.
- <sup>(5)</sup> Intergovernmental revenues to decrease in 2012-13, San Carlos Dispatch contract expired November 2011.
- <sup>(6)</sup> Portfolio earnings recover slowly with yields growing to 3% by 2014-15.
- <sup>(7)</sup> Charges for Services increase 5% in 2012-13; Community Services increased utilization of City facilities; planning fees adjusted downward by 2013-14.
- <sup>(8)</sup> Other Financing Sources decrease due to RDA dissolution.
- <sup>(9)</sup> Reduction in dispatch; San Carlos dispatch contract expired November 2011; Salaries & Wages up 3% in 2013-14.
- <sup>(10)</sup> CalPERS rate increases assumed through 2015; labor concessions included.
- <sup>(11)</sup> Encumbrance carryover included \$419,900 and \$225,980 for Specific Plan; but removed from forecast calculation. Includes full cost of San Francisquito Creek JPA annual cost.
- <sup>(12)</sup> Increase Services budget to include \$50,000 in legal services for defense of a lawsuit filed against the City relating to Public Employees Pension Reform Act; removed from forecast calculation.

**Does not assume:**

- Sale of property or other General Fund assets
- Menlo Gateway development revenue
- Acquisition of additional parks and or facilities





## ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: February 28, 2012  
Staff Report #: 12-032

Agenda Item #: F-2

**CONSENT:**                    **Approve an Agreement with Capital Advocates to provide Legislative and Regulatory Advocacy on High Speed Rail Related Issues**

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### RECOMMENDATION

The Council High Speed Rail subcommittee recommends that the City Council approve an agreement with Capitol Advocates in an amount not to exceed \$50,000 from March 1, 2012 through December 31, 2012 to provide legislative advocacy High Speed Rail issues.

### BACKGROUND

Previously the City Council established a budget in the Capital Improvement Fund in 2009-10 and 2010-11 for assistance with High Speed Rail (HSR) issues. The budget has been used primarily for Legislative Advocacy purposes, although funds were also used for engineering technical expertise, and other miscellaneous expenses.

In June 2011, the City Council approved a Capital Improvement Project (CIP) for expenses related to High Speed Rail. During the budget discussions, the proposed budget amount for the 2011-12 CIP was reduced by the City Council from \$100,000 to \$50,000, reducing the amount available for Legislative Advocacy.

The City of Menlo Park has been utilizing the services of Capitol Advocates to assist with issues related to High Speed Rail since the Spring of 2010. During that same period, the City of Palo Alto, the Town of Atherton, and the City of Rico Rivera were also using the services of Capitol Advocates. The City of Palo Alto City Council chose a different firm to represent their interests in High Speed Rail, and the Town of Atherton is not currently utilizing a Legislative Advocate.

A Request for Proposals was issued to five agencies. Ultimately only two responded with a proposal: Capital Advocates and Gonsalves and Sons. The Council subcommittee interviewed both firms on January 23, 2012. Due to time constraints the Council subcommittee was not able to discuss their recommendation until the February 13<sup>th</sup> meeting. Copies of the responses are attached as Attachment A and B.

## **ANALYSIS**

The distinguishing difference between the two proposals is that Gonsalves and Sons serve as Legislative Advocates for a number of Cities on a broad range of issues related to municipal agencies. Capital Advocates has a high degree of expertise in High Speed Rail matters, which the Council subcommittee thought would better serve the City. Also, the Council subcommittee thought that by using Capital Advocates the City's position would be better represented than by a firm that had dozens of other clients.

The Council's subcommittee experience to date with Capitol Advocates has been useful, and the City Council subcommittee recommends continuing the agreement. The Council subcommittee does recommend some modifications to the agreement and scope of work. Specifically, the Committee recommends that the Legislative Advocate:

1. Report directly to the City Manager or his designee, instead of to the Council subcommittee members.
2. Focus on tasks and responsibilities that are a value add to the outcome. As an example, it may not be necessary for the Legislative Advocate to attend all of the Legislative Committee meetings.
3. The Council should receive quarterly updates at Council meetings directly from the Legislative Advocate and written legislative and activity updates once a month.
4. The City should be broadly represented with the Legislature including legislative, regulatory and High Speed Rail related issues. The Consultant will represent the City within the parameters of the Council adopted Guiding Principles.
5. The agreement provides for a monthly retainer of \$5,000 plus expenses. Hours in excess of those covered by the retainer are charged at \$325 per hour. Previous experience indicates that some months are busier than others, so the subcommittee recommended that the unused hours roll over from month to month and that no additional hours are worked except at the explicit direction of the City.
6. Begin the agreement with a kick off meeting with the Council subcommittee to set expectation and focus on measureable outcomes for the coming 9 months.

Note that not all of these issues were addressed with the firm, but will be once the feedback of the full City Council is received. It should also be noted that the Subcommittee did not have an opportunity to discuss the length of the contract. Nine months is proposed to provide coverage through the end of the calendar year, with an opportunity to reassess the value of the contract at that time. HSR issues change dramatically over time, and the contract renewal will provide an opportunity to check back in with the City Council.

## **IMPACT ON CITY RESOURCES**

The City Council approved a Project budget of \$50,000 for 2011-2012. The funds budgeted are insufficient to pay for the proposed services as well as other possible


needs during this time period, but as a Capital Project, any prior year residual funds will roll from year to year. As a result, residual funds from earlier funding cycles are available to assist in funding the project if needed.

### **POLICY ISSUES**

High Speed Rail is a complex and highly politicized policy area, with many key meetings held outside of the City. It is not feasible for individual Council members or staff to be available to represent the City at each of these legislative and/or technical meetings. The use of a legislative advocate increases the City's visibility, and provides knowledgeable insight to the political process.

### **ENVIRONMENTAL REVIEW**

Approval of the project and budget are not deemed a project under the California Environmental Quality Act.



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Starla Jerome-Robinson  
Interim City 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.

### **ATTACHMENTS**

- A: Proposal from Capital Advocates
- B: Proposal from Gonsalves and Sons



**CAPITOL ADVOCATES**

Legislative and Regulatory Advocacy

1215 K Street, 17th Floor • Sacramento, California 95814  
telephone 916.486.1955 • facsimile 916.485.2509

October 3, 2011

**RECEIVED**

OCT - 5 2011

Ms. Margaret Roberts  
City Clerk  
City of Menlo Park  
701 Laurel Street  
Menlo Park, California 94025-3483

**City Clerk's Office  
City of Menlo Park**

**RE: Letter of Intent and Statement of Qualifications for Professional Services for  
State Rail Advocacy**

Dear Ms. Roberts:

Thank you for the opportunity to submit the enclosed Letter of Intent and Statement of Qualifications (SOQ) for professional services for State Rail Advocacy. I look forward to meeting with the Rail Committee to discuss my qualifications to continue assisting the City with this extremely critical issue.

Thank you for your consideration.

Sincerely,

Ravi Mehta

RM:gjs

Enclosures



**CAPITOL ADVOCATES**  
Legislative and Regulatory Advocacy

**LETTER OF INTENT  
AND  
STATEMENT  
OF  
QUALIFICATIONS**



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Fee Schedule.....Section 5.00  
Conclusion .....Section 6.00

**Attachments:**

Capitol Advocates case studies and client list.....Attachment 1  
Biography of Ravi Mehta.....Attachment 2  
Example of Legislative update and Quarterly Report.....Attachment 3  
Samples of Work.....Attachment 4

## **1.00 INTRODUCTION**

Capitol Advocates is pleased to submit this Letter of Intent and Statement of Qualifications (SOQ) for professional legislative and advocacy services associated with advancing the City of Menlo Park's (City) interests at the State and local level as they relate to the California High Speed Rail project.

Capitol Advocates has the necessary experience and expertise to provide the City of Menlo Park with strategic advice, and lobby on its behalf at the local, regional, state, and federal levels to ensure that the City's interests are protected, and to promote its interests as outlined in the City's guiding principles.

## **2.00 DESCRIPTION OF FIRM, EXPERIENCE, AND PRACTICES**

Capitol Advocates provides clients with more than 40 years of combined experience in the executive, legislative, and regulatory arenas within federal, state and local governments. Please see attached case studies and client list (Attachment 1).

Unlike other firms, we also provide legal expertise necessary to analyze legislation and regulations affecting our clients' interests. This makes Capitol Advocates unique because our clients do not have to retain additional legal assistance.

Capitol Advocates' expertise embraces all aspects of public policy and government relations. This includes successfully achieving positive outcomes for clients through legislative and regulatory initiatives.

For almost three decades, Capitol Advocates' Principal, Ravi Mehta<sup>1</sup>, has served as a public servant for United States Senator S.I Hayakawa; served as Governor Wilson's Deputy Appointments Secretary, and as Chairman of the California Fair Political Practices Commission; as Executive Assistant to Orange County Board of Supervisor Gaddi Vasquez; as well as an Orange County Deputy District Attorney. Before founding Capitol Advocates in 2000, Ravi Mehta also worked as a litigation attorney and lobbyist with two International law firms<sup>2</sup> representing numerous governmental entities and fortune 500 companies on various issues at the

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<sup>1</sup> Ravi is the principal lobbyist for Capitol Advocates. As such, either the first or third person will be used to describe the Firm's experience, capabilities and relationships.

<sup>2</sup> Ravi worked at Jones Day Reavis and Pogue in its Irvine office, as well as for Arter & Hadden in Sacramento.

federal, state and local levels, including Congress, state and federal agencies and departments, the California state legislature, as well as before numerous County Boards of Supervisors, and City Councils.

## **2.1 FEDERAL AND STATE PRACTICE**

Effective government affairs professionals remain constantly prepared for dramatic, sudden changes in executive and legislative branch politics. This is one of many areas where Capitol Advocates delivers unparalleled direct experience. We are able to represent our clients' interests and obtain desired results through established relationships with the current leadership in the federal and state executive branches, as well as Congress and the California Legislature. This includes relationships with the key federal officials, US Senators, Congressional leaders, Governor, President pro tempore of the Senate, Speaker of the Assembly, Committee Chairs and other key executive and legislative branch officials. Additionally, with respect to HSR issues, I have worked closely with legislative policy committees and have very strong relationships with their legislative members and committee staff.

Capitol Advocates has worked on hundreds of legislative proposals and has a tremendous record of success for our clients. Over two decades I have successfully represented numerous fortune 50 companies, cities, special districts, and charitable organizations on a myriad of issues. In addition to protecting clients from legislative proposals detrimental to their businesses, every bill, but one (AB 952), sponsored by my clients that has made it to the Governor's desk (both Democrat and Republican) has been signed into law. I have been successful because of my strong personal relationships with various Governors, legislators and their staff from both sides of the aisle, as well as my reputation for honesty, integrity, thoroughness, and effectiveness. In Sacramento, relationships and knowledge of the issues is what matters most, not the color of your party affiliation.

Capitol Advocates utilizes creative and unprecedented solutions to clients' issues by designing and implementing results-driven advocacy strategies and mobilizing business, community-based organizations, and grass-roots coalitions<sup>3</sup> to support lobbying initiatives.

The Firm's resources and capabilities mean that clients receive extensive, up-to-date, and significant information from key decision-makers in Washington, Sacramento, and local governments. At the same time, our clients benefit from services that cover a wide spectrum of tactical resources, including:

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<sup>3</sup> On the CHSR project, Ravi has worked closely and effectively with Californians Advocating Responsible Rail Design (CARRD), Community Coalition on High Sped Rail (CCHSR), the Gateway Cities Coalition, and other organizations.



- Research
- Data Collection
- Preparation and implementation of a strategic lobbying plan to meet the client's objectives
- Developing and maintaining relationships with elected and appointed officials
- Continuous monitoring and evaluation of legislative activities, actions, and proposed votes affecting the client's interests
- Securing votes to advance the client's interests
- Drafting and amending legislative initiatives
- Issue management
- Testimony before the Legislature, California High Speed Rail Authority, local Transportation Agencies, Boards of Supervisors, City Councils, and other governmental entities, as necessary.
- Advocacy before law and policy makers at all levels to ensure a successful legislative strategy.

The firm also provides a comprehensive array of legislative and executive branch services, including policy and political analysis, strategy development, and communications.

## **2.2 CALIFORNIA HIGH SPEED RAIL AUTHORITY**

As Governor's Deputy Appointment's Secretary, I was responsible for recommending individuals to the Governor for appointments to state agencies, departments, and hundreds of boards and commissions, including the California High Speed Rail Commission, and the California Transportation Commission.

I am extremely familiar with the current High Speed Rail Project and have worked on HSR issues since 1989 when I was Executive Assistant to an Orange County Supervisor. The proposed HSR project at that time was to run between Anaheim and Las Vegas.

In addition to being intimately knowledgeable about the underlying HSR issues, representing the Cities of Menlo Park, Palo Alto, Atherton, and Pico Rivera for the past two years, I have worked very closely and am extremely familiar with the Authority's CEO, Roeloff van Ark, and Board members, including the

Chairman, Tom Umberg<sup>4</sup>. I also personally know and have worked with many of the other Board members and CHSRA staff.

### **2.3 LOCAL GOVERNMENT PRACTICE**

Capitol Advocates' reputation for effective advocacy extends beyond Washington and Sacramento. The success of our clients often depends on working with local government agencies. In this specialty area, Capitol Advocates advances client's interests, when necessary, before local government and community leaders.

With local government, we bring to the table the same skill sets that define our success at the federal and state level: an in-depth understanding of regulatory issues and an experienced perspective on what is necessary to turn strategy into results.

### **2.4 CALTRAIN PENINSULA CORRIDOR JOINT POWERS BOARD (PCJB)**

Capitol Advocates has also worked with the CalTrain Peninsula Corridor Joint Powers Board (PCJB) on issues related to the development of the California High Speed Rail System. Since the CHSRA San Jose to San Francisco segment is currently planned to use the CalTrain right of way, my years of experience, knowledge, and working relationship with the PCJB on HSR issues is critical to ensuring continuity for the benefit of Menlo Park.

### **2.5 CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA), AND NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)**

As a seasoned litigation attorney<sup>5</sup> having worked on a number of significant litigation matters, as well as issues related to the development of the California High Speed Rail System, I have knowledge and experience with both CEQA and NEPA. Additionally, I have lobbied on numerous legislative bills affecting CEQA, and most recently, worked aggressively to defeat numerous bills that would have significantly changed CEQA laws to exempt various projects (including High Speed Rail) from CEQA requirements.

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<sup>4</sup> Tom and I have known each other since our days as Prosecutors in Orange County. He was with the US Attorney's office and I with the District Attorney. Tom was subsequently elected to the State Assembly, where I continued to work with him on various legislative issues. For the past two years, Tom and I have also worked on HSR issues and he has been extremely accessible to me.

<sup>5</sup> Ravi has tried over 100 jury trials to verdict and never lost a case.

Just recently Congressman Jeff Denham announced the introduction of a congressional bill to waive NEPA requirements for certain projects in order to enhance job creation. Governor Brown also signed two bills that did in fact waive CEQA requirements. One was for building a football stadium in Los Angeles (SB 292), and the other (AB 900) was for projects to be identified by the Administration. Given the fact that the federal government has mandated that construction of the Central Valley segment of HSR must begin in early 2012, it is virtually certain that in the upcoming legislative session, the CHSRA will attempt to obtain both CEQA and NEPA waivers to comply<sup>6</sup>. With this in mind, my experience on CEQA and NEPA not only as a litigator, but also as a lobbyist who has successfully defeated similar legislation in the past, is an important asset at this critical juncture of the City's lobbying efforts on HSR.

### **3.00 RELEVANT PROJECT EXPERIENCE**

#### **California High Speed Rail Project - Cities of Atherton, Menlo Park, Palo Alto, and Pico Rivera (Cities)<sup>7</sup>**

Capitol Advocates represents the Atherton, Menlo Park, Palo Alto, and Pico Rivera (Cities) on issues related to the design and development of the California High Speed Rail System. Since January 2010, I have worked at all levels of government, but primarily with the Governor, Legislature and the California High Speed Rail Authority (CHSRA) to ensure that the proposed High Speed Rail routes do not adversely affect the Cities' interests.

Representation of the Cities' interests has included:

1. Preparing and implementing a strategic lobbying plan to meet each of the Cities' High Speed Rail objectives.
2. Working with the Cities' Mayors, the High Speed Rail Sub-Committees, City Managers, staff, and concerned community groups and citizens regularly to develop strategies to react to the ever-changing policies of the CHSRA, as well as responding to legislative proposals adverse to the interests of each of the Cities.

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<sup>6</sup> The Governor has stated that he supports High Speed Rail in California and he has signaled that he intends to introduce a comprehensive legislative package in the upcoming legislative session to move forward with the proposed HSR project.

<sup>7</sup> In the interest of brevity, project experience for the cities of Atherton, Menlo Park, Palo Alto, and Pico Rivera are consolidated into one section, as many aspect of the Firm's representation of each city's interests, while not identical, are similar. However, in addition to common issues, Capitol Advocates represents the specific interests of each city, relative to the associated impacts of the High Speed Rail Project.

3. Monitoring legislative bills, agendas, proposals, EIS/EIR and other documents.
4. Working with Cities' Councils, staff, and engineering consultants on developing responses to the EIS/EIR and testifying at CHSRA meetings on related issues.
5. Defeating legislation that would have potentially exempted the High Speed Rail project from CEQA.
6. Defeating High Speed Rail legislation that would have significant and direct negative impacts on local communities.
7. Convinced the Senate Budget Sub-Committee to require the CHSRA to provide regular reports on its activities.
8. Convinced the Senate Budget Sub-Committee to provide funding for the Peer Review Committee so it can meet regularly to fulfill its oversight obligations as mandated in Proposition 1A.
9. Convinced the Senate Transportation Committee to request a review of the Cambridge Systematics ridership study, which the CHSRA was using as the basis for its revenue projections to support the Project. Econometrics experts from Stanford University discovered that the CHSRA's ridership study, the very foundation for the entire project, was fatally flawed. Together, we convinced the Senate Transportation Committee Chair, Senator Lowenthal, to seek an independent review of the Ridership study. The Berkeley Institute of Transportation Studies, commissioned by the Senate Transportation Committee to do the independent review, opined that the entire study was flawed because Cambridge Systematics manipulated the result by using assumptions to meet a predetermined goal.

At our request, the Senate Transportation Committee subsequently held a hearing on the adequacy and reliability of the ridership study and determined that the CHSRA authority was in fact manipulating the process; declared that the Committee had no confidence in the CHSRA; and that the High Speed Rail Project should not move forward until a reliable ridership study is completed; and advised that the Committee intends to reign-in the Authority and its funding during the 2011 legislative session.

10. Garnered the support of numerous legislators by educating them on the problems associated with the High Speed Rail Project. Our lobbying efforts have significantly changed the sentiment of HSR within the legislature from one of unequivocal support to skepticism.
11. Drafted legislative proposals to take a more proactive approach, rather than having the Cities respond to the actions of the CHSRA.
12. Drafted and introduced legislation, including Assembly Bill 952 (Jones) that would ensure that there would be integrity and ethics within the CHSRA. AB 952 was passed by both Houses of the legislature with absolutely no No votes, and is the only HSR bill to have made it to the Governor's desk for signature.
13. Worked with community organizations and coalitions to support and further our Client's interests.
14. Worked with neighboring counties, cities, transportation agencies, and local rail authorities (CalTrain) to address client issues and garner support for client positions.
15. Worked with the Federal Railroad Authority on various issues affecting High Speed Rail and client issues.
16. Worked with Congressional leaders to assist Menlo Park and other Peninsula cities on HSR issues.
17. Ensured that all reporting requirements at the federal, state, and local level, including filing lobbyist employer reports with the Secretary of State, were timely met.
18. Provided regular legislative updates and status reports.

**4.0 MONITORING AND EVALUATING AGENCIES, SECURE VOTES, DEVELOP POSITIVE CONTACTS WITH ELECTED AND APPOINTED OFFICIALS AND STAFF, AND INFORM CITY OF SITUATIONS THAT REQUIRE TESTIMONY OR STATEMENTS**

An effective lobbying strategy and approach necessarily includes constant monitoring, evaluation and relationship development within the legislature and the CHSRA. Capitol Advocates' intends to implement all of these critical tasks to ensure that the City's objectives are met, its interests are protected, and the necessary votes are garnered to at every stage of the process. Additionally, Capitol Advocates as a matter of practice, and in representing the City, will continue to regularly keep City staff apprised of any and all meetings, hearings or other events, and of any such event that would benefit from the presence of, or statement from, the Council, HSR Sub-Committee, City Manager, or staff.

**4.1 Monitoring and reporting on legislative activities, actions, and proposed votes**

Capitol advocates' practice is to prepare regular legislative updates on the activities and actions of each of the agencies it lobbies. In addition, Capitol Advocates will keep the Council, HSR Sub-Committee, City Manager, and staff apprised of any developments on a regular basis via email and other correspondence to ensure that everyone is always up to date. An example of a legislative update is attached for your reference (Attachment 3).

**4.2 Compliance with federal, state, and local guidelines and requirements, as well as all lobbyist registration and reporting requirements.**

As the former Chairman of the California Fair Political Practices Commission, I am acutely aware of and appreciate the registration and reporting requirements for lobbyists. I am also acutely aware of the obligations and responsibilities of lobbyists with respect to gifts, contributions, and other restrictions and limitations placed by the various government entities. Capitol Advocates will not only ensure its compliance, but will also ensure that the City is always in full compliance, and prepare/file all necessary documents as required.

### **4.3 Taking the lead in providing direction and recommendations**

As your lobbyist, Capitol Advocates will always suggest courses of action that we believe are in the best interests of the City, with the understanding that the City ultimately has the final decision on whether to implement our recommendations. It is our belief that the City expects its professional consultants (whether lawyers or lobbyists) to take the lead and provide the appropriate advice, strategy, and recommendations.

### **4.4 Conflict of Interest**

Capitol Advocates does not now, nor intends to, represent any clients (public or private) that would create a conflict of interest in representing the City of Menlo Park. While there are no rules prohibiting lobbyists from representing competing interests, as an attorney I employ and maintain the highest standards of professionalism and ethics required of lawyers even when I represent clients as a lobbyist. Many lobbying firms that represent other interests may have direct or indirect conflicts, which could compromise their effectiveness to the detriment of the city.

### **5.0 FEE SCHEDULE**

Based on my experience working on HSR issues for the past two years, for the scope and magnitude of the work described and discussed, Capitol Advocates proposes to represent the City for lobbying on High Speed Rail issues for a minimum monthly retainer of \$5,000 plus necessary expenses<sup>8</sup>, which will include approximately 15 hours of work per month<sup>9</sup>. Any additional time will be billed at a discounted rate of \$325/hour. The firm's standard hourly rate is \$525 for legal and lobbying representation. The firm does not charge for secretarial or administrative time.

### **6.0 CONCLUSION**

Capitol Advocates is extremely well qualified to represent and protect the City's interests with respect to the California High Speed Rail Project. I believe that through the strength of my professional and personal

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<sup>8</sup> The agreement is for a minimum one-year.

<sup>9</sup> Lobbying is very labor intensive and because Capitol Advocates represents other cities on HSR issues, the cities collectively benefit from economies of scale, as I am able to devote the requisite time necessary to be effective in the legislature and at the CHSRA. Experience has shown that due to the multitude of issues at the CHSRA as well as the numerous bills affecting HSR, a considerable amount of time is necessary to ensure that the cities interests are fully protected and not compromised in any way.

relationships with federal, state and local elected officials, coupled with being as a seasoned and effective lawyer and lobbyist with extensive knowledge and experience working on the California High Speed Rail Project, the City of Menlo Park can be assured that its interests will be advanced and protected.

Thank you for you consideration.



# ATTACHMENT 1

# Case Studies

## McKee Foods

McKee Foods is a privately held multi-billion dollar company based in Collegedale Tennessee. It manufacturers and distributes snack foods, including the famous Little Debbie line of snacks.

As part of its distribution program, the company entered into agreements regulated by the California Seller Assisted Market Plan Act (SAMP). However, the Act's vague wording exposed McKee to frivolous, but expensive lawsuits. McKee approached Capitol Advocates, which advised how the company could eliminate this threat by having the law amended to remove vagueness. McKee's General Counsel was impressed with our thorough understanding of the law and our proposed legislative strategy.

Capitol Advocates researched the law and carefully drafted a bill that would eliminate frivolous lawsuits stemming from the SAMP Act. We identified a key legislative author who agreed to carry the legislation for McKee Foods. Capitol Advocates worked closely with the Attorney General's office, which is charged with enforcing the SAMP Act, to gain support for our proposed amendments to the Act. Having secured the Attorney General's support, we then worked with the bill's author, appropriate legislative committees in both the Senate and Assembly, and leaders of both Houses to pass the bill. The bill was signed into law by the Governor and dramatically cut McKee's exposure to frivolous lawsuits.

## Metabolife, Inc.

Metabolife, Inc. is an extremely successful dietary supplement manufacturer with brands that include Metabolife Ultra®, Metabolife® Green Tea, Metabolife® Caffeine Free, Metabolife® Break Through, Metabolife® Extreme Energy and Metabolife® Aqua Slim™

Unfortunately, Metabolife's highly successful branding campaign attracted copycats who willfully violated trademark laws. This causing significant consumer confusion and posed a threat to the brand. Metabolife retained Capitol Advocates to assist with curtailing this growing trademark infringement problem.

After thorough research, legal analysis, and gaining support from the Attorney General and numerous District Attorneys, we drafted legislation to amend the California Trademark laws to protect Metabolife and other companies in California. We secured an author (a former Speaker of the State Assembly) and lobbied the bill through both Houses of the Legislature. The Governor signed the bill into law empowering Metabolife and thousands of other California Corporations with the ability to better protect their trademarks and products.

### Oracle Corporation

Oracle Corporation is the world's leading supplier of software for information management and the world's second largest independent software company. Its technology can be found in nearly every industry, and in the data centers of nearly all Fortune 100 companies.

Oracle Corporation retained Capitol Advocates to assist with legislative issues, as well as procurement matters at the state and local government levels. Oracle initially requested assistance with developing its state and local government procurement and marketing strategy. Based on this strategy, Capitol Advocates worked with Oracle's state and local government sales team and won numerous multi-million dollar contracts, including a \$100 million contract for an Enterprise License Agreement.

### EMC Corporation

EMC Corporation is among the world's leading developers and providers of information infrastructure technology.

EMC retained Capitol Advocates to assist with federal, state and local government procurement. Working with EMC's government sales team, Capitol Advocates developed a procurement strategy resulting in numerous government

contracts. Of these, the largest was a \$35 million contract awarded by the federal government for the United States Air Force. The Air Force issued a Request for Proposal's (RFP), which EMC not only wanted to win, but also wanted to close and deliver product before the end of its year-end quarter. Capitol Advocates deployed significant efforts at all levels of the federal government to assist EMC in being awarded the contract and ensuring that the Air Force took possession of the products within the desired time frame.

### Allsteel, Incorporated

Allsteel, Inc. is part of the HNI Corporation and the second largest office furniture manufacturer in North America.

The company retained Capitol Advocates to assist with environmental compliance and procurement issues. In accomplishing Allsteel's objectives, Capitol Advocates brought together Allsteel, the California Environmental Protection Agency, and the Department of General Services to ensure that its products were compliant with all environmental standards. This greatly enhanced Allsteel's ability to participate in the state's procurement process. This included Capitol Advocates playing an instrumental role in Allsteel being awarded a California State furniture contract for \$110 million.

# Client List

*(Includes past and current clients)*

## Aviation

HMS Aviation, Inc.

Sky Cargo, Inc.

Southwest Airlines

## Automotive

Clippinger Ford

Superior Holdings, Inc.

West Covina Motors

## Banking/Finance

Continental Currency Services, Inc.

Gateway Finance Corporation

Payday Loans, Inc.

The Principals Capital Corporation

Transpacific Currency Services, Inc.

## Charitable Organizations

California Charity Bingo Association

Disabled Sports USA, West

Goodwill Industries

Saddle Pals

Society for the Blind

United Cerebral Palsy

WIND Youth Services

## Energy/Oil

Coachella Petroleum, Inc.

Jiffy Lube, Inc.

## Gambling

Network Management Group, Inc.

Video Gaming Technologies, Inc.

## Government

Antelope Valley Hospital District

The Town of Atherton

City of Cathedral City

City of Menlo Park

City of Palo Alto

City of Pico Rivera

Sweetwater Union High School District

## Health

Metabolife, Inc.

Newport Audiology

Tissue Bank International

## Technology

America Online

EMC Corporation

Etouch Systems, Inc.

Flexplay Technologies, Inc.

Oracle Corporation

Saber Consulting

Telelogic, Inc.

Unify Corporation

Worksoft, Inc.

## Manufacturing

Allsteel, Inc.

Haro Bicycles

McKee Foods, Inc.

## Real Estate

Capital Valley Real Estate Consultants, Inc.

Regency Homes

Real Estate (Cont.)

Sandpiper Development, Inc.

Retail

Super Duper 98 cent Stores

Wine/Alcohol Industry

California Premium Wine Assoc.

Gateway Estate Wines, Inc.

# **ATTACHMENT 2**



**CAPITOL ADVOCATES**  
Legislative and Regulatory Advocacy

## Profile

### Areas of Emphasis

#### Government Affairs

- Federal Agencies & Departments
- United States Senate & Congress
- California Governor and Legislature
- State Boards and Commissions
- County and City Government Agencies

#### Regulatory

- Rulemaking
- Litigation
- Licensing issues government agencies
- Enforcement matters before all agencies, boards and commissions

#### Education/Professional Memberships

- Whittier College School of Law (JD)
- Cambridge University, Emmanuel College (law).
- University of California, Los Angeles (B.A., Economics and Political Science)
- Member, California State Bar
- Judicial Nominee Evaluation Commission (past member)
- California District Attorneys Association (past ex officio member)
- California Council on Criminal Justice- Juvenile Justice & Delinquency Prevention Commissioner (past member)



### Experience

- Chairman of the California Fair Political Practices Commission which regulates every State and Local officeholder, candidate, and government official.
- Deputy Appointments Secretary Governor Pete Wilson
  - Assisted Governor with selecting hundreds of appointees to all levels of the Executive and Judicial branches of government.
- Jones Day Reavis & Pogue and Arter & Hadden.
  - Practiced as a senior litigation and government affairs attorney.
- United States Senate
  - Worked for Senators S.I. Hayakawa, and Pete Wilson
- Argued before the California Supreme Court in *Kopp v. Fair Political Practices Commission*, 1995.
- Executive Assistant to Orange County's Chairman of the Board of Supervisors.
- Deputy District Attorney, Orange County.
  - Tried over 100 jury trials to verdict. Outstanding Prosecutor Award (California District Attorney's Association)



# ATTACHMENT 3



**CAPITOL ADVOCATES**  
Legislative and Regulatory Advocacy

**M E M O R A N D U M**

**To: High Speed Rail Committee**

**From: Ravi Mehta**

**Date: March 3, 2011**

**RE: Legislative Update: Pending legislation that directly or indirectly impacts the California High Speed Rail Project**

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The 2011 legislative session is in full swing again, with the February 21<sup>st</sup> deadline to introduce bills behind us. Bills can be heard in Committee after 30 days of introduction. March and April will be extremely busy with committee hearings and related lobbying activity.

Many High Speed Rail bills were introduced. It appears that our collective efforts in educating the legislature and staff were successful. The level of interest and concern over the HSR project is significant. While very few have expressed outright opposition, no one (except Assemblywoman Galgiani) has expressed outright support.

The subject matter of the bills are very telling of the concerns within the legislature. As you can imagine, no legislator is willing to introduce legislation unless he/she has serious concerns and believes that only legislative solutions will resolve the problem and address the issues. There has been a sea change in the mindset of the legislature and we may finally see some response from the HSR Authority.

When committee hearings are scheduled on these bills, there is an expectation, at least by the authors that have agreed to carry our sponsored bills, that we will have plenty of witnesses to testify. I will give adequate notice and hope we will not disappoint Assemblymen Brian Jones, David Valadeo, and Richard Gordon.

## High Speed Rail Legislation

**AB 16** (Perea D) High-Speed Rail Authority.

**Introduced:** 12/6/2010

**Status:** 1/24/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 1/24/2011-A. TRANS.

**Summary:** This bill would require the authority to make every effort to purchase high-speed train rolling stock and related equipment that are manufactured in California, consistent with federal and state laws.

**AB 31** (Beall D) Land use: high-speed rail: local master plan.

**Introduced:** 12/6/2010

**Last Amend:** 2/14/2011

**Status:** 2/15/2011-Re-referred to Com. on L. GOV.

**Is Fiscal:** Y

**Location:** 2/15/2011-A. L. GOV.

**Summary:** This bill would establish the High-Speed Rail Local Master Plan Pilot Program, applicable to specified cities and counties, and would authorize each of those jurisdictions to prepare and adopt, by ordinance, a master plan for development in the areas surrounding the high-speed rail system in each jurisdiction. The bill would authorize the high-speed rail master plan to include incentives for encouraging investment and coherent growth in the areas surrounding the high-speed rail system in each participating jurisdiction. The bill would also authorize the participating jurisdictions to collaborate with the State Air Resources Board to develop incentives to encourage development while concurrently reducing greenhouse gas emissions, consistent with or pursuant to the California Global Warming Solutions Act of 2006 or another specified provision of law requiring the board to provide greenhouse gas emission reduction targets for the preparation of regional sustainable communities strategies. The bill would authorize the master plan to exceed the requirements of the jurisdiction's general plan or the applicable regional sustainable communities strategy with respect to fostering sustainable communities around the high-speed rail system.

**AB 41** (Hill D) Conflicts of interest: disqualification.

**Introduced:** 12/6/2010

**Status:** 1/24/2011-Referred to Com. on E. & R.

**Is Fiscal:** Y

**Location:** 1/24/2011-A. E. & R.

**Summary:** Existing provisions of the Political Reform Act of 1974 prohibit a public official at any level of state or local government from making, participating in making, or attempting to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest, as defined. Existing law also requires specified elected and appointed officers at the state and local level of government to disclose specified financial interests by filing periodic statements of economic interests. Existing law further requires public officials who hold specified offices and who have a financial interest in a decision within the meaning of the Political Reform Act of 1974 to publicly identify the financial interest giving rise to the conflict of

interest or potential conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote, and other disposition of the matter is concluded, except as specified. This bill would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

**AB 57** (Beall D) Metropolitan Transportation Commission.

**Introduced:** 12/6/2010

**Last Amend:** 2/2/2011

**Status:** 2/3/2011-Re-referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 2/3/2011-A. TRANS.

**Summary:** The Metropolitan Transportation Commission Act creates the Metropolitan Transportation Commission as a regional agency in the 9-county San Francisco Bay Area with comprehensive regional transportation planning and other related responsibilities. Existing law requires the commission to consist of 19 members, including 2 members each from the Counties of Alameda and Santa Clara, and establishes a 4-year term of office for members of the commission. This bill would, instead, require the commission to consist of 21 members, including one member appointed by the Mayor of the City of Oakland and one member appointed by the Mayor of the City of San Jose. The bill would require the initial term of those 2 members to end in February 2015. The bill would, effective with the commission term commencing February 2015, prohibit more than 3 members of the commission from being residents of the same county, as specified. By imposing new requirements on a local agency, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

**AB 58** (Galgiani D) High-speed rail.

**Introduced:** 12/6/2010

**Status:** 1/27/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 1/27/2011-A. TRANS.

**Summary:** This bill would authorize the Governor to appoint up to 5 deputy directors exempt from civil service who would serve at the pleasure of the executive director. This bill contains other related provisions and other existing laws.

**AB 76** (Harkey R) High-speed rail.

**Introduced:** 12/22/2010

**Status:** 1/27/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 1/27/2011-A. TRANS.

**Summary:** Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of \$9.95 billion in general

obligation bonds for high-speed rail and related purposes. Article XVI of the California Constitution authorizes the Legislature, at any time after the approval of a general obligation bond act by the people, to reduce the amount of the indebtedness authorized by the act to an amount not less than the amount contracted at the time of the reduction or to repeal the act if no debt has been contracted. This bill would reduce the amount of general obligation debt authorized pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the amount contracted as of January 1, 2012.

**AB 133** (Galgiani D) High-speed rail.

**Introduced:** 1/12/2011

**Status:** 2/3/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 2/3/2011-A. TRANS.

**Summary:** Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail and related purposes. The federal Passenger Rail Investment and Improvement Act of 2008 (PRIIA) and the federal Consolidated Appropriations Act, 2010 provide funding for allocation nationally to high-speed rail and other related projects. This bill would require federal funds made available to the state for high-speed rail purposes under the above-referenced federal acts to be available, upon appropriation, for certain work on one or more specified rail corridors approved by the Federal Railroad Administration, in a manner consistent with certain provisions of, and subject to certain conditions of, the bond act.

**AB 145** (Galgiani D) High-speed rail.

**Introduced:** 1/13/2011

**Status:** 2/3/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 2/3/2011-A. TRANS.

**Summary:** This bill would revise and recast these provisions by repealing and reenacting the California High-Speed Train Act. The bill would continue the High-Speed Rail Authority in existence to make policy decisions relative to implementation of high-speed rail consistent with Proposition 1A. The bill would create the Department of High-Speed Trains within the Business, Transportation and Housing Agency, which would implement those policies. The bill would transfer certain of the existing powers and responsibilities of the authority to the department and would specify additional powers and duties of the authority and department relative to implementation of the high-speed rail project, including the annual submission of a 6-year high-speed train capital improvement program and progress report to the Legislature. The director of the department would be appointed by the Governor, who would serve at the pleasure of the authority, and the Governor would be authorized to appoint up to 10 officers of the department who would be exempt from civil service and serve at the pleasure of the director. The bill would provide for acquisition and disposition by the department of rights-of-way for the high-speed rail project.

**AB 385** (Harkey R) High-speed rail.**Introduced:** 2/14/2011**Status:** 2/15/2011-From printer. May be heard in committee March 17.**Is Fiscal:** N**Location:** 2/14/2011-A. PRINT

**Summary:** Existing law creates the High-Speed Rail Authority, with various powers and duties relative to development and implementation of high-speed train service. This bill would state the intent of the Legislature to enact legislation relative to the implementation of high-speed rail.

**AB 952** (Jones R) High-speed rail. (Sponsored by cities of Atherton, Menlo Park, Palo Alto, & Pico Rivera)**Introduced:** 2/18/2011**Status:** 2/20/2011-From printer. May be heard in committee March 22.**Is Fiscal:** Y**Location:** 2/18/2011-A. PRINT

**Summary:** Existing law creates the High-Speed Rail Authority with specified powers and duties relative to development and implementation of a high-speed train system. The authority is composed of 9 members, including 5 members appointed by the Governor. Members of the authority are subject to the Political Reform Act of 1974. This bill would prohibit a member or employee of the authority from being the recipient of any gift, as defined, for purposes of the Political Reform Act. The bill would prohibit a construction company, engineering firm, consultant, legal firm, or any other company, vendor, or business entity with a contract or seeking a contract with the authority, or subcontractor of any of the foregoing, or owner, employee, or any member of their immediate families of any of these companies, firms, vendors, entities, or subcontractors, from making any gift to a member or employee of the authority, or to any member of their immediate families. The bill would allow the authority itself to receive gifts, subject to approval of the Senate. The bill would also allow the authority to transfer the gifts it receives to any person only with the approval of the Senate. This bill contains other related provisions.

**AB 953** (Jones R) High-speed rail. (Sponsored by cities of Atherton, Menlo Park, Palo Alto, & Pico Rivera)**Introduced:** 2/18/2011**Status:** 2/20/2011-From printer. May be heard in committee March 22.**Is Fiscal:** Y**Location:** 2/18/2011-A. PRINT

**Summary:** This bill would provide that no funds from Proposition 1A shall be available to the High-Speed Rail Authority for construction of the high-speed train system until adequate environmental studies are completed based on a new ridership study that uses an acceptable ridership evaluation methodology. The bill would require the authority to contract with the Institute of Transportation Studies at the University of California at Berkeley to complete a revised ridership study, using the ridership methodology of the institute. The bill would require the authority to use that ridership study as the basis for

subsequent environmental studies. The bill would also require the authority to reconsider its adoption of the optimal high-speed rail route based both on the new ridership study and the ridership methodology.

**AB 1092 (Lowenthal, Bonnie D) High-speed rail.**

**Introduced:** 2/18/2011

**Status:** 2/20/2011-From printer. May be heard in committee March 22.

**Is Fiscal:** Y

**Location:** 2/18/2011-A. PRINT

**Summary:** This bill would require the authority to report biannually to the Legislature beginning March 1, 2012, on the status of the project, including overall progress, the project budget, expenditures to date, a comparison of the current and project work schedule and the baseline schedule contained in the 2009 business plan, project milestones, and other related issues.

**AB 1164 (Gordon D) High-Speed Rail Authority: appointees: Senate confirmation. (Carried at the suggestion of the cities of Atherton, Menlo Park, Palo Alto, & Pico Rivera)**

**Introduced:** 2/18/2011

**Status:** 2/20/2011-From printer. May be heard in committee March 22.

**Is Fiscal:** Y

**Location:** 2/18/2011-A. PRINT

**Summary:** Existing law creates the High-Speed Rail Authority within the state government with various powers and duties relative to development and implementation of a high-speed passenger train system. Existing law provides that 5 of the 9 members comprising the authority shall be appointed by the Governor. This bill would require that those gubernatorial appointments be made with the advice and consent of the Senate.

**AB 1206 (Galgiani D) High-speed rail: contracts: small businesses.**

**Introduced:** 2/18/2011

**Status:** 2/20/2011-From printer. May be heard in committee March 22.

**Is Fiscal:** Y

**Location:** 2/18/2011-A. PRINT

**Summary:** This bill would require the authority to identify essential components of, and adopt, a small emerging business enterprise program as part of contracts to be awarded by the authority relative to development and construction of the high-speed rail system. The bill would require the authority to provide certain bidding preferences and to establish a goal methodology to determine the appropriate level of involvement of small emerging business enterprises in authority contracts. The bill would require at least one public hearing by the authority before the program is adopted and would require the authority to include a plan for outreach to small emerging business enterprises. The bill would require the authority to report annually to the Legislature in that regard.

**SB 22** (La Malfa R) High-speed rail.**Introduced:** 12/6/2010**Status:** 1/20/2011-Referred to Com. on RLS.**Is Fiscal:** N**Location:** 1/20/2011-S. RLS.**Summary:** This bill would state the intent of the Legislature to reexamine the bond funding mechanism of the authority relative to the authority's high-speed rail project.**SB 31** (Correa D) Local government: lobbyist registration. (Not HSR related, but has local Government impact)**Introduced:** 12/6/2010**Status:** 1/20/2011-Referred to Com. on RLS.**Is Fiscal:** N**Location:** 1/20/2011-S. RLS.**Summary:** The Political Reform Act of 1974 provides for the comprehensive regulation of lobbyists, as defined. This bill would state the intent of the Legislature to enact legislation that will require each local government to create a lobbyist registration program as a condition of the local government being eligible to apply for any discretionary grant from any state agency or department.**SB 50** (Correa D) Conflicts of interest: disqualification.**Introduced:** 12/15/2010**Status:** 1/20/2011-Referred to Com. on E. & C.A.**Is Fiscal:** Y**Location:** 12/15/2010-S. PRINT**Summary:** Existing provisions of the Political Reform Act of 1974 prohibit a public official at any level of state or local government from making, participating in making, or attempting to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest, as defined. Existing law also requires specified elected and appointed officers at the state and local level of government to disclose specified financial interests by filing periodic statements of economic interests. Existing law further requires public officials who hold specified offices and who have a financial interest in a decision within the meaning of the Political Reform Act of 1974 to publicly identify the financial interest giving rise to the conflict of interest or potential conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote, and other disposition of the matter is concluded, except as specified. This bill would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.



**SB 517 (Lowenthal D) High-Speed Rail Authority.****Introduced:** 2/17/2011**Status:** 2/18/2011-From printer. May be acted upon on or after March 20.**Is Fiscal:** Y**Location:** 2/17/2011-S. PRINT

**Summary:** The bill would provide for the Secretary of Business, Transportation and Housing to serve on the authority as a nonvoting, ex officio member. The bill would require the secretary to propose an annual budget for the authority upon consultation with the authority. The bill would require the members of the authority appointed by the Governor to be appointed with the advice and consent of the Senate. The bill would provide for the members that are appointed to have specified background or experience, as specified.

**SB 733 (Price D) High-speed rail: business plan: contracts: small business participation.****Introduced:** 2/18/2011**Status:** 2/19/2011-From printer. May be acted upon on or after March 21.**Is Fiscal:** Y**Location:** 2/18/2011-S. PRINT

**Summary:** Existing law requires the authority to prepare, publish, adopt, and submit to the Legislature a business plan containing specified elements beginning January 1, 2012, and every 2 years thereafter. This bill would require the authority to include in the business plan to be submitted on January 1, 2012, or as an addendum to that plan to be submitted as soon as possible after that date, a strategy for ensuring the participation of small business enterprises in contracts awarded by the authority with state or federal funds during all phases of the project.

**SB 734 (Price D) Small business participation goals.****Introduced:** 2/18/2011**Status:** 2/20/2011-From printer. May be acted upon on or after March 22.**Is Fiscal:** Y**Location:** 2/18/2011-S. PRINT

**Summary:** Existing law provides for various programs to encourage the participation of small businesses, as certified by the Department of General Services, in state agency contracts, and sets forth the duties of the Director of General Services and the directors of other state agencies in this regard. This bill would extend the application of the above-referenced small business participation goals and reporting provisions to the High-Speed Rail Authority relative to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century.

**SB 735 (Price D) High-speed rail: contracts.****Introduced:** 2/18/2011**Status:** 2/19/2011-From printer. May be acted upon on or after March 21.

**Is Fiscal:** Y

**Location:** 2/18/2011-S. PRINT

**Summary:** This bill would require the authority, in awarding contracts for the construction of the high-speed rail system, to require that 25% of the workforce used at each worksite be from the local workforce. The bill would require the authority to also grant an additional contract price preference of 2.5% of the bid amount to qualified state-certified microbusinesses that are local to a worksite. The bill would require the Department of Housing and Community Development to evaluate the effect of these requirements and to submit quarterly reports to the authority in that regard. The bill would require the authority to include the findings of the department in its business plan.

**SB 749** (Steinberg D) High-speed rail.

**Introduced:** 2/18/2011

**Status:** 2/20/2011-From printer. May be acted upon on or after March 22.

**Is Fiscal:** N

**Location:** 2/18/2011-S. PRINT

**Summary:** Existing law creates the High-Speed Rail Authority with specified powers and duties relative to development and implementation of a high-speed train system. The authority is composed of 9 members, including 5 members appointed by the Governor. This bill would provide that the members of the authority appointed by the Governor are subject to appointment with the advice and consent of the Senate.

**MEMORANDUM**

To: Menlo Park City Council Members  
From: Ravi Mehta  
Date: April 23, 2010  
RE: Quarterly Lobbying Report

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**Legislative lobbying**

This past Quarter, much of my time has been spent drafting HSR legislation, shopping for potential legislative authors, and introducing two significant bills on behalf our City. Assembly bills 952 (ethics) & 953 (ridership) were introduced on our behalf by Assemblyman Brian Jones (Republican from San Diego).

AB 952 was heard in the Transportation Committee on April 11, 2011. With a significant amount of work with the Assembly Transportation Committee Consultant, we were able to get the bill passed on an 11-0 vote. The bill will be heard in the Assembly Elections committee on May 3<sup>rd</sup>, as it was double referred.

AB 953 (Ridership) has also entailed a considerable amount of work. It is being heard on April 25<sup>th</sup>.

Work on both bills has included working with committee consultants, the Berkeley Institute of Transportation studies, lobbying all members of the Assembly Transportation committee, preparing comments for the Assemblyman, drafting amendments, coordinating support letters, coordinating cities and witnesses, etc.

In addition to the our sponsored bills, I have attended hearing on other HSR bills as well as meetings of the HSR Authority. Needless to say, there is no shortage of work on HSR issues.

**WASHINGTON DC LEGISLATIVE TRIP**

On March 9 and 10, Palo Alto Councilman Larry Klein and Menlo Park Councilwoman Kelly Ferguesson joined me to visit with numerous California congressional members.

The purpose of the trip was to educate key members of congress and their staff about the City's concerns related to the High Speed Rail project.

On March 9th we met with the following congressional offices:

Devin Nunes  
Gary Miller  
Ed Royce  
Kevin McCarthy  
Jackie Spierer  
Darry Issa (chair of Oversight cmte)  
Tom McClintock

On March 10 we met with the following:

Jerry Lewis (Appropriations cmte chair)  
Anna Eshoo  
Jeff Denham (Trans cmte vice chair)  
Dan Lungren

With the exception of Congresswoman Eshoo, each of the offices received our concerns and comments well.

Our message to each office was exactly the same:

1. The California HSR project is being built without a reliable Ridership study and without a investment grade business plan.
2. We asked each office to not grant California any additional funds until a valid ridership study and business plan are available.
3. We also asked that the approximately \$2.5 Billion already committed to California be redirected to other transportation projects. (support legislation by Congressman Nunes and Kevin McCarthy authorizing redirection of money)
4. Asked each office to encourage Congressman Issa to hold oversight hearings on federal money being spent on HSR. Issues of waste are clear since it is highly unlikely that California will ever see a real HSR system since the actual cost for the first segment is now in excess of \$65 Billion. The \$2.5 Billion will be wasted and the Federal government should be concerned that Calif. will essentially have tracks going from nowhere to nowhere.
5. Asked each office to support our city sponsored legislation.

The overall response was tremendously supportive. Each and every single congressional office and congress person clearly indicated their opposition to HSR as currently proposed. They indicated that no new funds will be proposed for HSR. They also indicated that they will ask Congressman Issa to hold hearings.

Congressman Denham indicated that he intends to hold a Transportation sub-committee hearing in California very soon. I intend to continue following up with him to get our cities involved in that process.

Each office suggested that we continue our DC efforts to educate others.

Subsequent to our trip, I sent each office a thank you note with a recap of our concerns and requests. I intend to stay in touch with them on a regular basis.

I believe another trip in the next six months will be very helpful to assist with our California efforts.

The HSR Authority is aware of our DC trip and is concerned that we made significant progress. They realize that if the federal spigot is turned off, their HSR dream will not materialize. At the HSR special meeting last week Vice Chair Tom Umberg expressed concern about this very fact.

# ATTACHMENT 4

April 21, 2010

The Honorable Bonnie Lowenthal  
Chairwoman  
Assembly Transportation Committee  
State Capitol Building  
Sacramento, California 95814

**RE: High Speed Rail**

Dear Chairwoman Lowenthal:

I represent the Cities of Atherton, Menlo Park, & Palo Alto, all of whom are also members of the Peninsula Cities Consortium and have serious concerns with the design and development of the High Speed Rail Project.

While High Speed Rail (“HSR”) is a great concept, many Peninsula cities are extremely concerned about how it is going to be built and the impact it will have not only on their respective communities, but also on the financial condition of the State in future years.

While AB 3034 and Proposition 1A authorized High Speed Rail in California, they did not address critical issues that are now coming to light during the Program phase of the project. The only true mandate in Prop 1A was that the first phase of the HSR project be built between San Francisco and Los Angeles. Unfortunately, it appears that the Authority is also acutely focused on concurrently developing the secondary routes contemplated by the Proposition, before the primary route is fully studied.

Prop 1A also clearly states that HSR Authority (“Authority”) shall make every attempt to connect to existing rail lines. Again, unfortunately, the Authority seems to want to replace existing rail systems for their High Speed Rail system. There is no reason for High Speed Rail in communities that already have an effective, reliable, and viable rail system. The burden placed on residents in the Peninsula by having HSR that gets them from San Jose to San Francisco a couple of minutes sooner is substantially outweighed by the environmental, financial and quality of life impacts forced on these long established communities. There is no reason that the existing Cal Train corridor cannot be used with

two or three tracks; there is no reason that HSR cannot go to San Jose and then be linked to Cal Train for trips up the Peninsula to San Francisco. If we truly want a HSR system built to connect San Francisco to Los Angeles, it can be accomplished and built quickly to meet the mandates of the People, as well as AARA funding. If we are overly ambitious, the anger of those impacted will lead to long and potentially insurmountable delays, making this the next highway 710 corridor disaster. Whether it's the Peninsula, Orange County, San Diego, or the Central Valley, communities and their citizens are not going to sit idly by and let the Authority trample all over them.

We all understand that the approximately \$2.25 billion in AARA funds is a motivating factor in the Authority's decision to move forward quickly. But, we cannot have the tail wag the dog. We cannot have \$2.25 billion dictate how a \$45 billion project will be designed and built. We cannot have the comparatively small AARA funding override CEQA mandates. We cannot have the time schedules connected to the AARA funding destroy communities. We cannot have the AARA funding put us in a position of ignoring or breaching our fiduciary responsibility to the citizens of the state, who expect us to spend the \$9.5 billion wisely, or not at all.

High Speed Rail is the largest public works project in the Nation's history. Before we spend billions of dollars, and commit our future generations to billions more, we need to have an accurate ridership study completed. The result of this ridership study is the foundation of the scope of the HSR project. How can we plan to build something without knowing how it's going to be utilized? We need an investment grade business plan if we hope to invite private sector funding. We need to establish oversight to ensure that the studies are done properly and that our money is being spent properly – the legislature needs to ensure that the Peer Review Committee mandated by Prop 1A is properly funded and is active in its oversight responsibilities. We need to ensure that those who are spending the money are qualified to make the decisions that will commit us to routes that will impact long established communities. We need greater accountability; and we need to have the tail stop wagging the dog.

This legislature placed Prop 1A before the voters, it cannot now abdicate its oversight and fiduciary responsibilities and permit the High Speed Rail Authority to ignore the will of the People nor the concerns expressed by the affected communities. We respectfully request that this Committee in considering all High Speed Rail legislation give serious consideration to the issues raised in this letter, and by others who also have serious concerns about the environmental impacts, and financial viability of High Speed Rail as it is being currently designed.

Respectfully,

Ravi Mehta



**SENATE TRANSPORTATION AND HOUSING COMMITTEE**  
**Senator Mark DeSaulnier, Chairman**

**Background Information Request**

**MEMO TO:** Assembly Member Jones

**RE:** AB 952

**FROM:** Senate Transportation and Housing Committee

The Rules Committee has referred the above bill to this committee. It is imperative that you provide us with as much information regarding your bill as soon as possible.

The committee consultant assigned to this bill is: Art Bauer

The committee consultant must prepare an up-to-date analysis before the committee can hear this bill. To assist in this, **please email the completed worksheet on page 2 of this document and all requested attachments to the appropriate consultant and the committee assistant, Elvia Diaz, and send a hard copy to the committee office in room 2209 as soon as possible.**

The Committee Assistant will be contacting you with a hearing date. If you have any questions, please call the committee at 651-4121.

**Amendments:**

- 1) If you plan substantive amendments to this bill prior to hearing, please attach to the background information request page (attached) a brief explanation of the amendments and a rough draft, if available.**
- 2) Amendments, IN LEGISLATIVE COUNSEL FORM (original plus eight copies), must be received by the committee no later than 12:00 noon on the TUESDAY THE WEEK PRIOR to the hearing.**

Thank you for your cooperation.

## BACKGROUND INFORMATION REQUEST

**Measure:** AB 952

**Author:** Jones

**Contact Info: Name: Laurie Paredes**  
**Number: 319-2077**

### 1) What does the bill do?

*Current Law permits members, staff, and consultants at the California High Speed Rail Authority to accept gifts up to \$420 per annum.*

*Current law also permits the Authority, as an organizational body, to accept gifts in any amount from any source, and then transfer that gift to any Authority member, staff, or consultant without any gift limitation.*

- *AB 952 would prohibit any Authority member, consultant, or staff from receiving any gift.*
- *The bill would prohibit a consultant, construction company, etc., who is seeking a contract with the authority from making any gift to a member of the Authority, staff, or to a member of their family.*
- *It will also prohibit a member, consultant, or employee of the Authority from appearing before the Authority, for compensation for a period of 3 years following the termination of the employment relationship.*

### 2) Why is the bill needed?

The HSRA has been the focus of inquiries regarding Authority officials receiving gifts, which have included European trips sponsored by foreign government entities. The trips, some of which were worth thousands of dollars, were donated to the Authority and then allotted to board members and executives, according to rail agency officials. This, in effect, circumvents the disclosure on annual reports of gifts, income and personal investments.

Further, in an investigation conducted by the Los Angeles Times, it was reported that the HSRA was unable to account for the donated trips, as generally required by state ethics regulations, and the agency failed to post details on the sources, costs and itineraries of the trips on its website, as required by FPPC rules.

In order to ensure the integrity of the process and instill public confidence, it is imperative that members, staff and consultants not be permitted to accept gifts from any individual who conducts business or intends to conduct business with the Authority. Given the extraordinary amount of public monies involved, high standards of conduct must be observed as even the perception of corruption is harmful.

AB 952 will be direct step towards preventing even the perception of impropriety.

With respect to the three year revolving door ban, this is consistent with other commissions' term of service, such as the California Gambling Control Commission.

**3) Similar legislation: Has a similar bill been previously introduced? Identify author, session, bill #, and disposition of bill.**

No

**4) Source: What person, organization, or governmental entity is sponsoring or requested introduction? Include name and phone number of contact person.**

Sponsors are the cities of Palo Alto, Atherton, Menlo Park, and Pico Rivera.

Contact is Ravi Mehta  
Mobile: (916) 718-4877  
Office: (916) 486-1955  
Facsimile: (916) 485-2509  
[rmehta@capitol-advocates.com](mailto:rmehta@capitol-advocates.com)

**5) Please attach any of the following that are applicable:**

- **Copies of background material in explanation of the bill, or state where such material is available.  
For Assembly bills, please include policy, fiscal, and floor analyses.**
- **Copies of letters of support and opposition.**

**IT IS IMPERATIVE THAT YOU COMPLETE THIS WORKSHEET AND RETURN IT VIA EMAIL, ALONG WITH ALL REQUESTED ATTACHMENTS AS SOON AS POSSIBLE TO THE APPROPRIATE CONSULTANT AND THE COMMITTEE ASSISTANT, ELVIA DIAZ. THE CHAIRMAN MAY REFUSE TO HEAR A BILL, EVEN THOUGH IT HAS BEEN SET, IF THE AUTHOR FAILS TO PROMPTLY RETURN A COMPLETED WORKSHEET.**

Madam Chair and members:

The passage of Proposition 1A has transformed the California High Speed Rail Authority from a relatively innocuous agency with practically no authority to do anything, into an agency that will be responsible for the largest public works project in the history of the United States. Financial experts estimate that approximately \$116 Billion will be expended to build a complete High Speed Rail system in California. In fact, hundred of millions, and possibly billions of dollars, in contracts have already been expended or committed by the Authority. The powers vested in the members, staff, and consultants of the authority are extraordinary and unprecedented. No other state agency has such powers to grant billions of dollars in contracts, or make decisions with respect to corridors, eminent domain, and the like that change the face of California cities and communities, and the lives of millions of people without any oversight.

When these expanded responsibilities and immense powers, including the power to award billions of dollars in contracts to hundreds of companies and individuals, were granted to the HSR Authority by Prop 1A, very little, if any thought was given to maintaining the integrity of the process to instill public confidence. In fact, recent complaints made to the FPPC regarding gift and conflict issues at the Authority shed light on the fact that the Authority is not subject to many provisions of the Political Reform Act. Other bills pending in the legislature address those deficiencies.

My bill, AB 952 addresses another equally significant issue. Due to the unique powers of the Authority as just indicated, it is imperative, to insure the integrity of the process, to instill public confidence, and to insure that even the perception of corruption does not exist, that the Authority be held to a higher standard and above reproach. Hence, not unlike restrictions placed on gifts and campaign contributions to legislators or staff by lobbyists, or other gift restrictions/prohibitions to other public officials, prohibiting gifts to members, staff and consultants of the Authority by those who appear before them is reasonable and insures integrity of the process and public confidence.

**While I believe some oversight needs to exist for gifts made directly to and received by the Authority, based on discussions with Committee staff, at this point of the process I would like to strike lines 15 to 18 in the bill that address Senate oversight. However, I would like to reserve the option of reintroducing similar language as this bill moves forward, but with full cooperation of this committee.**

**Additionally, I would like to add on lines 3, 13 and 19, the word “consultant” after the word “employee,” as there are hundreds of consultants who work for the Authority who make significant decisions.**

With these changes I ask for your support of this important measure.

Members, in the Assembly Transportation committee I deleted certain provisions in the bill, but asked to reserve the option to explore reasonable approaches to deal with the issue of oversight of gifts made directly to the Authority. We have worked with both the Assembly Transportation Committee staff, as well as your Committee consultant in reaching an agreement on acceptable language for such oversight. Based on these discussions, I would like to offer the following amendments to the bill:

1. On page 2, line 14, after the word families. Insert a new sentence as follows:  
“The authority itself may receive gifts, subject to written approval of the Department of Finance. The authority may transfer the gifts it receives to any person subject to this section only with the written approval of Department of Finance.”
2. On page 2, after line 23, insert  
“(C) The provisions of this section shall be enforced by the Attorney General, District Attorney, or City Attorney with jurisdiction, pursuant to the rules and penalties set forth in the Political Reform Act of 1974 (Title 9 (commencing with section 8100) Government Code).”

Additionally, your committee staff expressed some concern about the possible revolving door restrictions on state employees and local elected officials appearing on behalf of their public entity. To address these concerns, I would offer that the bill be amended to exclude these individuals from the revolving door prohibitions stated herein, with the following language:

3. On page 2, line 23 at the end of the sentence, insert:

“This prohibition shall not apply to state employees or officers, or an elected local official who appears before the Authority in their official capacity on behalf of the public entity they represent.”

**AB 953 - High Speed Rail Authority/Ridership Study** ATTACHMENT A  
**ASSEMBLY TRANSPORTATION COMMITTEE**  
**April 25, 2011**

Madam Chair and Members:

AB 953 pertains to the need for a new, reliable, investment grade ridership study. Please let me reassure you that it is **not** the intent of this bill to kill High Speed Rail in California. The intent is to ensure that if HSR is going to be built, that it is done right, and built on an accurate and reliable ridership study. To that end, I will be proposing some amendments to allay some concerns. Proposition 1A, which authorized \$9.95 billion in bond funds for the construction of High Speed Rail in California, conditioned the allocation, commitment, and expenditure of these funds only **after** submittal and approval of a funding plan. The funding plan is to include projected ridership and revenue estimates based on a ridership study.

The current ridership study, thrown together by the Authority, has been the subject of significant criticism, not only by the Peer Review Committee established by Proposition 1A, which is mandated to review the authority's plans and issue an analysis of appropriateness and accuracy of the authority's assumptions and an analysis of the viability of the authority's financing plan, but also by the most respected authority on the subject of ridership studies, The Berkeley Institute of Transportation Studies (ITS).

ITS was created as an Organized Research Unit in 1948 by the California state legislature. **It is our legislative expert on transportation issues.** Last year, our legislature commissioned ITS to review the ridership study conducted by the Authority, and they concluded that the Authority's ridership study was inaccurate and unusable because there were too many decision points within the model where the Authority's consultant, Cambridge Systematics, chose to make arbitrary assumptions that influenced the confidence levels of the model, thus rendering the information unusable. Among other significant problems with the current ridership study is that bad data was collected at the initial stages of the study and Cambridge Systematics has continued to rely on this bad data to reach conclusions, rather than gather new data. While the Authority has suggested that it has set-up a Peer review of the current study and will evaluate it on an on-going basis, the problem is that any review will **always** be wrong and unreliable because the underlying data is horribly inaccurate. Tweaking bad data will only reaffirm bad results. The old cliché, garbage in, garbage out is going to become the cornerstone of the Nation's largest public works project. We owe it to our citizens, and future generations who are going to foot the bill, to base our decisions on accurate data, and a reliable ridership study. It has been said that ITS is involved with the Peer Review group. One of the Peer Reviewers has an affiliation but only in the way that some of you may have an affiliation with the Sierra Club or the NRA. This does not mean you represent them when you speak from the dais. ITS has repeatedly informed the legislature of this point but this canard continues to be repeated.

ITS believes that any reliable ridership study must be based on new data collection. To do anything else will result in garbage in garbage out, no matter how many times you analyze the current inaccurate data.

**Members, why is a ridership study so critical:** Ridership studies help determine everything from the best routes, number of tracks needed, to the frequency of trains and service, the type of trains that should be purchased and even the number of parking spaces that will be needed at stations. Without a ridership model that clearly indicates a band of confidence levels, it is impossible to adequately determine the potential environmental impacts or indeed the

basic construction requirements needed to adequately serve the potential needs of the system. Ridership studies also determine whether HSR will pay for itself, what the fair box revenues should be to cover costs, including loans. Ridership studies are also critical to giving confidence to the private sector and Wall Street who will indeed demand a reliable investment grade ridership study before considering or committing any private sector financing. Wall Street is acutely aware that the current ridership study by Cambridge Systematics is critically flawed. That's why we are not seeing any private sector interest, and we won't unless a new reliable study is completed.

A new ridership study done by the unbiased ITS is critical to ensure that California does not over or under build this massive state project. A reliable ridership study will determine the true needs of the system. It will help determine important decisions such as whether 2 or 4 tracks are needed in the San Francisco Peninsula or whether 4 or 6 tracks are needed in the Metropolitan Los Angeles area. **In LA, the current ridership study is also being relied on to decide that you can get rid of a station.**

Members, while I believe it is imprudent to spend any money on a project that is based on a flawed ridership study, it is not the intent of this bill to curtail what is already in progress. Hence, based on discussions with and concerns express by Committee staff and others, I would like to amend this bill to delete any reference to the prohibition of the use of Prop 1A funds. I would like to strike lines 3, starting with "Notwithstanding," through lines 9, ending with the word "methodology." This will ensure that work in progress is not affected by this bill, and federal funds are not at risk, while also ensuring that a reliable, investment grade ridership is secured for future decisions made by the authority.

With these changes, I ask for your support on this important measure. With me here today are Elizabeth Alexis, who is an expert in econometrics and very knowledgeable on ridership studies, as well David Armenta, Mayor of the City of Pico Rivera, one of the sponsors of this bill.





November 28, 2011

Ms. Starla Jerome-Robinson  
City of Menlo Park  
701 Laurel Street  
Menlo Park, CA 94025

Dear Ms. Jerome-Robinson:

I have enclosed some background information introducing you and your City Council to our firm

Our firm was founded by my father, Joe A. Gonsalves, in 1975. He served as a member of the California State Assembly from 1962 through 1974. Prior to that, he served as a Dairy Valley Council Member including two years as Mayor of the city of Dairy Valley, which is now the city of Cerritos.

In January 1977, I joined the firm after having worked for the California State Senate. Shortly after I joined the firm, we incorporated; and we are now known as Joe A. Gonsalves & Son. The political process in Sacramento is truly complex. In the three plus decades I have been lobbying in Sacramento I have had the opportunity to master such complexities, which enables our firm to be successful when representing our clients on particularly difficult and controversial issues.

In December of 1998, my son, Jason joined our firm to assist with our lobbying efforts. That gave our firm the proud distinction of being the first to have three generations of legislative advocates working on behalf of their clients, which continued until my father passed away in July 2000. Jason has successfully represented our clients before the Legislature and various State Agencies in the areas of local government finance, utilities and commerce, public employee's retirement, workers' compensation, environmental regulation, telecommunications, and conflict of interest issues.

In October of 2004 my son, Paul, joined our firm after most recently serving as a legislative aide to Former Assemblymember Rudy Bermudez. Prior to working in the Assembly, he received a B.A. in Political Science and a minor in Public Administration from San Diego State University. Our firm continues the proud tradition of being one of the more prominent and successful firms in Sacramento.

Ms. Starla Jerome-Robinson  
November 28, 2011  
Page 2

I have enclosed a list of our present clients. As you can see, we represent a large number of cities. We believe our base of client cities has provided us the unique opportunity to work with each member of the Legislature. Recognizing the number of Legislators coming out of local governments, we have established relationships prior to them being elected to the Legislature.

In addition, I have enclosed an outline of both our legislative and grant funding accomplishments. Please note this is a partial list as it would be impossible for me to fully communicate the level of success we have enjoyed in representing our clients.

I have also enclosed an article about our firm that ran in the May 24, 1999, issue of The Sacramento Bee Newspaper and various other articles and letters, I thought might be of interest to you.

I have enclosed for your review a copy of our standard contract we have with our existing clients. Please note our contract contains a 30-day cancellation clause, as we are confident in our ability to continue to provide your Agency with an unparalleled level of service.

In our contract we charge a retainer on a monthly basis. The retainer is all inclusive of the services we would provide for the City. We do not charge for any additional costs unless you require us to meet outside of Sacramento.

Our contract lists the scope of services we provide for our clients in very general terms. We purposely do this to ensure that each client has the flexibility to request any assistance our clients may require in Sacramento such as setting up meetings with the appropriate legislators, Governor's office or the various state departments.

We understand your City has been actively involved in the proposed High Speed Rail (HSR) project, as has many of our other client cities. While your issues and concerns may be unique to your region, we are confident in our ability to successfully represent you on any/all HSR related issues.

As you likely know the HSR Authority has been under a great deal of pressure to clean-up its mismanagement practices. Given such missteps, it remains to be seen whether or not the HSR Authority has derailed itself. Given the political pressure coming from the Federal, State and Local levels of government, the HSR Authority is likely to face several viable efforts to stop the project and/or return the issue to the voters.

Ms. Starla Jerome-Robinson  
November 28, 2011  
Page 3

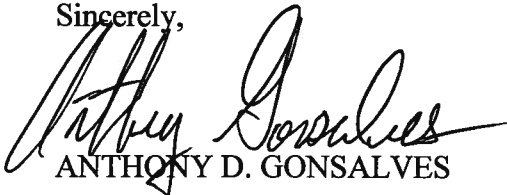
In addition to HSR, we would expect to represent your City on any/all issues before the Governor, Legislature and/or State Agencies. For example, the Legislature's efforts to "mend not end" redevelopment is now before the California Supreme Court and we expect the court to rule on or before January 15, 2012. Regardless of the Court's verdict, redevelopment will be an ongoing issue as the State faces another multi-billion dollar deficit.

We also represent a very distinguished group of clients other than cities. For example, the Del Mar Thoroughbred Club, operating the most successful race meet in the United States. Long Beach Transit, providing transit services throughout the Long Beach region. Access Services, the only paratransit service provider in Los Angeles County. In addition, we represent Willdan, which provides professional services to over 400 public sector clients throughout California, Arizona, and Nevada. I strongly believe it is this blend of special people who assist us in being as effective as we are.

Our firm operates on a very personal and professional level, always working hard to accomplish our clients' goals. The late Senator, Ken Maddy, coined our firm the "Gonsalvi". When asked what he meant by the nickname, Senator Maddy responded, "you're like alumni, when you guys are working an issue you are everywhere". Still today the members of the Legislature refer to us as "the Gonsalvi". **I would recommend you contact any Legislator and ask them about our firm.** In addition, we encourage you to discuss our representation with our clients.

We want you to know that we would be honored to represent the City of Menlo Park as your legislative advocates. Should you have any questions or concerns, please feel free to contact me.

Sincerely,



ANTHONY D. GONSALVES

ADG/pag



AGREEMENT

BETWEEN JOE A. GONSALVES & SON  
AND THE CITY OF MENLO PARK

The CITY OF MENLO PARK (hereinafter "CITY") wishes to engage the services of JOE A. GONSALVES & SON (hereinafter "ADVOCATE"), located at 925 L Street, Suite 250, Sacramento, California, to provide services in legislative advocacy and governmental affairs in matters affecting cities in the State of California.

The purpose of this Agreement is to state the terms and conditions under which ADVOCATE will provide services to CITY.

The terms and conditions are limited to the following:

1. ADVOCATE's Scope of Services. ADVOCATE agrees to assume and perform the following duties and responsibilities:
  - a. ADVOCATE is designated and authorized by CITY to act as its official legislative advocate with the California State Legislature and all California State Agencies regarding issues affecting CITY.
  - b. ADVOCATE shall review all legislative bills introduced in the California Legislature and shall inform CITY of all such legislation affecting CITY's interests. ADVOCATE shall forward weekly a copy of all such bills to the CITY.
  - c. ADVOCATE shall assist CITY in identifying and obtaining state funding available for CITY programs and proposed capital projects.
  - d. ADVOCATE shall provide a monthly written summary conducted on behalf of the CITY during the legislative session and at other times if significant activity warrants it.
  - e. ADVOCATE shall arrange meetings with legislative representatives for CITY elected officials and staff when necessary.
  - f. ADVOCATE shall initiate legislative proposals on behalf of the CITY.
  - g. ADVOCATE shall attend and provide testimony on behalf of CITY in legislative hearings when warranted.

2. CITY's Duties and Responsibilities:
  - a. CITY shall analyze and review all legislative bills submitted to it by ADVOCATE and inform ADVOCATE, in writing, of its position on any and all such bills CITY wishes ADVOCATE to pursue.
  - b. CITY shall, on a timely and continuing basis, apprise ADVOCATE of the specific issues and bills it wishes to have analyzed or pursued by ADVOCATE under this Agreement.
  - c. CITY shall, on a timely basis, pay all bills and invoices submitted to it by ADVOCATE.
3. Effective Date and Term. This agreement shall become effective on the \_\_\_\_\_ day of \_\_\_\_\_, 2011, and shall continue in full force and effect unless and until terminated by CITY and/or by ADVOCATE.
4. Compensation. CITY shall pay to ADVOCATE the monthly sum of \$4,000 (FOUR THOUSAND DOLLARS) payable in advance on the first day of each month.
5. Costs and Expenses. CITY shall reimburse ADVOCATE for any travel and/or other expenses directly related to any request by CITY for ADVOCATE to participate in any meetings or activities outside of Sacramento.
6. Attorney's Fees and Costs. If any legal action is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.
7. Indemnification. ADVOCATE agrees to indemnify and hold harmless CITY, its officers, agents and employees from any and all claims and losses accruing or resulting in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by ADVOCATE's performance of this Agreement as a result of the sole negligence of ADVOCATE and totally without fault to the CITY, its officers, agents or employees.
8. Governing Law. This Agreement shall be governed by the laws of the State of California.
9. Entire Agreement/Severability. This Agreement has 3 (THREE) pages. It constitutes the entire Agreement between parties regarding its subject matter. If any provision of this Agreement is held by any court to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect.

10. Notice of Termination.

- a. Notice of termination under this Agreement by ADVOCATE shall be given to CITY by certified mail to the following address:

Glen Rojas, City Manager  
City of Menlo Park  
701 Laurel Street  
Menlo Park, CA 94025

- b. Notice of termination under this Agreement by CITY shall be given at the following address:

Joe A. Gonsalves & Son  
925 L Street, Suite 250  
Sacramento, CA 95814.

11. Amendments. The Agreement may be modified or amended only by a written document executed by both ADVOCATE and CITY.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as follows:

JOE A. GONSALVES & SON

DATED: \_\_\_\_\_ BY \_\_\_\_\_

THE CITY OF MENLO PARK,

DATED: \_\_\_\_\_ BY \_\_\_\_\_



**Lobbying Firm  
Activity Authorization**  
(Government Code Section 86104)

Check *one* box, if applicable

**Lobbyist Employer**  
(Gov. Code Section 82039.5)

**Lobbying Coalition**  
(FPPC Regulation 18616.4)

Type or Print in Ink

Legislative Session  2011-2012 <small>(Insert Years)</small>	CALIFORNIA FORM <b>602</b> <small>FAIR POLITICAL PRACTICES COMM.</small>
Page <u>1</u> of <u>2</u>	For Official Use Only

NAME OF FILER:

City of Menlo Park

BUSINESS ADDRESS: (Number and Street)

(City)

(State)

(Zip Code)

701 Laurel Street

Menlo Park

CA

94025

MAILING ADDRESS: (if different than above.)

EFFECTIVE DATE:

TELEPHONE NUMBER:

(650) 330-6610

FAX NUMBER: (Optional)

( )

E-MAIL: (Optional)

I hereby authorize Joe A. Gonsalves & Son  
(Name of Lobbying Firm)

925 L Street, Suite 250, Sacramento, CA 95814

(Business Address)

to engage in the activities of a lobbying firm (as defined in California Government Code Section 82038.5 and 2 Cal. Code of Regs. Section 18238.5) on behalf of the above named employer.

If you are authorizing another lobbying firm to lobby on behalf of your firm's client(s), provide the name(s) of the client(s) below. (It is not necessary to complete the Nature and Interests section.)

NAME OF SUB CONTRACTED CLIENT:

NAME OF SUB CONTRACTED CLIENT:

NAME OF SUB CONTRACTED CLIENT:

NAME OF SUB CONTRACTED CLIENT:

**VERIFICATION**

I have used all reasonable diligence in preparing this Statement. I have reviewed this Statement and to the best of my knowledge the information contained herein is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on \_\_\_\_\_  
DATE

By \_\_\_\_\_  
SIGNATURE OF RESPONSIBLE OFFICER

Name of Responsible Officer \_\_\_\_\_  
PRINT OR TYPE

Title \_\_\_\_\_

**Lobbying Firm  
Activity Authorization**

CALIFORNIA FORM <b>602</b>	
FAIR POLITICAL PRACTICES COMM.	
Page <u>2</u>	of <u>2</u>

SEE INSTRUCTIONS ON REVERSE

Type or Print in Ink

NAME OF FILER:

City of Menlo Park

**Nature and Interests of Lobbyist Employer**

Check one box only:

- INDIVIDUAL (Complete only Parts A and B)     
  BUSINESS ENTITY (Complete only Parts B and E)     
  INDUSTRY, TRADE OR PROFESSIONAL ASSN. (Complete only Parts C and E)     
  OTHER (e.g., lobbying coalition) (Complete only Parts D and E)

**A. Individual**

1. Name and address of employer (or principal place of business if self-employed):

2. Description of business activity in which you or your employer are engaged:

**B. Business Entity**

Description of business activity in which engaged:

**C. Industry, Trade or Professional Association**

1. Description of industry, trade or profession represented:

2. Specific description of any portion or faction of the industry, trade, or profession which the association exclusively or primarily represents:

3. Number of members in association (check appropriate box)

- 50 OR LESS (provide names of all members on an attachment.)     
  MORE THAN 50

**D. Other**

1. Statement of nature and purposes: Local government -  
Serving the best interests of the  
  
citizens of the City of Menlo Park.

2. Description of any trade, profession, or other group with a common economic interest which is principally represented or from which membership or financial support is principally derived:

**E. Industry Group Classification**

Check one box which most accurately describes the industry group which you represent. See instructions on reverse.

- |  |   |  |   |
|--|---|--|---|
| <input type="checkbox"/> AGRICULTURE           | <input type="checkbox"/> LEGAL                                | <i>BUSINESS (Check one of the following sub-categories.)</i> |   |
| <input type="checkbox"/> EDUCATION             | <input type="checkbox"/> PUBLIC EMPLOYEES                     | <input type="checkbox"/> ENTERTAINMENT/RECREATION            | <input type="checkbox"/> OIL AND GAS                            |
| <input checked="" type="checkbox"/> GOVERNMENT | <input type="checkbox"/> POLITICAL ORGANIZATIONS              | <input type="checkbox"/> FINANCE/INSURANCE                   | <input type="checkbox"/> PROFESSIONAL/TRADE                     |
| <input type="checkbox"/> HEALTH                | <input type="checkbox"/> UTILITIES                            | <input type="checkbox"/> LODGING/RESTAURANTS                 | <input type="checkbox"/> REAL ESTATE                            |
| <input type="checkbox"/> LABOR UNIONS          | <input type="checkbox"/> OTHER: _____<br>(Describe in detail) | <input type="checkbox"/> MANUFACTURING/INDUSTRIAL            | <input type="checkbox"/> TRANSPORTATION                         |
|  |   | <input type="checkbox"/> MERCHANDISE/RETAIL                  | <input type="checkbox"/> OTHER: _____<br>(Specific Description) |



## Instructions for Nature and Interests of Lobbyist Employer



### Nature and Interests of Lobbyist Employer:

Check the box that indicates whether you are an individual, a business entity, an industry, trade or professional association, or some other type of entity, such as a lobbying coalition, a religious organization, a political or public interest organization, or a recreational club. Complete Part A, B, C, or D, whichever is applicable, and then complete Part E.

### Industry Group Classification

All filers must complete Section E. Check one box that most accurately describes the industry group you represent. Industry, trade, or professional associations should check the box that most accurately describes the industry group of its members (e.g., an association of hospitals would be classified as "Health," and an association of mortgage banking entities would be classified as "Business-Finance/Insurance"). Following are some additional examples:

- **Agriculture:** Includes growers, ranches, vineyards, flower growers, fertilizer manufacturers, etc.
- **Education:** Includes educators, private and public schools, and education unions.
- **Government:** Includes cities, counties, and all other publicly-funded agencies.
- **Health:** Includes physicians, dentists, optometrists, chiropractors, nurses, etc., as well as ambulance companies, convalescent homes, pharmacists, pharmaceutical manufacturers, therapists, hospitals, etc.
- **Labor Unions:** Does not include public employee and education unions.
- **Legal:** Includes attorneys and attorney associations, except those representing public employee attorneys.
- **Political Organizations:** Includes political committees and clubs.
- **Public Employees:** Includes all public employee associations, organizations, and unions (except education unions), including district attorneys, public defenders, firefighters, judges, police, sheriffs, etc.
- **Utilities:** Includes telephone, power, and water companies.
- **Other:** Describe. (After reviewing your description, the Secretary of State may place you in one of the classifications described above or assign you to the miscellaneous category in the Directory of Lobbyists, Lobbying Firms and Lobbyist Employers.)

The category "Business" has been divided into several sub-categories, including:

**Entertainment/Recreation:** Includes baseball, football teams and country clubs, casinos, horse breeders, race tracks, music companies, and theaters. Does not include hobby or recreational clubs which are not business-related.

**Finance/Insurance:** Includes health insurance companies, collection agencies, credit services, mortgage bankers, title companies, etc.

**Lodging/Restaurants:** Includes bars, hotels, night clubs, resorts, etc.

**Manufacturing/Industrial:** Includes beverage manufacturers, canneries, cement companies, chemical laboratories, timber companies, wineries, etc.

**Merchandise/Retail:** Includes beverage distributors, coin dealers, florists, home furnishing stores, pharmacies, etc.

**Oil and Gas:** Includes drilling contractors, exploration companies, gas and oil companies, etc.

**Professional/Trade:** Includes individuals or business entities, or organizations representing accountants, architects, auctioneers, bail agents, building trades, construction interests, court reporters, engineers, photographers, travel agents, stock brokers, plumbers, veterinarians, etc. NOTE: A trade association representing ranchers would be classified as "Agriculture," not as "Professional/Trade."

**Real Estate:** Includes developers, rental companies, real estate companies, property management, etc.

**Transportation:** Includes airlines, moving and storage, railroads, shipping, trucking, etc.

**Other:** Describe your business interest if it does not fall into any of the other business categories (e.g. apartment owners, funeral homes, mobile home parks, publishers, refuse companies, retirement homes, waste management, etc.). NOTE: This subsection is different from the "Other" category identified in the Industry Group Classification which is for use by filers whose activities are not business-related.

# CITY OF REDDING



**OFFICE OF THE MAYOR**

777 Cypress Avenue, Redding, CA 96001

P.O. Box 496071, Redding, CA 96049-6071

530.225.4447 FAX 530.225.4463

October 15, 2009

L-040-300 / B-130-070

Rick Bosetti  
Mayor

Jason Gonsalves  
Joe A. Gonsalves and Son  
925 L Street Suite 250  
Sacramento, CA 95814

Dear Jason:

On behalf of the City of Redding, I would like to thank you and your firm for your assistance in the success of Senate Bill 178, allowing the City the opportunity to acquire nearby CALFIRE property, during the recently concluded legislative session.

Your help was invaluable in ensuring the support of the various parties involved, particularly during the final days when last-minute amendments threatened to derail the bill. After last year's disappointing veto by Governor Schwarzenegger of similar legislation, the success of SB 178 this year was very gratifying and your involvement played a part in that.

Thank you again for your efforts on behalf of the citizens of Redding. We look forward to continuing to work with you and your office on issues of mutual interest in the future.

Sincerely,

A handwritten signature in black ink that reads "Rick Bosetti". The signature is written in a cursive style.

Rick Bosetti, Mayor  
City of Redding

RB:GC:ls  
N:\Greg\LEGISLATIVE ISSUES\LETTERS to legislators\Letter-Gonsalves-SB178 thanks.wpd

c: City Council Members



# City Of Camarillo

601 Carmen Drive • P.O. Box 248 • Camarillo, CA 93011-0248

Office Of the Mayor  
(805) 388-5307  
Fax (805) 388-5318

October 19, 1999

Mr. Jason Gonsalves  
*Gonsalves Professional*  
*Legislative Representation*  
925 L Street, Suite 250  
Sacramento, CA 95814-3704

**RE: APPRECIATION FOR YOUR SERVICES**

Dear Jason:

On behalf of the City of Camarillo, I would like to thank you and the entire staff of *Gonsalves Professional Legislative Representation* for its fine work during this past legislative session.

Numerous bills were forwarded to Governor Davis at the conclusion of the legislative session on which the City of Camarillo had taken positions. All but a couple of these bills were either signed or vetoed in accordance with the City's stated position. We appreciate the work of your firm in its lobbying efforts on the City's behalf.

We look forward to our continued partnership in future legislative sessions. If you have any questions or comments, please contact me through the Office of the City Manager at (805) 388-5307. Thank you.

Sincerely,

Kevin B. Kildee  
Mayor

cc: City Council  
City Manager  
Assistant City Manager  
Management Assistant

State Capitol, Room 313  
 Sacramento, CA 95814-4900  
 TEL (916) 651-4016  
 FAX (916) 327-5989

# California State Senate

## SENATOR DEAN FLOREZ MAJORITY LEADER

REPRESENTING KERN, KINGS, FRESNO. AND TULARE COUNTIES



District Offices  
 1800 30th Street, #350  
 Bakersfield, CA 93301  
 TEL (661) 395-2620  
 FAX (661) 395-2622

3550 Mariposa Mall, #2016  
 Fresno, CA 93721  
 TEL (559) 264-3070  
 FAX (559) 445-6506

SENATOR.FLOREZ@SEN.CA.GOV

WWW.SEN.CA.GOV/FLOREZ

### COMMITTEES

#### CHAIR

Food & Agriculture

#### SELECT COMMITTEES

Air Quality

Disaster Preparedness &  
 Emergency Response

Gender Discrimination &  
 Title IX Implementation

#### MEMBER

Banking, Finance &  
 Insurance

Budget & Fiscal Review

Business, Professions &  
 Economic Development

Governmental Organization

Judiciary

Revenue & Taxation

#### JOINT COMMITTEE

Fairs, Allocation and  
 Classification

6/23/09

Anthony Sison:

I wanted to let you know that I have truly enjoyed working with both of you on the milk bill. During my tenure in the legislature I have yet to meet third-house individuals that possess the unique combination of intellect, hard-work, professionalism & political instincts that you bring to the table. The fact that you can accomplish all that while being truly nice & genuine people speaks volumes of you & your family.

I look forward to working with you in the future & am glad our paths crossed on this interesting & challenging issue.

Best,

ATTACHMENT B *Mayor*  
DONALD J. KURTH, M.D.  
*Mayor Pro Tem*  
DIANE WILLIAMS  
*Councilmembers*  
REX GUTIERREZ  
L. DENNIS MICHAEL  
SAM SPAGNOLO  
*City Manager*  
JACK LAM, AICP



THE CITY OF RANCHO CUCAMONGA

May 14, 2007

VIA E-MAIL: [arhinehart@ci.colton.ca.us](mailto:arhinehart@ci.colton.ca.us)

Amanda Rhinehart  
Assistant to the City Manager  
City of Colton  
650 North La Cadena Drive  
Colton, CA 92324

**SUBJECT: RECOMMENDATION FOR JOE A. GONSALVES & SON**

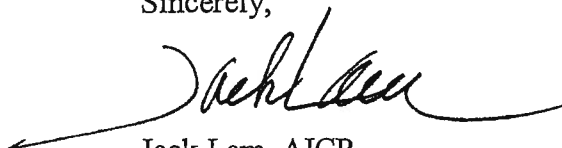
Dear Ms. Rhinehart:

From 1988 until present, the City of Rancho Cucamonga has retained the services of Joe A. Gonsalves & Son for legislative advocacy and governmental affairs services at the State level. Since that time, the firm has been invaluable to our City. The firm assists our staff with the review of legislation and proposals, provide analysis of the potential impacts on our City, and represent our interests in legislative hearings and in meetings and discussions with State Legislators.

Joe A. Gonsalves & Son is a highly respected firm that has proven to be an invaluable advocate on behalf of our City, particularly on fiscal/budgetary issues, and local control concerns. We offer our sincere recommendation of the entire team: Anthony, Jason, Paul, and staff.

Feel free to contact Kimberly Thomas, Management Analyst III, at (909) 477-2700 extension 2008, or via E-mail at [kthomas@cityofrc.us](mailto:kthomas@cityofrc.us) for additional information or assistance.

Sincerely,

  
Jack Lam, AICP  
City Manager

c: Pamela S. Easter, Assistant City Manager  
Kimberly Thomas, Management Analyst III  
Joe A. Gonsalves & Son



**PRIVATE CLIENTS**

**ACCESS SERVICES**

Post Office Box 71684  
Los Angeles, CA 90071-0684  
Andre Colaiace, Dir. of Governmental Services  
(213) 270-6000

**CALIFORNIA CITY MANAGEMENT  
FOUNDATION (CCMF)**

2533 Brown Dr.  
El Cajon, CA 92020  
Bill Garrett, Executive Director  
(619) 303-8068

**CALIFORNIA PRODUCER-HANDLER  
ASSOCIATION**

3133 Casa Linda Drive  
Woodland, CA 95695  
Amos DeGroot, President  
(530) 662-1228

**DEL MAR THOROUGHBRED CLUB**

VIA De La Valle & Jimmy Durante  
Post Office Box 700  
Del Mar, CA 92014-0700  
Craig Fravel, President & General Manager  
(858) 755-1141

**EAGLE FOODS DBA LA RAZA, INC./  
HOT TACO, LLC**

7782 San Fernando Road  
Sun Valley, CA 91352  
Juan Carlos Acevedo  
(213) 842-3462

**FAIRPLEX – LA COUNTY FAIR ASSOC.**

1101 W. McKinley Ave (91768)  
P.O Box 2250  
Pomona, CA 91769  
Jim Henwood, President  
(909) 865-4201

**GAIL BANKS ENGINEERING**

546 Duggan Avenue  
Azusa, CA 91702  
Gail Banks  
(626) 969-9600

**LONG BEACH TRANSIT**

Post Office Box 731  
1963 E. Anaheim St.  
Long Beach, CA 90801  
Dana E. Lee, Manager of Government Relations  
562-591-8753

**OAK TREE RACING ASSOCIATION**

P. O. Box 60014  
Arcadia, CA 91066-6014  
(714) 645-5111  
Sherwood Chillingworth, Executive V.P  
(626) 574-6345

**THE PORTUGUESE GOVERNMENT**

3298 Washington Street  
San Francisco, CA 94115  
Antonio Costa Moura  
Consul General of Portugal  
(415) 346-3400

**PORT OF LONG BEACH**

925 Harbor Plaza  
Long Beach, CA 90802  
Samara Ashley, Dir. Of Govt. Affairs  
(562) 590-4104

**PORT OF STOCKTON**

Post Office Box 2089  
Stockton, CA 95201-2089  
Rick Aschieris, Port Director  
(209) 946-0246

**SAN GABRIEL VALLEY WATER  
ASSOCIATION**

725 N. Azusa Avenue  
Azusa, CA 91702  
Carol Williams, Water Master  
(626) 815-1305

**SOUTH COAST AIR QUALITY  
MANAGEMENT DISTRICT (AQMD)**

21865 Copley Drive  
Diamond Bar, CA 91765  
Barry Wallerstein, Executive Officer  
(909) 396-3203

**WILLDAN**

2401 East Katella Avenue, Suite 300  
Anaheim, CA 92806-6073  
(714) 940-6300

**CITY CLIENTS****CITY OF ARCADIA**

P. O. Box 60021  
 Arcadia, Ca 91066  
 Don Penman, City Manager  
 (626) 574-5401

**CITY OF BANNING**

99 E. Ramsey Street  
 Banning, CA 92220  
 Andy Takata, City Manager  
 (951) 922-3105

**CITY OF BEAUMONT**

550 E. Sixth Street  
 Beaumont, CA 92223  
 Alan Kapanicas, City Manager  
 Patrick Smith, Asst. City Manager  
 (951) 769-8520

**CITY OF BELLFLOWER**

16600 Civic Center Drive  
 Bellflower, CA 90706-5494  
 Jeffrey Stewart, City Manager  
 (562) 804-1424

**CITY OF CAMARILLO**

601 Carmen Drive  
 Camarillo, CA 93011  
 Bruce Feng, City Manager  
 (805) 388-5307

**CITY OF CARLSBAD**

1200 Carlsbad Village Dr.  
 Carlsbad, CA 92008-1989  
 Lisa Hildabrand, City Manager  
 (760) 434-2821

**CITY OF CERRITOS**

P. O. Box 3130  
 Cerritos, CA 90703-3130  
 Art Gallucci, City Manager  
 (562) 860-0311

**CITY OF CHINO**

Post Office Box 667  
 Chino, CA 91708-0667  
 Pat Glover, City Manager  
 (909) 591-9806

**CITY OF CHINO HILLS**

14000 City Center Drive  
 Chino Hills, CA 91709  
 Michael Fleager, City Manager  
 (909) 364-2600

**CITY OF CLAREMONT**

207 Harvard Avenue  
 Claremont, CA 91711  
 Jeff Parker, City Manager  
 (909) 399-5441

**CITY OF COMMERCE**

2535 Commerce Way  
 Commerce, CA 90040-1487  
 Jorge Rifa, City Manager  
 (323) 722-4805

**CITY OF CONCORD**

1950 Parkside Drive  
 Concord, CA 94519  
 Dan Keen, City Manager  
 (925) 671-3150



**CITY OF CUPERTINO**

10300 Torre Avenue  
Cupertino, CA 95014  
Dave Knapp, City Manager  
(408) 777-3200

**CITY OF DIAMOND BAR**

21825 E. Copley Drive  
Diamond Bar, CA 91765-4177  
Jim DeStefano, City Manager  
David Doyle, Asst. City Manager  
(909) 839-7010

**CITY OF EASTVALE**

12363 Limonite Ave., Ste. 910  
Eastvale, CA 91752  
Robert Van Nort, City Manager  
(775) 291-2758

**CITY OF ELK GROVE**

8401 Laguna Palms Way  
Elk Grove, CA 95758  
Laura S. Gill, City Manager  
(916) 683-7111

**CITY OF FOLSOM**

50 Natoma Street  
Folsom CA 95630  
Evert Palmer, City Manager  
(916) 355-7201

**CITY OF FONTANA**

8353 Sierra Avenue  
Fontana, CA 92335  
Ken Hunt, City Manager  
(909) 350-7600

**CITY OF GLENDORA**

116 E. Foothill Blvd.  
Glendora, CA 91741-3380  
Chris Jeffers, City Manager  
(626) 914-8200

**CITY OF HAWAIIAN GARDENS &  
COMMUNITY REDEVELOPMENT  
AGENCY**

21815 Pioneer Boulevard  
Hawaiian Gardens, CA 90716-1299  
Ernesto Marquez, City Administrator  
(562) 420-2641

**CITY OF HERCULES**

111 Civic Drive  
Hercules, CA 94547  
Liz Warmerdam, Interim City Manager  
(510) 799-8206

**CITY OF INDIAN WELLS**

44-950 Eldorado Drive  
Indian Wells, CA 92210  
Roderick J. Wood, City Manager  
Phone (760) 346-2489

**CITY OF INDUSTRY**

Post Office Box 3366  
15651 East Stafford Street  
Industry, CA 91744-3366  
Kevin Radecki, City Manager  
(626) 333-2211

**INDUSTRY URBAN-DEVELOPMENT  
AGENCY**

Post Office Box 7089  
15651 East Stafford Street  
Industry, CA 91744-3366  
(626) 333-1480

**CITY OF IRWINDALE AND  
IRWINDALE REDEVELOPMENT  
AGENCY**

5050 North Irwindale Avenue  
Irwindale, CA 91706  
Martin Lomeli, Interim City Manager  
(626) 430-2217

**CITY OF JURUPA VALLEY**

8304 Limonite Ave. Suite M  
Jurupa Valley, CA 92509  
Steven Harding, City Attorney  
(951) 837-8100

**CITY OF LA MIRADA AND LA MIRADA  
REDEVELOPMENT AGENCY**

13700 La Mirada Boulevard  
La Mirada, CA 90638-3099  
Tom Robinson, City Manager  
(562) 943-0131

**CITY OF LA PUENTE**

15900 E. Main Street  
La Puente, CA 91744  
Raul Romero, Interim City Manager  
(626) 855-1500

**CITY OF LAGUNA HILLS**

24035 El Toro Road  
Laguna Hills, CA 92653  
Bruce Channing, City Manager  
(949) 707-2610

**CITY OF LAKEWOOD**

5050 Clark Avenue  
Lakewood, CA 90712  
Howard Chambers, City Manager  
(562) 866-9771

**CITY OF MENIFEE**

29714 Haun Rd.  
Menifee, CA 92586  
William Rawlings, City Manager  
(951) 672-6777

**CITY OF MONROVIA**

415 S. Ivy Avenue  
Monrovia, CA 91016  
Scott Ochoa, City Manager  
(626) 932-5501

**CITY OF MORENO VALLEY**

P. O. Box 88005  
14177 Frederick Street  
Moreno Valley, CA 92552-0805  
Henry Garcia, City Manager  
(951) 413-3000

**CITY OF NORWALK**

12700 Norwalk Boulevard  
Norwalk, CA 90651-1030  
Mike Egan, City Manager  
(562) 929-5700

**CITY OF PALM DESERT**

73-510 Fred Waring Drive  
Palm Desert, CA 92260  
John M. Wohlmuth City Manager  
(760) 346-0611

**CITY OF PALMDALE**

38300 Sierra Highway Ste. C  
Palmdale, CA 93550-4798  
Steve Williams, City Manager  
(661) 267-5100

**CITY OF PARAMOUNT**

16400 Colorado Avenue  
Paramount, CA 90723-5050  
Linda Benedetti-Leal, City Manager  
(562) 220-2225

**CITY OF PLACENTIA**

401 East Chapman Avenue  
Placentia, CA 92870  
Troy L. Butzlaff, Administrator  
(714) 993-8117

**CITY OF POMONA**

505 South Garey Avenue  
Pomona, CA 91766  
Linda Lowry, City Manager  
(909) 620-2051

**CITY OF RANCHO CUCAMONGA**

10500 Civic Center Drive  
Rancho Cucamonga, CA 91730-3802  
John Gillison, City Manager  
(909) 477-2700

**CITY OF REDDING**

P. O. Box 496071  
Redding, CA 96049-6071  
Kurt Starman, City Manager  
(530) 225-4060

**CITY OF ROSEMEAD**

8838 East Valley Boulevard  
Rosemead, CA 91770-1787  
Jeff Allred, City Manager  
(626) 569-2100

**CITY OF ROSEVILLE**

311 Vernon Street  
Roseville, CA 95678  
Ray Kerridge, City Manager  
(916) 774-5200

**CITY OF SANTA FE SPRINGS**

11710 E. Telegraph Road  
Santa Fe Springs, CA 90670  
Thaddeus McCormack, City Manager  
(562) 868-0511

**CITY OF SIMI VALLEY**

2929 Tapo Canyon Road  
Simi Valley, CA 93063-2199  
Mike Sedell, City Manager  
(805) 583-6701

**CITY OF SOUTH GATE AND  
SOUTH GATE COMMUNITY  
REDEVELOPMENT AGENCY**

8650 California Avenue  
South Gate, CA 90280-3075  
Ruben Lopez, Dep. Dir. of RDA  
Ron Bates, City Manager  
(323) 563-9500

**CITY OF TORRANCE**

3031 Torrance Blvd.  
Torrance, CA 90503  
LeRoy J. Jackson, City Manager  
(310) 618-5880

**CITY OF VALLEJO**

555 Santa Clara St.  
Vallejo, CA 94590  
Phil Batchelor, City Manager  
(707) 648-4575

**CITY OF VERNON**

4305 Santa Fe Avenue  
Vernon, CA 90058  
Mark Whitworth, City Administrator  
(323) 583-8811

**CITY OF VICTORVILLE**

P. O. Box 5001  
Victorville, CA 92393  
Doug Robertson, City Manager  
(760) 955-5029  
(760) 955-5025 Direct Line

**CITY OF WALNUT**

21201 La Puente Road

Walnut, CA 91789

Robert M. Wishner, City Manager

(909) 595-7543

**CITY OF WEST COVINA**

1444 West Garvey Avenue

West Covina, CA 91790

Andy Pasmant, City Manager

(626) 939-8401

**CITY OF WILDOMAR**

23873 Clinton Keith Rd., Ste. 201

Wildomar, CA 92595

Mr. Frank Oviedo, City Manager

(951) 677-7751



LEGISLATION	SUBJECT	SUMMARY
SB 827 (Wright)	South Coast Air Quality Management District: CEQA: permits.	Authorizes the South Coast Air Quality Management District (SCAQMD), notwithstanding a superior court decision, to issue emission reduction credits to "essential public services" and exempt facilities or equipment, consistent with SCAQMD rules; adds an urgency clause; and, sunsets the bill on May 1, 2012. - <b>Signed by Governor</b>
SB 886 (McLeod & Lieu)	Management districts: district board	This bill adds an additional seat on the board directors of the South Coast Air Quality Management District for the City of Los Angeles, makes clarifying provisions regarding which cities are represented by which geographical city selection committee, and deletes prohibitions on a member serving more than two consecutive terms as chair on specified air quality management districts. - <b>Signed by Governor</b>
SB 1646 (Padilla)	Air Pollution Fee	Deletes the 2010 sunset date on the South Coast Air Quality Management District's (SCAQMD) authority to impose an additional \$1 fee on motor vehicles that are registered within its district boundaries to fund programs to reduce air pollution from motor vehicles. Increases, from 2.5% to 5%, the amount that SCAQMD may spend on its administrative costs. - <b>Signed by Governor</b>
SBX3 8 (Ducheny)	State and Local Government	Authorizes the continuation of the allocation of tax increment revenues to the Glendora Community Redevelopment agency from its Project Area 3. Currently, the amount of tax increment revenue is limited by a cap adopted by the agency in 1976. This measure provides for annual allocation of the greater of either \$2.6 million or the gross tax increment received in 2007-08 by the agency, commencing in 2008-09 through life of the project. - <b>Signed by Governor</b>
SBX2 16 (Ashburn)	Horse Racing: Licensing fees	Shifts the horse racing industry's \$40 million annual obligation to fund the network of California Fairs from license fees imposed on horse racing wagers to the General Fund. Provides various measures of economic stimulus for the horse racing industry. - <b>Signed by Governor</b>
SB 27 (Hancock)	Local agencies: sales and use tax: reallocation.	Prohibits a local agency from entering into any form of agreement with a retailer that would involve the shifting of any amount of Bradley-Burns local tax proceeds if the agreement results in a reduction in the amount of revenue that is received by another local agency from the same retailer if it is located within that other local agency, and continues to maintain a physical presence and location there. - <b>Signed by Governor</b>
SB 178 (Aanestad)	State property: Department of Forestry and Fire Protection	This bill authorizes the Director of the Department of General Service to sell, lease or exchange approximately three acres of state-owned real property located at 875 Cypress Avenue, in the City of Redding, that is specifically not declared surplus to the State's needs and is currently used by the Department of Forestry and Fire Protection as its Shasta-Trinity Unit Headquarters, for the purpose of consolidating operations on or near the Redding Airport. - <b>Signed by Governor</b>
AB 906 (Hill & Smyth)	Conflict of interest: remote interest in a contract.	Revises the definition of "remote interest" in the existing conflict of interest statute pertaining to government officials in order to allow a government entity to enter into a contract with an investor-owned utility (IOU), if the purpose of the contract is to provide energy efficiency. - <b>Signed by Governor</b>
AB 155 (Mendoza)	Local Government Bankruptcy	Prohibits a local public entity, as defined, from exercising its rights under applicable federal bankruptcy law unless granted approval by the California Debt and Investment Advisory Commission (CDIAC), under CDIAC's terms and conditions. - <b>Defeated Legislation</b>
AB 680 (Steinberg)	Land use: sales and use tax and property tax	Sales Tax Sharing - Proposed to shift local government Bradley-Burns sales and use tax revenue from situs to population. - <b>Defeated Legislation</b>

\*\*Partial List\*\*

AB 1221 (Steinberg)	Sales Tax Sharing	Proposed to exchanges a portion of a city's or county's locally levied sales tax revenue for an equivalent amount of property tax revenue from the state. - <b>Defeated Legislation</b>
SCA 4 (Torlakson)	Prop 1A - Local Government	As the chief negotiator for the Assembly Republican Caucus, Assemblymember Keene has repeatedly said "Proposition 1A would not have happened without the Gonsalves firm". Our firm is recognized as the leading contract lobbying firm responsible for brokering the compromise that ensured local governments Bradley-Burns sales tax revenue was Constitutionally protected. Proposition 1A was passed by the California Assembly by a vote of 64-13. It was approved by the California State Senate by a vote of 34-5.- <b>Prop 1A passed with 9,411,198 (83.7%) votes in favor.</b>
SB 709 (Lockyer)	No & Low Tax City Legislation	Guaranteed a minimum share of property taxes to 100 + Cities that did not levy a property tax rate (or levied only a very low rate) prior to Proposition 13. - <b>Signed by Governor</b>
AB 1197 (Brown)	No & Low Tax City Legislation	Allocated an additional 1 cent per year up to 7 cents of the Property Tax to all No & Low Tax Cities. - <b>Signed by Governor</b>
AB 1981 (Huff)	Surplus Property: Chino Valley Unified School District	Authorized the Chino Valley Unified School District to transfer specified surplus property previously acquired from the state, to the City of Chino Hills, in the County of San Bernardino, subject to certain conditions for development of a park. - <b>Signed by Governor</b>
AB 811 (Levine)	Contractual assessments: energy efficiency improvements	Authorized all cities and counties in California to designate areas which city officials and willing property owners may enter into contractual assessments to finance the installation of distributed generation renewable energy sources and energy efficiency improvements.- <b>Signed by Governor</b>
AB 1932 (Smyth)	Simi Valley: public cemeteries	Allows the City of Simi Valley to survey, lay out, own and operate for burial, five or more acres of public land for burial purposes. - <b>Signed by Governor</b>
SB 1646 (Padilla)	South Coast Air Quality Management District: air pollution fee	Deletes the 2010 sunset date on the South Coast Air Quality Management District's (SCAQMD) authority to impose an additional \$1 fee on motor vehicles that are registered within its district boundaries to fund programs to reduce air pollution from motor vehicles. Increases, from 2.5% to 5%, the amount that SCAQMD may spend on its administrative costs. - <b>Signed by Governor</b>
SB 1124 (Loc. Gov. Cmt)	Local Government Omnibus Act of 2008	Specifically defined Access Services (ASI), the transit agency which provides transportation for people with disabilities under the Americans with Disabilities Act (ADA) for Los Angeles County as a public agency under state law. - <b>Signed by Governor</b>
SB 1308 (Cox)	Disaster Assistance	Added the Angora Fire, which occurred in the Lake Tahoe Basin in June of 2007, to the list of disasters eligible for full state reimbursement of local agency costs under the California Disaster Assistance Act (CDAA). - <b>Signed by Governor</b>
AB 1602 (Laird)	Local Government Finance	Reinstated the VLF bump for newly incorporated Cities after Proposition 1A. - <b>Signed by Governor</b>
AB 117 (Cohn)	Tax Equity Allocation formula: County of Santa Clara.	Repeals the 55% cap in Santa Clara County on tax equity allocation (TEA) funding for the county's four no/low-property-tax cities starting in the 2006-07 fiscal year (FY). - <b>Signed by Governor</b>
AB 1342 (Napolitano)	Redevelopment Plans	Allows the Cerritos redevelopment agency to extend the time limits on their plans without making findings of blight. - <b>Signed by Governor</b>

\*\*Partial List\*\*

SCR 96 (Karnette)	Intermodal Freight Access	This measure would request the Department of Transportation, in cooperation with the Business, Transportation and Housing Agency, the Trade and Commerce Agency, the California Transportation Commission, and other appropriate parties, to prepare a proposal for a "Global Gateways Development Program" to enhance intermodal freight access. - <i>Signed by Governor</i>
SB 602 (Wright)	Local Use Tax: Leased Vehicles	Requires that for purposes of reporting and transmitting any use tax, with respect to the lease of a motor vehicle, the place of use shall be the city and/or county in which the lessor's place of business is located if the lessor is a new motor vehicle dealer. - <i>Signed by Governor</i>
AB 609 (Margett)	Recycled Water	This bill provided recycled water producers, retail water suppliers, and entities responsible for groundwater replenishment, the ability to cooperate in joint studies to determine the feasibility of providing recycled water service and recycled water for groundwater replenishment, as specified. - <i>Signed by Governor</i>
AB 2023 (Gallegos)	Flood Control and Water Conservation Liability	This bill provided that, until January 1, 2002, neither a public agency that operates flood control and water conservation activities, nor its employees shall be liable for an injury caused by the condition or use of unlined flood control channels or adjacent groundwater recharge spreading grounds. - <i>Signed by Governor.</i>
SB 419 (Speier)	Dairy Products	This bill, until January 1, 2002, required the State Department of Food and Agriculture (CDFA), over the next two years, to conduct statewide monthly retail milk price surveys and a public information program that provides the survey's findings, and to report back to the Legislature. - <i>Signed by Governor</i>
AB 471 (Hertzberg)	Horse Racing	Establishes a racetrack backstretch employee labor relations process; requires the California Horse Racing Board (CHRB) to adopt housing standards for employee housing at racetracks; and, authorizes CHRB to permit racing associations to accept "advanced deposit wagers," as defined. - <i>Signed by Governor.</i>
SB 142 (Boatwright)	Sellers of Travel	This bill would required an educational travel organization, that arranges educational travel programs to enter into a contract with an educational institution containing a specified itemized statement of services prior to arranging an educational travel program. - <i>Signed by Governor</i>
AB 80 (Havice)	Aggregation: Magnolia Power Project	Authorized the cities participating in the Magnolia Power Project to aggregate their electricity loads and provide direct electricity access to their residents on an opt-in basis. - <i>Signed by Governor</i>

\*\*Partial List\*\*

**PROJECT FUNDING SECURED BY**  
**JOE A. GONSALVES & SON**

\*Partial List

<b>Project Name</b>	<b>Joe A. Gonsalves &amp; Son Client</b>	<b>Grant Amount \$</b>
Proposition 1B Trade Corridor Improvement Fund	Port of Long Beach	299,795,000
State Highway Operation and Protection Program	Port of Long Beach	200,205,000
Statewide Park Development & Community Revitalization Program	City of South Gate	2,000,000
Statewide Park Development & Community Revitalization Program	City of Rosemead	3,134,066
Statewide Park Development & Community Revitalization Program	City of Rancho Cucamonga	3,941,136
Statewide Park Development & Community Revitalization Program	City of Paramount	\$4,580,902
Safe Routes to School	City of La Puente	\$664,470
Bruggemeyer Memorial Library	City of Monterey Park	\$8,845,850
Camarillo Library	City of Camarillo	\$15,621,473
Fairfield Cordelia Library	City of Fairfield	\$4,100,385



Fontana Library	City of Fontana	\$14,900,075
Lawndale Library	City of Lawndale	\$7,300,132
National City Public Library	City of National City	\$11,112,814
Redding - Shasta County Library	City of Redding	\$12,177,532
Victoria Gardens Library	City of Rancho Cucamonga	\$7,752,688
SF Bay to Stockton Ship Channel Deepening Project	Port of Stockton	\$17,500,000
Sacramento River Deep Water Channel Project	City of West Sacramento Port of Sacramento	\$10,000,000
Gateway-Valley Grade Separation	City of Santa Fe Springs	\$25,570,000
Washington Blvd Widening & Reconstruction Project	City of Commerce	\$5,800,000
Gerald Desmond Bridge Replacement	Port of Long Beach	\$250,000,000
Ports Rail System Pier F	Port of Long Beach	\$4,650,000
Ports Rail System Track Realignment	Port of Long Beach	\$23,960,000
Port Rail System Pier B Realignment	Port of Long Beach	\$4,180,000
Port Terminal Island Track Realignment	Port of Long Beach	\$3,790,000
Port Computerized Train Control	Port of Long Beach	\$11,850,000
Reeves Ave Closure and Grade Separation	Port of Long Beach	\$31,180,000

Navy Mole Storage Yard	Port of Long Beach	\$5,930,000
New Cerritos Rail Bridge/Triple Track S. of	Port of Long Beach	\$38,330,000
West Basin road Rail Access Improvements	Port of Long Beach	\$47,560,000
Pier 400 Second Lead Track	Port of Long Beach	\$3,670,000
Sunset Avenue Grade Separation	City of Banning	\$10,000,000
Corridor Logistics Access Project (Cherry Street)	City of Fontana	\$30,773,000
Corridor Logistics Access Project (Citrus Street)	City of Fontana	\$23,600,000
Corridor Logistics Access Project (Riverside Street)	City of Fontana	\$14,096,000
Glen Ridge Apartments	City of Carlsbad	\$5,921,777
CalHome	City of Roseville	\$600,000
CalHome	City of Chino	\$400,000
CalHome	City of Vista	\$600,000
CalHome	City of Redding	\$600,000
CalHome	City of Fairfield	\$600,000
CalHome	City of Yuba City	\$600,000
Palmdale Transit Village	City of Palmdale	\$2,200,000

Santa Barbara Estates, Units 3 & 4	City of Redding	\$132,300
Santa Monica	City of Fairfield	\$1,080,000
Central Station Town Homes	City of Fillmore	\$480,000
Westerner Mobile Home Park	City of Elk Grove	\$250,000
Mountain View Terrace Apartments	City of Beaumont	\$2,960,000
Westview Terrace Apartments	City of Banning	\$2,833,000
CalHome	City of Pomona	\$900,000
CalHome	City of Fairfield	\$900,000
CalHome	City of Simi Valley	\$900,000
Workforce Housing Reward Program	City of Concord	\$324,800
Workforce Housing Reward Program	City of Roseville	\$20,240
Workforce Housing Reward Program	City of West Sacramento	\$54,880
Computers, Vehicles for Sheriff Station	City of Bellflower	\$30,000
Restoration of Camarillo Ranch	City of Camarillo	\$493,000
Cascade Park	City of Monterey Park	\$225,000
Community Center	City of Irwindale	\$150,000
Mae Boyer Park	City of Lakewood	\$750,000

Historic Roseville Project	City of Roseville	\$250,000
Preservation of Camarillo Ranch	City of Camarillo	\$492,605
School Bus Replacement	City of Ventura	\$300,000
Langley Senior Center	City of Monterey Park	\$350,000
La Loma Park Renovation	City of Monterey Park	\$150,000
Sleepy Hollow Community Center	City of Chino Hills	\$250,000
Alternative to Gang Programs	City of Bellflower	\$50,000
Performing Arts Center	City of La Mirada	\$400,000
ERAF Adjustment/Correction	City of Laguna Niguel	\$600,000
Pavement Improvement Program	City of Lakewood	\$700,000
East Ventura Park	City of Ventura	\$250,000
Police Services	City of La Mirada	\$500,000
Sports Complex	City of Redding	\$10,000,000
Youth Facility Improvements	City of Palmdale	\$500,000
Tiger Field Improvements	City of Redding	\$500,000
BOE Use Tax Refund	City of Redding	\$1,500,000
<b>Total Project Grants</b>		<b>\$1,200,868,125</b>



Bill	Summary	Latest Action
<b>Private file: Master</b>		
CA AB 212 Fuentes (D)	<p><b>General Plan: Zoning Ordinances</b> Requires specified charter cities, when amending a zoning ordinance to conform with the general plan, to use the general plan designation that applied to the property on the date on which the application to amend the zoning ordinance was submitted to the charter city if certain conditions apply.</p>	<p>03/04/2008:</p> <ul style="list-style-type: none"> <li>• From SENATE Committee on LOCAL GOVERNMENT with author's amendments.</li> <li>• In SENATE. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.</li> </ul>
CA AB 811 Levine (D)	<p><b>Contractual Assessments: Energy Efficiency Improvements</b> Authorizes a legislative body of any city to determine if it would be in the public interest to designate an area within which authorized city officials and free and willing property owners may enter into contractual assessments to finance the installation of distributed generation renewable energy sources or energy efficiency improvements. Authorizes a property owner to purchase directly the related equipment and materials for the energy efficiency improvements and to contract directly for same.</p>	<p>03/11/2008:</p> <ul style="list-style-type: none"> <li>• From SENATE Committee on ENERGY, UTILITIES AND COMMUNICATIONS with author's amendments.</li> <li>• In SENATE. Read second time and amended. Re-referred to Committee on ENERGY, UTILITIES AND COMMUNICATIONS.</li> </ul>
CA AB 1654 Huffman (D)	<p><b>Integrated Regional Water Management Planning Act</b> Requires applicants for funding for projects that assist local public agencies to meet the long-term water needs of the state to identify the manner in which the project will contribute to meeting the performance standards included in the applicable integrated regional water management plan. Requires the Department of Water Resources to conduct a groundwater management study. Enacts the Integrated Regional Water Management Planning Act. Requires the preparation and adoption of water management plans.</p>	<p>03/13/2008:</p> <ul style="list-style-type: none"> <li>• Withdrawn from SENATE Committee on ELECTIONS, REAPPORTIONMENT AND CONSTITUTIONAL AMENDMENTS.</li> <li>• Re-referred to SENATE Committee on RULES.</li> </ul>

CA AB 1724 Jones (D)	<b>Vehicle: Nuisance Abatement: Forfeiture</b> Relates to vehicle nuisance abatement, forfeiture, solicitation for controlled substances and solicitation for prostitution. Authorizes cities and towns to adopt an ordinance declaring a motor vehicle as a public nuisance when used in the commission of crimes related to drugs and prostitution.	04/09/2008: <ul style="list-style-type: none"> <li>• From SENATE Committee on PUBLIC SAFETY with author's amendments.</li> <li>• In SENATE. Read second time and amended. Re-referred to Committee on PUBLIC SAFETY.</li> </ul>
CA AB 1831 Mendoza (D)	<b>Affordable Housing: Teachers and Faculty Members</b> Requires the Department of Housing and Community Development to provide a report that details existing local programs, including programs in other states, that are designed to help teachers and faculty members in securing housing in the community in which they work, and make recommendations on replicating successful related programs, and that specifies the factors and any common elements that lead to successful programs. Requires collaboration with the Department of Education.	04/09/2008: <ul style="list-style-type: none"> <li>• In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.</li> </ul>
CA AB 1833 Anderson (R)	<b>Rehabilitated, Foreclosed, and Distressed Housing</b> Authorizes a redevelopment agency use the Low and Moderate Income Housing Fund to purchase homes that are in foreclosure and are owned by persons of low or moderate income. Requires a recipient of a loan or grant under the Housing and Emergency Shelter Trust Fund Act of 2006 to implement any program or project funded under the loan or grant by purchasing and making available, housing that has been rehabilitated, has been the subject of foreclosure, or is at immediate risk of foreclosure.	04/03/2008: <ul style="list-style-type: none"> <li>• To ASSEMBLY Committee on HOUSING AND COMMUNITY DEVELOPMENT.</li> <li>• From ASSEMBLY Committee on HOUSING AND COMMUNITY DEVELOPMENT with author's amendments.</li> <li>• In ASSEMBLY. Read second time and amended. Re-referred to Committee on HOUSING AND COMMUNITY DEVELOPMENT.</li> </ul>

CA AB 1844 Hernandez (D)	<p><b>Public Employee Benefits</b> Makes it a crime for a person to make or present false material statements and representations in connection with retirement systems benefits and applications, or to aid and abet someone doing same. Makes it a crime for a person to accept, with the intent to keep for personal benefit, a payment with the knowledge that one was not entitled to the benefit. Authorizes the Public Employees' Retirement System to obtain information from a workers' compensation insurer for eligibility purposes. Relates to audits.</p>	<p>04/09/2008:  <ul style="list-style-type: none"> <li>From ASSEMBLY Committee on PUBLIC EMPLOYEES, RETIREMENT AND SOCIAL SECURITY: Do pass to Committee on APPROPRIATIONS.</li> </ul> </p>
CA AB 1845 Duvall (R)	<p><b>Highway-Railroad Grade Separations</b> Repeals the requirement for the Department of Transportation to include \$15,000,000 in its annual budget for highway-railroad grade separation projects. Authorizes projects for highway-railroad grade separations to compete for funding through the state transportation improvement program process.</p>	<p>04/03/2008:  <ul style="list-style-type: none"> <li>To ASSEMBLY Committee on TRANSPORTATION.</li> <li>From ASSEMBLY Committee on TRANSPORTATION with author's amendments.</li> <li>In ASSEMBLY. Read second time and amended. Re-referred to Committee on TRANSPORTATION.</li> </ul> </p>
CA AB 1946 Nava (D)	<p><b>Hazardous Materials: Water Quality: Enforcement</b> Relates to the time for commencing an action for civil penalties or punitive damages relating to hazardous waste and hazardous substances. Includes actions relating to hazardous materials release response plans and inventory. Relates to the Regional Water Quality Control Board. Authorizes a regional board to delegate to its executive officer the authority to apply to the Attorney General for judicial enforcement. Requires a district attorney or city attorney to bring civil actions.</p>	<p>04/01/2008:  <ul style="list-style-type: none"> <li>From ASSEMBLY Committee on JUDICIARY: Do pass to Committee on ENVIRONMENTAL SAFETY AND TOXIC MATERIALS.</li> </ul> </p>
CA AB 1985 Strickland (R)	<p><b>Sidewalks: Repairs</b> Requires sidewalk owners to maintain a sidewalk in a condition that will not endanger persons or property and will not interfere with the public convenience. Authorizes a city, county, or city and county to repair any sidewalk out or repair or pending reconstruction. Prohibits a city, county, or city and county from imposing a repair assessment upon the owner of property property fronting the sidewalk. Specifies that a sidewalk owner shall be solely liable for injuries as a result of a dangerous sidewalk.</p>	<p>04/09/2008:  <ul style="list-style-type: none"> <li>In ASSEMBLY Committee on LOCAL GOVERNMENT: Failed passage.</li> <li>In ASSEMBLY Committee on LOCAL GOVERNMENT: Reconsideration granted.</li> </ul> </p>

CA AB 2000 Mendoza (D)	<p><b>General Plan: Housing Element</b> Allows a local government that exceeded, during a planning period, its share of the regional housing need for a particular income level as allocated to that government for that planning period, or as set forth in the local government's housing element to count the excess housing units toward meeting its share of the regional housing need for that same or higher income.</p>	<p>04/09/2008: • From ASSEMBLY Committee on LOCAL GOVERNMENT: Do pass to Committee on HOUSING AND COMMUNITY DEVELOPMENT.</p>
CA AB 2011 Cook (R)	<p><b>Local Government: Bonds</b> Deletes the authorization for local agencies to sell their bonds to a joint powers authority on a negotiated basis without compliance with any public sale requirement included in the statute under which the bonds were issued.</p>	<p>04/03/2008: • To ASSEMBLY Committee on LOCAL GOVERNMENT. • From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments. • In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.</p>
CA AB 2093 Jones (D)	<p><b>General Plan: Mandatory Elements</b> Amends the Planning and Zoning Law. Requires to be included in the mandatory elements, except for the noise element, consideration of policies that reduce the effects of land use activities and general plan actions on the emission of greenhouse gases in order to help meet the goals of the State Global Warming Solutions Act of 2006.</p>	<p>04/09/2008: • From ASSEMBLY Committee on LOCAL GOVERNMENT: Do pass to Committee on NATURAL RESOURCES.</p>
CA AB 2182 Caballero (D)	<p><b>Local Land Use Planning</b> Establishes the Urban and Community Center Revitalization Program which would provide for moneys from a specified bond act to be made available for distribution in the form of grants to local governments that meets specified criteria, for specific plans, master environmental impact reports, and charettes. Requires the State Clearinghouse in the Governor's Office of Planning and Research to prepare and develop proposed specified regulations for the program.</p>	<p>03/12/2008: • From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments. • In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.</p>



CA AB 2239 Caballero (D)	<b>Fort Ord Reuse Plan</b> Requires all parcels within the area of Fort Ord not designated as open space in the Fort Ord Reuse Plan to be considered to have been previously developed for urban use.	04/03/2008: • To ASSEMBLY Committee on HOUSING AND COMMUNITY DEVELOPMENT. • From ASSEMBLY Committee on HOUSING AND COMMUNITY DEVELOPMENT with author's amendments. • In ASSEMBLY. Read second time and amended. Re-referred to Committee on HOUSING AND COMMUNITY DEVELOPMENT.
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**CAPITOL ADVOCATES**

Legislative and Regulatory Advocacy

1215 K Street, 17th Floor • Sacramento, California 95814  
telephone 916.486.1955 • facsimile 916.485.2509

October 3, 2011

**RECEIVED**

OCT - 5 2011

Ms. Margaret Roberts  
City Clerk  
City of Menlo Park  
701 Laurel Street  
Menlo Park, California 94025-3483

**City Clerk's Office  
City of Menlo Park**

**RE: Letter of Intent and Statement of Qualifications for Professional Services for  
State Rail Advocacy**

Dear Ms. Roberts:

Thank you for the opportunity to submit the enclosed Letter of Intent and Statement of Qualifications (SOQ) for professional services for State Rail Advocacy. I look forward to meeting with the Rail Committee to discuss my qualifications to continue assisting the City with this extremely critical issue.

Thank you for your consideration.

Sincerely,

Ravi Mehta

RM:gjs

Enclosures



**CAPITOL ADVOCATES**  
Legislative and Regulatory Advocacy

**LETTER OF INTENT  
AND  
STATEMENT  
OF  
QUALIFICATIONS**



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**Attachments:**

Capitol Advocates case studies and client list.....Attachment 1  
Biography of Ravi Mehta.....Attachment 2  
Example of Legislative update and Quarterly Report.....Attachment 3  
Samples of Work.....Attachment 4

## **1.00 INTRODUCTION**

Capitol Advocates is pleased to submit this Letter of Intent and Statement of Qualifications (SOQ) for professional legislative and advocacy services associated with advancing the City of Menlo Park's (City) interests at the State and local level as they relate to the California High Speed Rail project.

Capitol Advocates has the necessary experience and expertise to provide the City of Menlo Park with strategic advice, and lobby on its behalf at the local, regional, state, and federal levels to ensure that the City's interests are protected, and to promote its interests as outlined in the City's guiding principles.

## **2.00 DESCRIPTION OF FIRM, EXPERIENCE, AND PRACTICES**

Capitol Advocates provides clients with more than 40 years of combined experience in the executive, legislative, and regulatory arenas within federal, state and local governments. Please see attached case studies and client list (Attachment 1).

Unlike other firms, we also provide legal expertise necessary to analyze legislation and regulations affecting our clients' interests. This makes Capitol Advocates unique because our clients do not have to retain additional legal assistance.

Capitol Advocates' expertise embraces all aspects of public policy and government relations. This includes successfully achieving positive outcomes for clients through legislative and regulatory initiatives.

For almost three decades, Capitol Advocates' Principal, Ravi Mehta<sup>1</sup>, has served as a public servant for United States Senator S.I Hayakawa; served as Governor Wilson's Deputy Appointments Secretary, and as Chairman of the California Fair Political Practices Commission; as Executive Assistant to Orange County Board of Supervisor Gaddi Vasquez; as well as an Orange County Deputy District Attorney. Before founding Capitol Advocates in 2000, Ravi Mehta also worked as a litigation attorney and lobbyist with two International law firms<sup>2</sup> representing numerous governmental entities and fortune 500 companies on various issues at the

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<sup>1</sup> Ravi is the principal lobbyist for Capitol Advocates. As such, either the first or third person will be used to describe the Firm's experience, capabilities and relationships.

<sup>2</sup> Ravi worked at Jones Day Reavis and Pogue in its Irvine office, as well as for Arter & Hadden in Sacramento.

federal, state and local levels, including Congress, state and federal agencies and departments, the California state legislature, as well as before numerous County Boards of Supervisors, and City Councils.

## **2.1 FEDERAL AND STATE PRACTICE**

Effective government affairs professionals remain constantly prepared for dramatic, sudden changes in executive and legislative branch politics. This is one of many areas where Capitol Advocates delivers unparalleled direct experience. We are able to represent our clients' interests and obtain desired results through established relationships with the current leadership in the federal and state executive branches, as well as Congress and the California Legislature. This includes relationships with the key federal officials, US Senators, Congressional leaders, Governor, President pro tempore of the Senate, Speaker of the Assembly, Committee Chairs and other key executive and legislative branch officials. Additionally, with respect to HSR issues, I have worked closely with legislative policy committees and have very strong relationships with their legislative members and committee staff.

Capitol Advocates has worked on hundreds of legislative proposals and has a tremendous record of success for our clients. Over two decades I have successfully represented numerous fortune 50 companies, cities, special districts, and charitable organizations on a myriad of issues. In addition to protecting clients from legislative proposals detrimental to their businesses, every bill, but one (AB 952), sponsored by my clients that has made it to the Governor's desk (both Democrat and Republican) has been signed into law. I have been successful because of my strong personal relationships with various Governors, legislators and their staff from both sides of the aisle, as well as my reputation for honesty, integrity, thoroughness, and effectiveness. In Sacramento, relationships and knowledge of the issues is what matters most, not the color of your party affiliation.

Capitol Advocates utilizes creative and unprecedented solutions to clients' issues by designing and implementing results-driven advocacy strategies and mobilizing business, community-based organizations, and grass-roots coalitions<sup>3</sup> to support lobbying initiatives.

The Firm's resources and capabilities mean that clients receive extensive, up-to-date, and significant information from key decision-makers in Washington, Sacramento, and local governments. At the same time, our clients benefit from services that cover a wide spectrum of tactical resources, including:

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<sup>3</sup> On the CHSR project, Ravi has worked closely and effectively with Californians Advocating Responsible Rail Design (CARRD), Community Coalition on High Sped Rail (CCHSR), the Gateway Cities Coalition, and other organizations.

- Research
- Data Collection
- Preparation and implementation of a strategic lobbying plan to meet the client's objectives
- Developing and maintaining relationships with elected and appointed officials
- Continuous monitoring and evaluation of legislative activities, actions, and proposed votes affecting the client's interests
- Securing votes to advance the client's interests
- Drafting and amending legislative initiatives
- Issue management
- Testimony before the Legislature, California High Speed Rail Authority, local Transportation Agencies, Boards of Supervisors, City Councils, and other governmental entities, as necessary.
- Advocacy before law and policy makers at all levels to ensure a successful legislative strategy.

The firm also provides a comprehensive array of legislative and executive branch services, including policy and political analysis, strategy development, and communications.

## **2.2 CALIFORNIA HIGH SPEED RAIL AUTHORITY**

As Governor's Deputy Appointment's Secretary, I was responsible for recommending individuals to the Governor for appointments to state agencies, departments, and hundreds of boards and commissions, including the California High Speed Rail Commission, and the California Transportation Commission.

I am extremely familiar with the current High Speed Rail Project and have worked on HSR issues since 1989 when I was Executive Assistant to an Orange County Supervisor. The proposed HSR project at that time was to run between Anaheim and Las Vegas.

In addition to being intimately knowledgeable about the underlying HSR issues, representing the Cities of Menlo Park, Palo Alto, Atherton, and Pico Rivera for the past two years, I have worked very closely and am extremely familiar with the Authority's CEO, Roeloff van Ark, and Board members, including the

Chairman, Tom Umberg<sup>4</sup>. I also personally know and have worked with many of the other Board members and CHSRA staff.

### **2.3 LOCAL GOVERNMENT PRACTICE**

Capitol Advocates' reputation for effective advocacy extends beyond Washington and Sacramento. The success of our clients often depends on working with local government agencies. In this specialty area, Capitol Advocates advances client's interests, when necessary, before local government and community leaders.

With local government, we bring to the table the same skill sets that define our success at the federal and state level: an in-depth understanding of regulatory issues and an experienced perspective on what is necessary to turn strategy into results.

### **2.4 CALTRAIN PENINSULA CORRIDOR JOINT POWERS BOARD (PCJB)**

Capitol Advocates has also worked with the CalTrain Peninsula Corridor Joint Powers Board (PCJB) on issues related to the development of the California High Speed Rail System. Since the CHSRA San Jose to San Francisco segment is currently planned to use the CalTrain right of way, my years of experience, knowledge, and working relationship with the PCJB on HSR issues is critical to ensuring continuity for the benefit of Menlo Park.

### **2.5 CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA), AND NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)**

As a seasoned litigation attorney<sup>5</sup> having worked on a number of significant litigation matters, as well as issues related to the development of the California High Speed Rail System, I have knowledge and experience with both CEQA and NEPA. Additionally, I have lobbied on numerous legislative bills affecting CEQA, and most recently, worked aggressively to defeat numerous bills that would have significantly changed CEQA laws to exempt various projects (including High Speed Rail) from CEQA requirements.

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<sup>4</sup> Tom and I have known each other since our days as Prosecutors in Orange County. He was with the US Attorney's office and I with the District Attorney. Tom was subsequently elected to the State Assembly, where I continued to work with him on various legislative issues. For the past two years, Tom and I have also worked on HSR issues and he has been extremely accessible to me.

<sup>5</sup> Ravi has tried over 100 jury trials to verdict and never lost a case.



Just recently Congressman Jeff Denham announced the introduction of a congressional bill to waive NEPA requirements for certain projects in order to enhance job creation. Governor Brown also signed two bills that did in fact waive CEQA requirements. One was for building a football stadium in Los Angeles (SB 292), and the other (AB 900) was for projects to be identified by the Administration. Given the fact that the federal government has mandated that construction of the Central Valley segment of HSR must begin in early 2012, it is virtually certain that in the upcoming legislative session, the CHSRA will attempt to obtain both CEQA and NEPA waivers to comply<sup>6</sup>. With this in mind, my experience on CEQA and NEPA not only as a litigator, but also as a lobbyist who has successfully defeated similar legislation in the past, is an important asset at this critical juncture of the City's lobbying efforts on HSR.

### **3.00 RELEVANT PROJECT EXPERIENCE**

#### **California High Speed Rail Project - Cities of Atherton, Menlo Park, Palo Alto, and Pico Rivera (Cities)**<sup>7</sup>

Capitol Advocates represents the Atherton, Menlo Park, Palo Alto, and Pico Rivera (Cities) on issues related to the design and development of the California High Speed Rail System. Since January 2010, I have worked at all levels of government, but primarily with the Governor, Legislature and the California High Speed Rail Authority (CHSRA) to ensure that the proposed High Speed Rail routes do not adversely affect the Cities' interests.

Representation of the Cities' interests has included:

1. Preparing and implementing a strategic lobbying plan to meet each of the Cities' High Speed Rail objectives.
2. Working with the Cities' Mayors, the High Speed Rail Sub-Committees, City Managers, staff, and concerned community groups and citizens regularly to develop strategies to react to the ever-changing policies of the CHSRA, as well as responding to legislative proposals adverse to the interests of each of the Cities.

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<sup>6</sup> The Governor has stated that he supports High Speed Rail in California and he has signaled that he intends to introduce a comprehensive legislative package in the upcoming legislative session to move forward with the proposed HSR project.

<sup>7</sup> In the interest of brevity, project experience for the cities of Atherton, Menlo Park, Palo Alto, and Pico Rivera are consolidated into one section, as many aspect of the Firm's representation of each city's interests, while not identical, are similar. However, in addition to common issues, Capitol Advocates represents the specific interests of each city, relative to the associated impacts of the High Speed Rail Project.

3. Monitoring legislative bills, agendas, proposals, EIS/EIR and other documents.
4. Working with Cities' Councils, staff, and engineering consultants on developing responses to the EIS/EIR and testifying at CHSRA meetings on related issues.
5. Defeating legislation that would have potentially exempted the High Speed Rail project from CEQA.
6. Defeating High Speed Rail legislation that would have significant and direct negative impacts on local communities.
7. Convinced the Senate Budget Sub-Committee to require the CHSRA to provide regular reports on its activities.
8. Convinced the Senate Budget Sub-Committee to provide funding for the Peer Review Committee so it can meet regularly to fulfill its oversight obligations as mandated in Proposition 1A.
9. Convinced the Senate Transportation Committee to request a review of the Cambridge Systematics ridership study, which the CHSRA was using as the basis for its revenue projections to support the Project. Econometrics experts from Stanford University discovered that the CHSRA's ridership study, the very foundation for the entire project, was fatally flawed. Together, we convinced the Senate Transportation Committee Chair, Senator Lowenthal, to seek an independent review of the Ridership study. The Berkeley Institute of Transportation Studies, commissioned by the Senate Transportation Committee to do the independent review, opined that the entire study was flawed because Cambridge Systematics manipulated the result by using assumptions to meet a predetermined goal.

At our request, the Senate Transportation Committee subsequently held a hearing on the adequacy and reliability of the ridership study and determined that the CHSRA authority was in fact manipulating the process; declared that the Committee had no confidence in the CHSRA; and that the High Speed Rail Project should not move forward until a reliable ridership study is completed; and advised that the Committee intends to reign-in the Authority and its funding during the 2011 legislative session.

10. Garnered the support of numerous legislators by educating them on the problems associated with the High Speed Rail Project. Our lobbying efforts have significantly changed the sentiment of HSR within the legislature from one of unequivocal support to skepticism.
11. Drafted legislative proposals to take a more proactive approach, rather than having the Cities respond to the actions of the CHSRA.
12. Drafted and introduced legislation, including Assembly Bill 952 (Jones) that would ensure that there would be integrity and ethics within the CHSRA. AB 952 was passed by both Houses of the legislature with absolutely no No votes, and is the only HSR bill to have made it to the Governor's desk for signature.
13. Worked with community organizations and coalitions to support and further our Client's interests.
14. Worked with neighboring counties, cities, transportation agencies, and local rail authorities (CalTrain) to address client issues and garner support for client positions.
15. Worked with the Federal Railroad Authority on various issues affecting High Speed Rail and client issues.
16. Worked with Congressional leaders to assist Menlo Park and other Peninsula cities on HSR issues.
17. Ensured that all reporting requirements at the federal, state, and local level, including filing lobbyist employer reports with the Secretary of State, were timely met.
18. Provided regular legislative updates and status reports.

**4.0 MONITORING AND EVALUATING AGENCIES, SECURE VOTES, DEVELOP POSITIVE CONTACTS WITH ELECTED AND APPOINTED OFFICIALS AND STAFF, AND INFORM CITY OF SITUATIONS THAT REQUIRE TESTIMONY OR STATEMENTS**

An effective lobbying strategy and approach necessarily includes constant monitoring, evaluation and relationship development within the legislature and the CHSRA. Capitol Advocates' intends to implement all of these critical tasks to ensure that the City's objectives are met, its interests are protected, and the necessary votes are garnered to at every stage of the process. Additionally, Capitol Advocates as a matter of practice, and in representing the City, will continue to regularly keep City staff apprised of any and all meetings, hearings or other events, and of any such event that would benefit from the presence of, or statement from, the Council, HSR Sub-Committee, City Manager, or staff.

**4.1 Monitoring and reporting on legislative activities, actions, and proposed votes**

Capitol advocates' practice is to prepare regular legislative updates on the activities and actions of each of the agencies it lobbies. In addition, Capitol Advocates will keep the Council, HSR Sub-Committee, City Manager, and staff apprised of any developments on a regular basis via email and other correspondence to ensure that everyone is always up to date. An example of a legislative update is attached for your reference (Attachment 3).

**4.2 Compliance with federal, state, and local guidelines and requirements, as well as all lobbyist registration and reporting requirements.**

As the former Chairman of the California Fair Political Practices Commission, I am acutely aware of and appreciate the registration and reporting requirements for lobbyists. I am also acutely aware of the obligations and responsibilities of lobbyists with respect to gifts, contributions, and other restrictions and limitations placed by the various government entities. Capitol Advocates will not only ensure its compliance, but will also ensure that the City is always in full compliance, and prepare/file all necessary documents as required.

### **4.3 Taking the lead in providing direction and recommendations**

As your lobbyist, Capitol Advocates will always suggest courses of action that we believe are in the best interests of the City, with the understanding that the City ultimately has the final decision on whether to implement our recommendations. It is our belief that the City expects its professional consultants (whether lawyers or lobbyists) to take the lead and provide the appropriate advice, strategy, and recommendations.

### **4.4 Conflict of Interest**

Capitol Advocates does not now, nor intends to, represent any clients (public or private) that would create a conflict of interest in representing the City of Menlo Park. While there are no rules prohibiting lobbyists from representing competing interests, as an attorney I employ and maintain the highest standards of professionalism and ethics required of lawyers even when I represent clients as a lobbyist. Many lobbying firms that represent other interests may have direct or indirect conflicts, which could compromise their effectiveness to the detriment of the city.

### **5.0 FEE SCHEDULE**

Based on my experience working on HSR issues for the past two years, for the scope and magnitude of the work described and discussed, Capitol Advocates proposes to represent the City for lobbying on High Speed Rail issues for a minimum monthly retainer of \$5,000 plus necessary expenses<sup>8</sup>, which will include approximately 15 hours of work per month<sup>9</sup>. Any additional time will be billed at a discounted rate of \$325/hour. The firm's standard hourly rate is \$525 for legal and lobbying representation. The firm does not charge for secretarial or administrative time.

### **6.0 CONCLUSION**

Capitol Advocates is extremely well qualified to represent and protect the City's interests with respect to the California High Speed Rail Project. I believe that through the strength of my professional and personal

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<sup>8</sup> The agreement is for a minimum one-year.

<sup>9</sup> Lobbying is very labor intensive and because Capitol Advocates represents other cities on HSR issues, the cities collectively benefit from economies of scale, as I am able to devote the requisite time necessary to be effective in the legislature and at the CHSRA. Experience has shown that due to the multitude of issues at the CHSRA as well as the numerous bills affecting HSR, a considerable amount of time is necessary to ensure that the cities interests are fully protected and not compromised in any way.

relationships with federal, state and local elected officials, coupled with being as a seasoned and effective lawyer and lobbyist with extensive knowledge and experience working on the California High Speed Rail Project, the City of Menlo Park can be assured that its interests will be advanced and protected.

Thank you for you consideration.

# ATTACHMENT 1

# Case Studies

## McKee Foods

McKee Foods is a privately held multi-billion dollar company based in Collegedale Tennessee. It manufacturers and distributes snack foods, including the famous Little Debbie line of snacks.

As part of its distribution program, the company entered into agreements regulated by the California Seller Assisted Market Plan Act (SAMP). However, the Act's vague wording exposed McKee to frivolous, but expensive lawsuits. McKee approached Capitol Advocates, which advised how the company could eliminate this threat by having the law amended to remove vagueness. McKee's General Counsel was impressed with our thorough understanding of the law and our proposed legislative strategy.

Capitol Advocates researched the law and carefully drafted a bill that would eliminate frivolous lawsuits stemming from the SAMP Act. We identified a key legislative author who agreed to carry the legislation for McKee Foods. Capitol Advocates worked closely with the Attorney General's office, which is charged with enforcing the SAMP Act, to gain support for our proposed amendments to the Act. Having secured the Attorney General's support, we then worked with the bill's author, appropriate legislative committees in both the Senate and Assembly, and leaders of both Houses to pass the bill. The bill was signed into law by the Governor and dramatically cut McKee's exposure to frivolous lawsuits.

## Metabolife, Inc.

Metabolife, Inc. is an extremely successful dietary supplement manufacturer with brands that include Metabolife Ultra®, Metabolife® Green Tea, Metabolife® Caffeine Free, Metabolife® Break Through, Metabolife® Extreme Energy and Metabolife® Aqua Slim™



Unfortunately, Metabolife's highly successful branding campaign attracted copycats who willfully violated trademark laws. This causing significant consumer confusion and posed a threat to the brand. Metabolife retained Capitol Advocates to assist with curtailing this growing trademark infringement problem.

After thorough research, legal analysis, and gaining support from the Attorney General and numerous District Attorneys, we drafted legislation to amend the California Trademark laws to protect Metabolife and other companies in California. We secured an author (a former Speaker of the State Assembly) and lobbied the bill through both Houses of the Legislature. The Governor signed the bill into law empowering Metabolife and thousands of other California Corporations with the ability to better protect their trademarks and products.

### Oracle Corporation

Oracle Corporation is the world's leading supplier of software for information management and the world's second largest independent software company. Its technology can be found in nearly every industry, and in the data centers of nearly all Fortune 100 companies.

Oracle Corporation retained Capitol Advocates to assist with legislative issues, as well as procurement matters at the state and local government levels. Oracle initially requested assistance with developing its state and local government procurement and marketing strategy. Based on this strategy, Capitol Advocates worked with Oracle's state and local government sales team and won numerous multi-million dollar contracts, including a \$100 million contract for an Enterprise License Agreement.

### EMC Corporation

EMC Corporation is among the world's leading developers and providers of information infrastructure technology.

EMC retained Capitol Advocates to assist with federal, state and local government procurement. Working with EMC's government sales team, Capitol Advocates developed a procurement strategy resulting in numerous government

contracts. Of these, the largest was a \$35 million contract awarded by the federal government for the United States Air Force. The Air Force issued a Request for Proposal's (RFP), which EMC not only wanted to win, but also wanted to close and deliver product before the end of its year-end quarter. Capitol Advocates deployed significant efforts at all levels of the federal government to assist EMC in being awarded the contract and ensuring that the Air Force took possession of the products within the desired time frame.

### Allsteel, Incorporated

Allsteel, Inc. is part of the HNI Corporation and the second largest office furniture manufacturer in North America.

The company retained Capitol Advocates to assist with environmental compliance and procurement issues. In accomplishing Allsteel's objectives, Capitol Advocates brought together Allsteel, the California Environmental Protection Agency, and the Department of General Services to ensure that its products were compliant with all environmental standards. This greatly enhanced Allsteel's ability to participate in the state's procurement process. This included Capitol Advocates playing an instrumental role in Allsteel being awarded a California State furniture contract for \$110 million.

# Client List

*(Includes past and current clients)*

## Aviation

HMS Aviation, Inc.

Sky Cargo, Inc.

Southwest Airlines

## Automotive

Clippinger Ford

Superior Holdings, Inc.

West Covina Motors

## Banking/Finance

Continental Currency Services, Inc.

Gateway Finance Corporation

Payday Loans, Inc.

The Principals Capital Corporation

Transpacific Currency Services, Inc.

## Charitable Organizations

California Charity Bingo Association

Disabled Sports USA, West

Goodwill Industries

Saddle Pals

Society for the Blind

United Cerebral Palsy

WIND Youth Services

## Energy/Oil

Coachella Petroleum, Inc.

Jiffy Lube, Inc.

## Gambling

Network Management Group, Inc.

Video Gaming Technologies, Inc.

## Government

Antelope Valley Hospital District

The Town of Atherton

City of Cathedral City

City of Menlo Park

City of Palo Alto

City of Pico Rivera

Sweetwater Union High School District

## Health

Metabolife, Inc.

Newport Audiology

Tissue Bank International

## Technology

America Online

EMC Corporation

Etouch Systems, Inc.

Flexplay Technologies, Inc.

Oracle Corporation

Saber Consulting

Telelogic, Inc.

Unify Corporation

Worksoft, Inc.

## Manufacturing

Allsteel, Inc.

Haro Bicycles

McKee Foods, Inc.

## Real Estate

Capital Valley Real Estate Consultants, Inc.

Regency Homes

Real Estate (Cont.)

Sandpiper Development, Inc.

Retail

Super Duper 98 cent Stores

Wine/Alcohol Industry

California Premium Wine Assoc.

Gateway Estate Wines, Inc.

# **ATTACHMENT 2**



**CAPITOL ADVOCATES**  
Legislative and Regulatory Advocacy

## Profile

### Areas of Emphasis

#### Government Affairs

- Federal Agencies & Departments
- United States Senate & Congress
- California Governor and Legislature
- State Boards and Commissions
- County and City Government Agencies

#### Regulatory

- Rulemaking
- Litigation
- Licensing issues government agencies
- Enforcement matters before all agencies, boards and commissions

#### Education/Professional Memberships

- Whittier College School of Law (JD)
- Cambridge University, Emmanuel College (law).
- University of California, Los Angeles (B.A., Economics and Political Science)
- Member, California State Bar
- Judicial Nominee Evaluation Commission (past member)
- California District Attorneys Association (past ex officio member)
- California Council on Criminal Justice- Juvenile Justice & Delinquency Prevention Commissioner (past member)



### Experience

- Chairman of the California Fair Political Practices Commission which regulates every State and Local officeholder, candidate, and government official.
- Deputy Appointments Secretary Governor Pete Wilson
  - Assisted Governor with selecting hundreds of appointees to all levels of the Executive and Judicial branches of government.
- Jones Day Reavis & Pogue and Arter & Hadden.
  - Practiced as a senior litigation and government affairs attorney.
- United States Senate
  - Worked for Senators S.I. Hayakawa, and Pete Wilson
- Argued before the California Supreme Court in *Kopp v. Fair Political Practices Commission*, 1995.
- Executive Assistant to Orange County's Chairman of the Board of Supervisors.
- Deputy District Attorney, Orange County.
  - Tried over 100 jury trials to verdict. Outstanding Prosecutor Award (California District Attorney's Association)

# ATTACHMENT 3



**CAPITOL ADVOCATES**  
Legislative and Regulatory Advocacy

**M E M O R A N D U M**

**To: High Speed Rail Committee**  
**From: Ravi Mehta**  
**Date: March 3, 2011**  
**RE: Legislative Update: Pending legislation that directly or indirectly impacts the California High Speed Rail Project**

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The 2011 legislative session is in full swing again, with the February 21<sup>st</sup> deadline to introduce bills behind us. Bills can be heard in Committee after 30 days of introduction. March and April will be extremely busy with committee hearings and related lobbying activity.

Many High Speed Rail bills were introduced. It appears that our collective efforts in educating the legislature and staff were successful. The level of interest and concern over the HSR project is significant. While very few have expressed outright opposition, no one (except Assemblywoman Galgiani) has expressed outright support.

The subject matter of the bills are very telling of the concerns within the legislature. As you can imagine, no legislator is willing to introduce legislation unless he/she has serious concerns and believes that only legislative solutions will resolve the problem and address the issues. There has been a sea change in the mindset of the legislature and we may finally see some response from the HSR Authority.

When committee hearings are scheduled on these bills, there is an expectation, at least by the authors that have agreed to carry our sponsored bills, that we will have plenty of witnesses to testify. I will give adequate notice and hope we will not disappoint Assemblymen Brian Jones, David Valadeo, and Richard Gordon.



## High Speed Rail Legislation

**AB 16** (Perea D) High-Speed Rail Authority.

**Introduced:** 12/6/2010

**Status:** 1/24/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 1/24/2011-A. TRANS.

**Summary:** This bill would require the authority to make every effort to purchase high-speed train rolling stock and related equipment that are manufactured in California, consistent with federal and state laws.

**AB 31** (Beall D) Land use: high-speed rail: local master plan.

**Introduced:** 12/6/2010

**Last Amend:** 2/14/2011

**Status:** 2/15/2011-Re-referred to Com. on L. GOV.

**Is Fiscal:** Y

**Location:** 2/15/2011-A. L. GOV.

**Summary:** This bill would establish the High-Speed Rail Local Master Plan Pilot Program, applicable to specified cities and counties, and would authorize each of those jurisdictions to prepare and adopt, by ordinance, a master plan for development in the areas surrounding the high-speed rail system in each jurisdiction. The bill would authorize the high-speed rail master plan to include incentives for encouraging investment and coherent growth in the areas surrounding the high-speed rail system in each participating jurisdiction. The bill would also authorize the participating jurisdictions to collaborate with the State Air Resources Board to develop incentives to encourage development while concurrently reducing greenhouse gas emissions, consistent with or pursuant to the California Global Warming Solutions Act of 2006 or another specified provision of law requiring the board to provide greenhouse gas emission reduction targets for the preparation of regional sustainable communities strategies. The bill would authorize the master plan to exceed the requirements of the jurisdiction's general plan or the applicable regional sustainable communities strategy with respect to fostering sustainable communities around the high-speed rail system.

**AB 41** (Hill D) Conflicts of interest: disqualification.

**Introduced:** 12/6/2010

**Status:** 1/24/2011-Referred to Com. on E. & R.

**Is Fiscal:** Y

**Location:** 1/24/2011-A. E. & R.

**Summary:** Existing provisions of the Political Reform Act of 1974 prohibit a public official at any level of state or local government from making, participating in making, or attempting to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest, as defined. Existing law also requires specified elected and appointed officers at the state and local level of government to disclose specified financial interests by filing periodic statements of economic interests. Existing law further requires public officials who hold specified offices and who have a financial interest in a decision within the meaning of the Political Reform Act of 1974 to publicly identify the financial interest giving rise to the conflict of

interest or potential conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote, and other disposition of the matter is concluded, except as specified. This bill would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

**AB 57** (Beall D) Metropolitan Transportation Commission.

**Introduced:** 12/6/2010

**Last Amend:** 2/2/2011

**Status:** 2/3/2011-Re-referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 2/3/2011-A. TRANS.

**Summary:** The Metropolitan Transportation Commission Act creates the Metropolitan Transportation Commission as a regional agency in the 9-county San Francisco Bay Area with comprehensive regional transportation planning and other related responsibilities. Existing law requires the commission to consist of 19 members, including 2 members each from the Counties of Alameda and Santa Clara, and establishes a 4-year term of office for members of the commission. This bill would, instead, require the commission to consist of 21 members, including one member appointed by the Mayor of the City of Oakland and one member appointed by the Mayor of the City of San Jose. The bill would require the initial term of those 2 members to end in February 2015. The bill would, effective with the commission term commencing February 2015, prohibit more than 3 members of the commission from being residents of the same county, as specified. By imposing new requirements on a local agency, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

**AB 58** (Galgiani D) High-speed rail.

**Introduced:** 12/6/2010

**Status:** 1/27/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 1/27/2011-A. TRANS.

**Summary:** This bill would authorize the Governor to appoint up to 5 deputy directors exempt from civil service who would serve at the pleasure of the executive director. This bill contains other related provisions and other existing laws.

**AB 76** (Harkey R) High-speed rail.

**Introduced:** 12/22/2010

**Status:** 1/27/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 1/27/2011-A. TRANS.

**Summary:** Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of \$9.95 billion in general

obligation bonds for high-speed rail and related purposes. Article XVI of the California Constitution authorizes the Legislature, at any time after the approval of a general obligation bond act by the people, to reduce the amount of the indebtedness authorized by the act to an amount not less than the amount contracted at the time of the reduction or to repeal the act if no debt has been contracted. This bill would reduce the amount of general obligation debt authorized pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the amount contracted as of January 1, 2012.

**AB 133** (Galgiani D) High-speed rail.

**Introduced:** 1/12/2011

**Status:** 2/3/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 2/3/2011-A. TRANS.

**Summary:** Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail and related purposes. The federal Passenger Rail Investment and Improvement Act of 2008 (PRIIA) and the federal Consolidated Appropriations Act, 2010 provide funding for allocation nationally to high-speed rail and other related projects. This bill would require federal funds made available to the state for high-speed rail purposes under the above-referenced federal acts to be available, upon appropriation, for certain work on one or more specified rail corridors approved by the Federal Railroad Administration, in a manner consistent with certain provisions of, and subject to certain conditions of, the bond act.

**AB 145** (Galgiani D) High-speed rail.

**Introduced:** 1/13/2011

**Status:** 2/3/2011-Referred to Com. on TRANS.

**Is Fiscal:** Y

**Location:** 2/3/2011-A. TRANS.

**Summary:** This bill would revise and recast these provisions by repealing and reenacting the California High-Speed Train Act. The bill would continue the High-Speed Rail Authority in existence to make policy decisions relative to implementation of high-speed rail consistent with Proposition 1A. The bill would create the Department of High-Speed Trains within the Business, Transportation and Housing Agency, which would implement those policies. The bill would transfer certain of the existing powers and responsibilities of the authority to the department and would specify additional powers and duties of the authority and department relative to implementation of the high-speed rail project, including the annual submission of a 6-year high-speed train capital improvement program and progress report to the Legislature. The director of the department would be appointed by the Governor, who would serve at the pleasure of the authority, and the Governor would be authorized to appoint up to 10 officers of the department who would be exempt from civil service and serve at the pleasure of the director. The bill would provide for acquisition and disposition by the department of rights-of-way for the high-speed rail project.

**AB 385** (**Harkey R**) High-speed rail.**Introduced:** 2/14/2011**Status:** 2/15/2011-From printer. May be heard in committee March 17.**Is Fiscal:** N**Location:** 2/14/2011-A. PRINT

**Summary:** Existing law creates the High-Speed Rail Authority, with various powers and duties relative to development and implementation of high-speed train service. This bill would state the intent of the Legislature to enact legislation relative to the implementation of high-speed rail.

**AB 952** (**Jones R**) High-speed rail. (Sponsored by cities of Atherton, Menlo Park, Palo Alto, & Pico Rivera)**Introduced:** 2/18/2011**Status:** 2/20/2011-From printer. May be heard in committee March 22.**Is Fiscal:** Y**Location:** 2/18/2011-A. PRINT

**Summary:** Existing law creates the High-Speed Rail Authority with specified powers and duties relative to development and implementation of a high-speed train system. The authority is composed of 9 members, including 5 members appointed by the Governor. Members of the authority are subject to the Political Reform Act of 1974. This bill would prohibit a member or employee of the authority from being the recipient of any gift, as defined, for purposes of the Political Reform Act. The bill would prohibit a construction company, engineering firm, consultant, legal firm, or any other company, vendor, or business entity with a contract or seeking a contract with the authority, or subcontractor of any of the foregoing, or owner, employee, or any member of their immediate families of any of these companies, firms, vendors, entities, or subcontractors, from making any gift to a member or employee of the authority, or to any member of their immediate families. The bill would allow the authority itself to receive gifts, subject to approval of the Senate. The bill would also allow the authority to transfer the gifts it receives to any person only with the approval of the Senate. This bill contains other related provisions.

**AB 953** (**Jones R**) High-speed rail. (Sponsored by cities of Atherton, Menlo Park, Palo Alto, & Pico Rivera)**Introduced:** 2/18/2011**Status:** 2/20/2011-From printer. May be heard in committee March 22.**Is Fiscal:** Y**Location:** 2/18/2011-A. PRINT

**Summary:** This bill would provide that no funds from Proposition 1A shall be available to the High-Speed Rail Authority for construction of the high-speed train system until adequate environmental studies are completed based on a new ridership study that uses an acceptable ridership evaluation methodology. The bill would require the authority to contract with the Institute of Transportation Studies at the University of California at Berkeley to complete a revised ridership study, using the ridership methodology of the institute. The bill would require the authority to use that ridership study as the basis for

subsequent environmental studies. The bill would also require the authority to reconsider its adoption of the optimal high-speed rail route based both on the new ridership study and the ridership methodology.

**AB 1092 (Lowenthal, Bonnie D) High-speed rail.**

**Introduced:** 2/18/2011

**Status:** 2/20/2011-From printer. May be heard in committee March 22.

**Is Fiscal:** Y

**Location:** 2/18/2011-A. PRINT

**Summary:** This bill would require the authority to report biannually to the Legislature beginning March 1, 2012, on the status of the project, including overall progress, the project budget, expenditures to date, a comparison of the current and project work schedule and the baseline schedule contained in the 2009 business plan, project milestones, and other related issues.

**AB 1164 (Gordon D) High-Speed Rail Authority: appointees: Senate confirmation. (Carried at the suggestion of the cities of Atherton, Menlo Park, Palo Alto, & Pico Rivera)**

**Introduced:** 2/18/2011

**Status:** 2/20/2011-From printer. May be heard in committee March 22.

**Is Fiscal:** Y

**Location:** 2/18/2011-A. PRINT

**Summary:** Existing law creates the High-Speed Rail Authority within the state government with various powers and duties relative to development and implementation of a high-speed passenger train system. Existing law provides that 5 of the 9 members comprising the authority shall be appointed by the Governor. This bill would require that those gubernatorial appointments be made with the advice and consent of the Senate.

**AB 1206 (Galgiani D) High-speed rail: contracts: small businesses.**

**Introduced:** 2/18/2011

**Status:** 2/20/2011-From printer. May be heard in committee March 22.

**Is Fiscal:** Y

**Location:** 2/18/2011-A. PRINT

**Summary:** This bill would require the authority to identify essential components of, and adopt, a small emerging business enterprise program as part of contracts to be awarded by the authority relative to development and construction of the high-speed rail system. The bill would require the authority to provide certain bidding preferences and to establish a goal methodology to determine the appropriate level of involvement of small emerging business enterprises in authority contracts. The bill would require at least one public hearing by the authority before the program is adopted and would require the authority to include a plan for outreach to small emerging business enterprises. The bill would require the authority to report annually to the Legislature in that regard.

**SB 22** (La Malfa R) High-speed rail.**Introduced:** 12/6/2010**Status:** 1/20/2011-Referred to Com. on RLS.**Is Fiscal:** N**Location:** 1/20/2011-S. RLS.**Summary:** This bill would state the intent of the Legislature to reexamine the bond funding mechanism of the authority relative to the authority's high-speed rail project.**SB 31** (Correa D) Local government: lobbyist registration. (Not HSR related, but has local Government impact)**Introduced:** 12/6/2010**Status:** 1/20/2011-Referred to Com. on RLS.**Is Fiscal:** N**Location:** 1/20/2011-S. RLS.**Summary:** The Political Reform Act of 1974 provides for the comprehensive regulation of lobbyists, as defined. This bill would state the intent of the Legislature to enact legislation that will require each local government to create a lobbyist registration program as a condition of the local government being eligible to apply for any discretionary grant from any state agency or department.**SB 50** (Correa D) Conflicts of interest: disqualification.**Introduced:** 12/15/2010**Status:** 1/20/2011-Referred to Com. on E. & C.A.**Is Fiscal:** Y**Location:** 12/15/2010-S. PRINT**Summary:** Existing provisions of the Political Reform Act of 1974 prohibit a public official at any level of state or local government from making, participating in making, or attempting to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest, as defined. Existing law also requires specified elected and appointed officers at the state and local level of government to disclose specified financial interests by filing periodic statements of economic interests. Existing law further requires public officials who hold specified offices and who have a financial interest in a decision within the meaning of the Political Reform Act of 1974 to publicly identify the financial interest giving rise to the conflict of interest or potential conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote, and other disposition of the matter is concluded, except as specified. This bill would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

**SB 517 (Lowenthal D) High-Speed Rail Authority.****Introduced:** 2/17/2011**Status:** 2/18/2011-From printer. May be acted upon on or after March 20.**Is Fiscal:** Y**Location:** 2/17/2011-S. PRINT

**Summary:** The bill would provide for the Secretary of Business, Transportation and Housing to serve on the authority as a nonvoting, ex officio member. The bill would require the secretary to propose an annual budget for the authority upon consultation with the authority. The bill would require the members of the authority appointed by the Governor to be appointed with the advice and consent of the Senate. The bill would provide for the members that are appointed to have specified background or experience, as specified.

**SB 733 (Price D) High-speed rail: business plan: contracts: small business participation.****Introduced:** 2/18/2011**Status:** 2/19/2011-From printer. May be acted upon on or after March 21.**Is Fiscal:** Y**Location:** 2/18/2011-S. PRINT

**Summary:** Existing law requires the authority to prepare, publish, adopt, and submit to the Legislature a business plan containing specified elements beginning January 1, 2012, and every 2 years thereafter. This bill would require the authority to include in the business plan to be submitted on January 1, 2012, or as an addendum to that plan to be submitted as soon as possible after that date, a strategy for ensuring the participation of small business enterprises in contracts awarded by the authority with state or federal funds during all phases of the project.

**SB 734 (Price D) Small business participation goals.****Introduced:** 2/18/2011**Status:** 2/20/2011-From printer. May be acted upon on or after March 22.**Is Fiscal:** Y**Location:** 2/18/2011-S. PRINT

**Summary:** Existing law provides for various programs to encourage the participation of small businesses, as certified by the Department of General Services, in state agency contracts, and sets forth the duties of the Director of General Services and the directors of other state agencies in this regard. This bill would extend the application of the above-referenced small business participation goals and reporting provisions to the High-Speed Rail Authority relative to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century.

**SB 735 (Price D) High-speed rail: contracts.****Introduced:** 2/18/2011**Status:** 2/19/2011-From printer. May be acted upon on or after March 21.

**Is Fiscal:** Y

**Location:** 2/18/2011-S. PRINT

**Summary:** This bill would require the authority, in awarding contracts for the construction of the high-speed rail system, to require that 25% of the workforce used at each worksite be from the local workforce. The bill would require the authority to also grant an additional contract price preference of 2.5% of the bid amount to qualified state-certified microbusinesses that are local to a worksite. The bill would require the Department of Housing and Community Development to evaluate the effect of these requirements and to submit quarterly reports to the authority in that regard. The bill would require the authority to include the findings of the department in its business plan.

**SB 749** (Steinberg D) High-speed rail.

**Introduced:** 2/18/2011

**Status:** 2/20/2011-From printer. May be acted upon on or after March 22.

**Is Fiscal:** N

**Location:** 2/18/2011-S. PRINT

**Summary:** Existing law creates the High-Speed Rail Authority with specified powers and duties relative to development and implementation of a high-speed train system. The authority is composed of 9 members, including 5 members appointed by the Governor. This bill would provide that the members of the authority appointed by the Governor are subject to appointment with the advice and consent of the Senate.



**MEMORANDUM**

To: Menlo Park City Council Members  
From: Ravi Mehta  
Date: April 23, 2010  
RE: Quarterly Lobbying Report

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**Legislative lobbying**

This past Quarter, much of my time has been spent drafting HSR legislation, shopping for potential legislative authors, and introducing two significant bills on behalf our City. Assembly bills 952 (ethics) & 953 (ridership) were introduced on our behalf by Assemblyman Brian Jones (Republican from San Diego).

AB 952 was heard in the Transportation Committee on April 11, 2011. With a significant amount of work with the Assembly Transportation Committee Consultant, we were able to get the bill passed on an 11-0 vote. The bill will be heard in the Assembly Elections committee on May 3<sup>rd</sup>, as it was double referred.

AB 953 (Ridership) has also entailed a considerable amount of work. It is being heard on April 25<sup>th</sup>.

Work on both bills has included working with committee consultants, the Berkeley Institute of Transportation studies, lobbying all members of the Assembly Transportation committee, preparing comments for the Assemblyman, drafting amendments, coordinating support letters, coordinating cities and witnesses, etc.

In addition to the our sponsored bills, I have attended hearing on other HSR bills as well as meetings of the HSR Authority. Needless to say, there is no shortage of work on HSR issues.

**WASHINGTON DC LEGISLATIVE TRIP**

On March 9 and 10, Palo Alto Councilman Larry Klein and Menlo Park Councilwoman Kelly Ferguesson joined me to visit with numerous California congressional members.

The purpose of the trip was to educate key members of congress and their staff about the City's concerns related to the High Speed Rail project.

On March 9th we met with the following congressional offices:

Devin Nunes  
Gary Miller  
Ed Royce  
Kevin McCarthy  
Jackie Spierer  
Darry Issa (chair of Oversight cmte)  
Tom McClintock

On March 10 we met with the following:

Jerry Lewis (Appropriations cmte chair)  
Anna Eshoo  
Jeff Denham (Trans cmte vice chair)  
Dan Lungren

With the exception of Congresswoman Eshoo, each of the offices received our concerns and comments well.

Our message to each office was exactly the same:

1. The California HSR project is being built without a reliable Ridership study and without a investment grade business plan.
2. We asked each office to not grant California any additional funds until a valid ridership study and business plan are available.
3. We also asked that the approximately \$2.5 Billion already committed to California be redirected to other transportation projects. (support legislation by Congressman Nunes and Kevin McCarthy authorizing redirection of money)
4. Asked each office to encourage Congressman Issa to hold oversight hearings on federal money being spent on HSR. Issues of waste are clear since it is highly unlikely that California will ever see a real HSR system since the actual cost for the first segment is now in excess of \$65 Billion. The \$2.5 Billion will be wasted and the Federal government should be concerned that Calif. will essentially have tracks going from nowhere to nowhere.
5. Asked each office to support our city sponsored legislation.

The overall response was tremendously supportive. Each and every single congressional office and congress person clearly indicated their opposition to HSR as currently proposed. They indicated that no new funds will be proposed for HSR. They also indicated that they will ask Congressman Issa to hold hearings.

Congressman Denham indicated that he intends to hold a Transportation sub-committee hearing in California very soon. I intend to continue following up with him to get our cities involved in that process.

Each office suggested that we continue our DC efforts to educate others.

Subsequent to our trip, I sent each office a thank you note with a recap of our concerns and requests. I intend to stay in touch with them on a regular basis.

I believe another trip in the next six months will be very helpful to assist with our California efforts.

The HSR Authority is aware of our DC trip and is concerned that we made significant progress. They realize that if the federal spigot is turned off, their HSR dream will not materialize. At the HSR special meeting last week Vice Chair Tom Umberg expressed concern about this very fact.

# **ATTACHMENT 4**

April 21, 2010

The Honorable Bonnie Lowenthal  
Chairwoman  
Assembly Transportation Committee  
State Capitol Building  
Sacramento, California 95814

**RE: High Speed Rail**

Dear Chairwoman Lowenthal:

I represent the Cities of Atherton, Menlo Park, & Palo Alto, all of whom are also members of the Peninsula Cities Consortium and have serious concerns with the design and development of the High Speed Rail Project.

While High Speed Rail ("HSR") is a great concept, many Peninsula cities are extremely concerned about how it is going to be built and the impact it will have not only on their respective communities, but also on the financial condition of the State in future years.

While AB 3034 and Proposition 1A authorized High Speed Rail in California, they did not address critical issues that are now coming to light during the Program phase of the project. The only true mandate in Prop 1A was that the first phase of the HSR project be built between San Francisco and Los Angeles. Unfortunately, it appears that the Authority is also acutely focused on concurrently developing the secondary routes contemplated by the Proposition, before the primary route is fully studied.

Prop 1A also clearly states that HSR Authority ("Authority") shall make every attempt to connect to existing rail lines. Again, unfortunately, the Authority seems to want to replace existing rail systems for their High Speed Rail system. There is no reason for High Speed Rail in communities that already have an effective, reliable, and viable rail system. The burden placed on residents in the Peninsula by having HSR that gets them from San Jose to San Francisco a couple of minutes sooner is substantially outweighed by the environmental, financial and quality of life impacts forced on these long established communities. There is no reason that the existing Cal Train corridor cannot be used with

two or three tracks; there is no reason that HSR cannot go to San Jose and then be linked to Cal Train for trips up the Peninsula to San Francisco. If we truly want a HSR system built to connect San Francisco to Los Angeles, it can be accomplished and built quickly to meet the mandates of the People, as well as AARA funding. If we are overly ambitious, the anger of those impacted will lead to long and potentially insurmountable delays, making this the next highway 710 corridor disaster. Whether it's the Peninsula, Orange County, San Diego, or the Central Valley, communities and their citizens are not going to sit idly by and let the Authority trample all over them.

We all understand that the approximately \$2.25 billion in AARA funds is a motivating factor in the Authority's decision to move forward quickly. But, we cannot have the tail wag the dog. We cannot have \$2.25 billion dictate how a \$45 billion project will be designed and built. We cannot have the comparatively small AARA funding override CEQA mandates. We cannot have the time schedules connected to the AARA funding destroy communities. We cannot have the AARA funding put us in a position of ignoring or breaching our fiduciary responsibility to the citizens of the state, who expect us to spend the \$9.5 billion wisely, or not at all.

High Speed Rail is the largest public works project in the Nation's history. Before we spend billions of dollars, and commit our future generations to billions more, we need to have an accurate ridership study completed. The result of this ridership study is the foundation of the scope of the HSR project. How can we plan to build something without knowing how it's going to be utilized? We need an investment grade business plan if we hope to invite private sector funding. We need to establish oversight to ensure that the studies are done properly and that our money is being spent properly – the legislature needs to ensure that the Peer Review Committee mandated by Prop 1A is properly funded and is active in its oversight responsibilities. We need to ensure that those who are spending the money are qualified to make the decisions that will commit us to routes that will impact long established communities. We need greater accountability; and we need to have the tail stop wagging the dog.

This legislature placed Prop 1A before the voters, it cannot now abdicate its oversight and fiduciary responsibilities and permit the High Speed Rail Authority to ignore the will of the People nor the concerns expressed by the affected communities. We respectfully request that this Committee in considering all High Speed Rail legislation give serious consideration to the issues raised in this letter, and by others who also have serious concerns about the environmental impacts, and financial viability of High Speed Rail as it is being currently designed.

Respectfully,

Ravi Mehta

**SENATE TRANSPORTATION AND HOUSING COMMITTEE**  
**Senator Mark DeSaulnier, Chairman**

**Background Information Request**

**MEMO TO:** Assembly Member Jones

**RE:** AB 952

**FROM:** Senate Transportation and Housing Committee

The Rules Committee has referred the above bill to this committee. It is imperative that you provide us with as much information regarding your bill as soon as possible.

The committee consultant assigned to this bill is: Art Bauer

The committee consultant must prepare an up-to-date analysis before the committee can hear this bill. To assist in this, **please email the completed worksheet on page 2 of this document and all requested attachments to the appropriate consultant and the committee assistant, Elvia Diaz, and send a hard copy to the committee office in room 2209 as soon as possible.**

The Committee Assistant will be contacting you with a hearing date. If you have any questions, please call the committee at 651-4121.

**Amendments:**

- 1) If you plan substantive amendments to this bill prior to hearing, please attach to the background information request page (attached) a brief explanation of the amendments and a rough draft, if available.**
- 2) Amendments, IN LEGISLATIVE COUNSEL FORM (original plus eight copies), must be received by the committee no later than 12:00 noon on the TUESDAY THE WEEK PRIOR to the hearing.**

Thank you for your cooperation.

## BACKGROUND INFORMATION REQUEST

**Measure:** AB 952

**Author:** Jones

**Contact Info: Name: Laurie Paredes**  
**Number: 319-2077**

### 1) What does the bill do?

*Current Law permits members, staff, and consultants at the California High Speed Rail Authority to accept gifts up to \$420 per annum.*

*Current law also permits the Authority, as an organizational body, to accept gifts in any amount from any source, and then transfer that gift to any Authority member, staff, or consultant without any gift limitation.*

- *AB 952 would prohibit any Authority member, consultant, or staff from receiving any gift.*
- *The bill would prohibit a consultant, construction company, etc., who is seeking a contract with the authority from making any gift to a member of the Authority, staff, or to a member of their family.*
- *It will also prohibit a member, consultant, or employee of the Authority from appearing before the Authority, for compensation for a period of 3 years following the termination of the employment relationship.*

### 2) Why is the bill needed?

The HSRA has been the focus of inquiries regarding Authority officials receiving gifts, which have included European trips sponsored by foreign government entities. The trips, some of which were worth thousands of dollars, were donated to the Authority and then allotted to board members and executives, according to rail agency officials. This, in effect, circumvents the disclosure on annual reports of gifts, income and personal investments.

Further, in an investigation conducted by the Los Angeles Times, it was reported that the HSRA was unable to account for the donated trips, as generally required by state ethics regulations, and the agency failed to post details on the sources, costs and itineraries of the trips on its website, as required by FPPC rules.

In order to ensure the integrity of the process and instill public confidence, it is imperative that members, staff and consultants not be permitted to accept gifts from any individual who conducts business or intends to conduct business with the Authority. Given the extraordinary amount of public monies involved, high standards of conduct must be observed as even the perception of corruption is harmful.

AB 952 will be direct step towards preventing even the perception of impropriety.

With respect to the three year revolving door ban, this is consistent with other commissions' term of service, such as the California Gambling Control Commission.



**3) Similar legislation: Has a similar bill been previously introduced? Identify author, session, bill #, and disposition of bill.**

No

**4) Source: What person, organization, or governmental entity is sponsoring or requested introduction? Include name and phone number of contact person.**

Sponsors are the cities of Palo Alto, Atherton, Menlo Park, and Pico Rivera.

Contact is Ravi Mehta  
Mobile: (916) 718-4877  
Office: (916) 486-1955  
Facsimile: (916) 485-2509  
[rmehta@capitol-advocates.com](mailto:rmehta@capitol-advocates.com)

**5) Please attach any of the following that are applicable:**

- **Copies of background material in explanation of the bill, or state where such material is available.  
For Assembly bills, please include policy, fiscal, and floor analyses.**
- **Copies of letters of support and opposition.**

**IT IS IMPERATIVE THAT YOU COMPLETE THIS WORKSHEET AND RETURN IT VIA EMAIL, ALONG WITH ALL REQUESTED ATTACHMENTS AS SOON AS POSSIBLE TO THE APPROPRIATE CONSULTANT AND THE COMMITTEE ASSISTANT, ELVIA DIAZ. THE CHAIRMAN MAY REFUSE TO HEAR A BILL, EVEN THOUGH IT HAS BEEN SET, IF THE AUTHOR FAILS TO PROMPTLY RETURN A COMPLETED WORKSHEET.**

Madam Chair and members:

The passage of Proposition 1A has transformed the California High Speed Rail Authority from a relatively innocuous agency with practically no authority to do anything, into an agency that will be responsible for the largest public works project in the history of the United States. Financial experts estimate that approximately \$116 Billion will be expended to build a complete High Speed Rail system in California. In fact, hundred of millions, and possibly billions of dollars, in contracts have already been expended or committed by the Authority. The powers vested in the members, staff, and consultants of the authority are extraordinary and unprecedented. No other state agency has such powers to grant billions of dollars in contracts, or make decisions with respect to corridors, eminent domain, and the like that change the face of California cities and communities, and the lives of millions of people without any oversight.

When these expanded responsibilities and immense powers, including the power to award billions of dollars in contracts to hundreds of companies and individuals, were granted to the HSR Authority by Prop 1A, very little, if any thought was given to maintaining the integrity of the process to instill public confidence. In fact, recent complaints made to the FPPC regarding gift and conflict issues at the Authority shed light on the fact that the Authority is not subject to many provisions of the Political Reform Act. Other bills pending in the legislature address those deficiencies.

My bill, AB 952 addresses another equally significant issue. Due to the unique powers of the Authority as just indicated, it is imperative, to insure the integrity of the process, to instill public confidence, and to insure that even the perception of corruption does not exist, that the Authority be held to a higher standard and above reproach. Hence, not unlike restrictions placed on gifts and campaign contributions to legislators or staff by lobbyists, or other gift restrictions/prohibitions to other public officials, prohibiting gifts to members, staff and consultants of the Authority by those who appear before them is reasonable and insures integrity of the process and public confidence.

**While I believe some oversight needs to exist for gifts made directly to and received by the Authority, based on discussions with Committee staff, at this point of the process I would like to strike lines 15 to 18 in the bill that address Senate oversight. However, I would like to reserve the option of reintroducing similar language as this bill moves forward, but with full cooperation of this committee.**

**Additionally, I would like to add on lines 3, 13 and 19, the word “consultant” after the word “employee,” as there are hundreds of consultants who work for the Authority who make significant decisions.**

With these changes I ask for your support of this important measure.

Members, in the Assembly Transportation committee I deleted certain provisions in the bill, but asked to reserve the option to explore reasonable approaches to deal with the issue of oversight of gifts made directly to the Authority. We have worked with both the Assembly Transportation Committee staff, as well as your Committee consultant in reaching an agreement on acceptable language for such oversight. Based on these discussions, I would like to offer the following amendments to the bill:

1. On page 2, line 14, after the word families. Insert a new sentence as follows:  
“The authority itself may receive gifts, subject to written approval of the Department of Finance. The authority may transfer the gifts it receives to any person subject to this section only with the written approval of Department of Finance.”
2. On page 2, after line 23, insert  
“(C) The provisions of this section shall be enforced by the Attorney General, District Attorney, or City Attorney with jurisdiction, pursuant to the rules and penalties set forth in the Political Reform Act of 1974 (Title 9 (commencing with section 8100) Government Code).”

Additionally, your committee staff expressed some concern about the possible revolving door restrictions on state employees and local elected officials appearing on behalf of their public entity. To address these concerns, I would offer that the bill be amended to exclude these individuals from the revolving door prohibitions stated herein, with the following language:

3. On page 2, line 23 at the end of the sentence, insert:

“This prohibition shall not apply to state employees or officers, or an elected local official who appears before the Authority in their official capacity on behalf of the public entity they represent.”

**AB 953 - High Speed Rail Authority/Ridership Study ATTACHMENT A**  
**ASSEMBLY TRANSPORTATION COMMITTEE**  
**April 25, 2011**

Madam Chair and Members:

AB 953 pertains to the need for a new, reliable, investment grade ridership study. Please let me reassure you that it is **not** the intent of this bill to kill High Speed Rail in California. The intent is to ensure that if HSR is going to be built, that it is done right, and built on an accurate and reliable ridership study. To that end, I will be proposing some amendments to allay some concerns. Proposition 1A, which authorized \$9.95 billion in bond funds for the construction of High Speed Rail in California, conditioned the allocation, commitment, and expenditure of these funds only **after** submittal and approval of a funding plan. The funding plan is to include projected ridership and revenue estimates based on a ridership study.

The current ridership study, thrown together by the Authority, has been the subject of significant criticism, not only by the Peer Review Committee established by Proposition 1A, which is mandated to review the authority's plans and issue an analysis of appropriateness and accuracy of the authority's assumptions and an analysis of the viability of the authority's financing plan, but also by the most respected authority on the subject of ridership studies, The Berkeley Institute of Transportation Studies (ITS).

ITS was created as an Organized Research Unit in 1948 by the California state legislature. **It is our legislative expert on transportation issues.** Last year, our legislature commissioned ITS to review the ridership study conducted by the Authority, and they concluded that the Authority's ridership study was inaccurate and unusable because there were too many decision points within the model where the Authority's consultant, Cambridge Systematics, chose to make arbitrary assumptions that influenced the confidence levels of the model, thus rendering the information unusable. Among other significant problems with the current ridership study is that bad data was collected at the initial stages of the study and Cambridge Systematics has continued to rely on this bad data to reach conclusions, rather than gather new data. While the Authority has suggested that it has set-up a Peer review of the current study and will evaluate it on an on-going basis, the problem is that any review will **always** be wrong and unreliable because the underlying data is horribly inaccurate. Tweaking bad data will only reaffirm bad results. The old cliché, garbage in, garbage out is going to become the cornerstone of the Nation's largest public works project. We owe it to our citizens, and future generations who are going to foot the bill, to base our decisions on accurate data, and a reliable ridership study. It has been said that ITS is involved with the Peer Review group. One of the Peer Reviewers has an affiliation but only in the way that some of you may have an affiliation with the Sierra Club or the NRA. This does not mean you represent them when you speak from the dais. ITS has repeatedly informed the legislature of this point but this canard continues to be repeated.

ITS believes that any reliable ridership study must be based on new data collection. To do anything else will result in garbage in garbage out, no matter how many times you analyze the current inaccurate data.

**Members, why is a ridership study so critical:** Ridership studies help determine everything from the best routes, number of tracks needed, to the frequency of trains and service, the type of trains that should be purchased and even the number of parking spaces that will be needed at stations. Without a ridership model that clearly indicates a band of confidence levels, it is impossible to adequately determine the potential environmental impacts or indeed the

basic construction requirements needed to adequately serve the potential needs of the system. Ridership studies also determine whether HSR will pay for itself, what the fair box revenues should be to cover costs, including loans. Ridership studies are also critical to giving confidence to the private sector and Wall Street who will indeed demand a reliable investment grade ridership study before considering or committing any private sector financing. Wall Street is acutely aware that the current ridership study by Cambridge Systematics is critically flawed. That's why we are not seeing any private sector interest, and we won't unless a new reliable study is completed.

A new ridership study done by the unbiased ITS is critical to ensure that California does not over or under build this massive state project. A reliable ridership study will determine the true needs of the system. It will help determine important decisions such as whether 2 or 4 tracks are needed in the San Francisco Peninsula or whether 4 or 6 tracks are needed in the Metropolitan Los Angeles area. **In LA, the current ridership study is also being relied on to decide that you can get rid of a station.**

Members, while I believe it is imprudent to spend any money on a project that is based on a flawed ridership study, it is not the intent of this bill to curtail what is already in progress. Hence, based on discussions with and concerns express by Committee staff and others, I would like to amend this bill to delete any reference to the prohibition of the use of Prop 1A funds. I would like to strike lines 3, starting with "Notwithstanding," through lines 9, ending with the word "methodology." This will ensure that work in progress is not affected by this bill, and federal funds are not at risk, while also ensuring that a reliable, investment grade ridership is secured for future decisions made by the authority.

With these changes, I ask for your support on this important measure. With me here today are Elizabeth Alexis, who is an expert in econometrics and very knowledgeable on ridership studies, as well David Armenta, Mayor of the City of Pico Rivera, one of the sponsors of this bill.



# PUBLIC WORKS DEPARTMENT

Council Meeting Date: February 28, 2012

Staff Report #:12-033

Agenda Item #: I1

**INFORMATION ITEM: Update on Staff Review of the City of East Palo Alto Draft Environmental Impact Report for the Ravenswood/4 Corners Transit Oriented Development Specific Plan**

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## BACKGROUND

The Ravenswood/4 Corners Transit Oriented Development Specific Plan Area encompasses approximately 350 acres, generally bounded at the west by University Avenue, at the north by a rail line that crosses the Bay on a drawbridge and at the south by Weeks Street. To the east are tidal wetlands in the Ravenswood Open Space Preserve, owned and managed by the Midpeninsula Open Space District, and in the City of Menlo Park. To the southeast are wetlands that are part of the Palo Alto Baylands Nature Preserve, owned by the City of Palo Alto, and managed by the U.S. Fish and Wildlife Service as part of the Don Edwards San Francisco Bay National Wildlife Refuge.

The Plan Area boundary includes the connection to Cooley Landing but it does not include the other lands that will become the park. Attachment A, Figure 3-3 from the Draft EIR, illustrates the Plan Area boundary.

Attachment B, Table 3-1 from the Draft EIR, illustrates the net development potential from the land uses proposed by the Specific Plan. The Specific Plan anticipates adding approximately 835 new dwelling units (single family and mixed use residential) to the Plan Area for a total of approximately 2,766 new residents. The Specific Plan also anticipates adding approximately 1,793,720 square feet of office, retail, industrial/flex and civic/community space for a total of approximately 4,851 new employees.

A total of 28,928 daily trips before reductions in internalized and pass-by trips are anticipated to be generated by the Specific Plan. A total of 24,752 daily trips after reductions in internalized and pass-by trips are anticipated to be generated by the Specific Plan.

On January 18, 2012, the City of East Palo Alto released a Draft EIR for this Specific Plan project. Public review and comment ends on March 14, 2012.

## ANALYSIS

Given the close proximity of the Plan Area to the City of Menlo Park, City staff is carefully reviewing the 672 pages of the Draft EIR for the Specific Plan. City staff is paying special attention to the impacts on the City of Menlo Park that will result from the development envisioned by the Specific Plan. City staff is also analyzing the Specific Plan Draft EIR for its general compliance with the California Environmental Quality Act (CEQA). City staff is in the process of preparing a detailed comment letter for City Council approval on March 13, 2012 and plans to submit the comment letter to the City of East Palo Alto on March 14, 2012 prior to the close of business, which is the deadline for comments.

The following topic areas of the Draft EIR are being reviewed:

- Transportation
- Housing
- Water
- Air Quality
- Greenhouse Gas Emissions
- Hazard and Hazardous Materials
- Land Use and Planning
- Noise
- Public Services
- Utilities and Service Systems
- Alternative Analysis, and
- Hydrology

The initial comments from Staff are included, but not limited to, the following:

#### Transportation

City staff will be focusing on the trips generated, trip distribution, and traffic impacts to intersections within the City of Menlo Park by the proposed land uses in the Specific Plan.

#### Housing

City staff will be reviewing the housing section as it relates to the survey data and employment projections used, and the number of residences generated and its impacts to transportation, air quality, noise, and public services.

#### Water

Staff will be reviewing the water section to determine whether the increase in water use exceeds the current demand and supply.

#### Air Quality

Staff will also be reviewing the air quality section relating to the impacts from the additional pollutants as a result of increased traffic resulting from the more intense development envisioned by the Specific Plan.

#### Greenhouse Gas Emissions

Staff will be reviewing the Greenhouse Gas Emissions section and the emission standards used in the analysis along with the impacts from the additional residential and employee population generated by the Specific Plan.

#### Hazard and Hazardous Materials

The hazard and hazardous materials section will be reviewed relating to impacts on emergency response and also the number of sites requiring remediation and whether additional environmental analysis and oversight by the Department of Toxic Substance Control (DTSC) is required of the clean-up activities.

#### Land Use and Planning

Land Use and Planning portions of the Specific Plan will be reviewed relating to the jobs per acre conformance with the existing General Plan.



### Noise

Staff will be reviewing the noise portion of the Draft EIR relating to the methodology of noise analysis and the impacts identified from changes in noise associated with the project.

### Public Services

The public services section of the Draft EIR will be reviewed by staff relating to the impacts on public services due to an increase in the residential and worker population as a result of the Specific Plan.

### Utilities and Service Systems

In relation to utilities and service systems, staff will review the Draft EIR as it relates to the existing capacity of water and sewer systems and landfill areas and the impacts to these systems and areas as a result of the land uses proposed in the Specific Plan.

### Alternatives

Staff will review the alternatives section of the Draft EIR and the impacts associated with the reduced density on housing, population, and employment.

### Hydrology

The hydrology section will be reviewed relating to compliance with the National Pollutant Discharge Elimination System (NPDES) Permit, as put forth by the Regional Water Quality Control Board (RWQCB) and the storm drain capacities.

## **IMPACT ON CITY RESOURCES**

There is no direct impact on City resources associated with the action in this staff report.

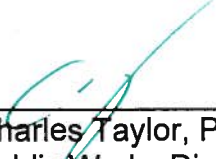
## **POLICY ISSUES**

California Environmental Quality Act allows a review period where individuals can comment on a Draft EIR. The Actions taken by Council under this agenda item are not in conflict with CEQA laws, nor will they establish a new City policy.

## **ENVIRONMENTAL REVIEW**

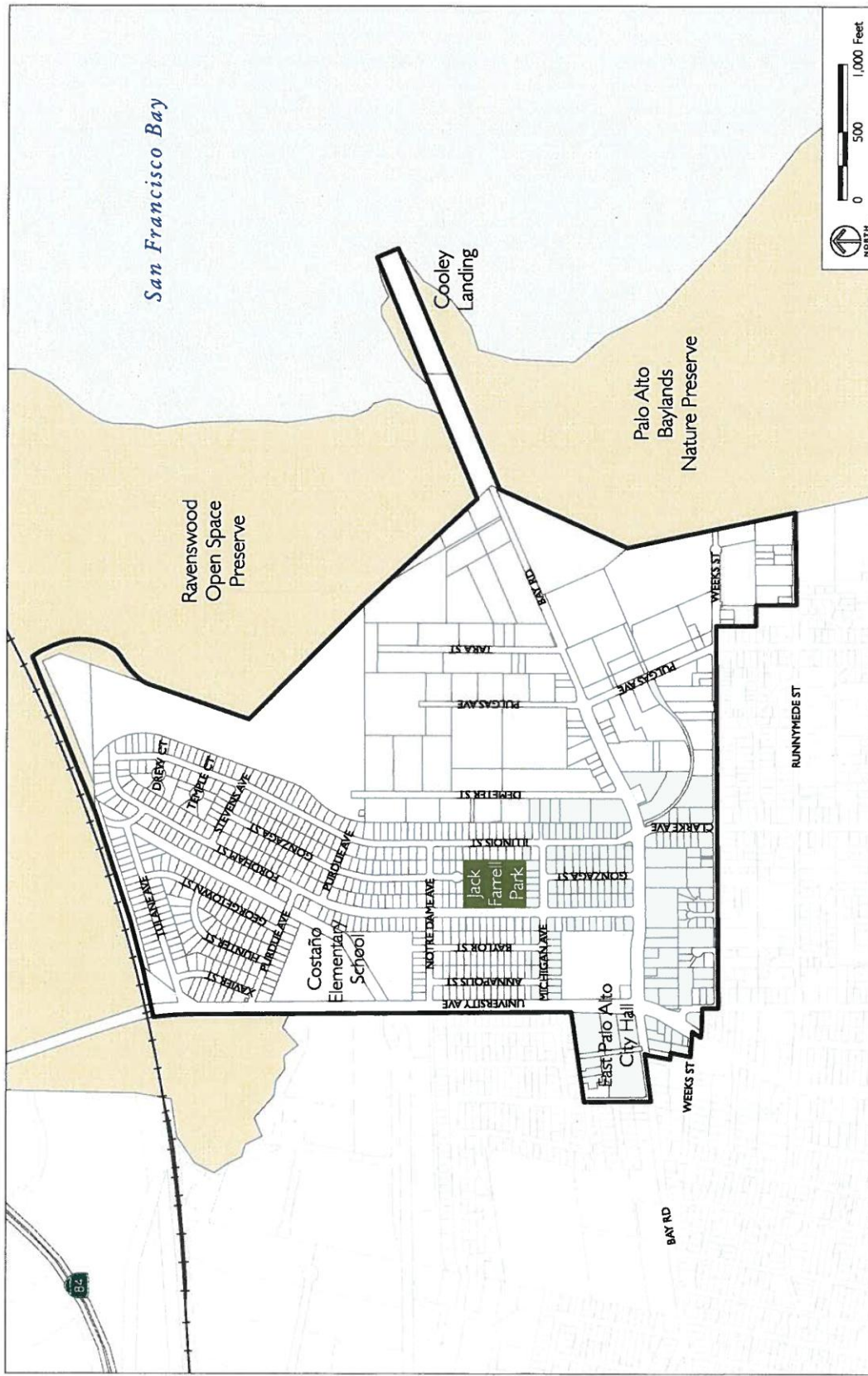
The City of East Palo Alto is responsible for preparing the environmental review for the Ravenswood/4 Corners TOD Specific Plan. It has been the City's practice to review and comment on environmental documents prepared by other agencies when there are potential impacts to Menlo Park. Despite the absence of Menlo Park's jurisdiction over many aspects of this project, it is incumbent on East Palo Alto to consider and respond to Menlo Park's comments prior to certifying the environmental document.

  
\_\_\_\_\_  
Atul Patel, P.E.  
Senior Transportation Engineer

  
\_\_\_\_\_  
Charles Taylor, P.E.  
Public Works 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. Figure 3-3 Plan Area Exhibit from Draft EIR  
B. Table 3-1 Net Development Potential from Draft EIR



Source: City of East Palo Alto, 2009.

- Plan Area
- Park
- Baylands
- Railroad

FIGURE 3-3  
PLAN AREA

TABLE 3-1 NET DEVELOPMENT POTENTIAL

Land Use Type	Dwelling Units (du) or Square Feet (sf)	Density (du/Acre) or FAR	Population or Employees <sup>e</sup>
<b>Residential (du)</b>			
Residential <sup>a</sup>	19	25	73
Mixed-Use Residential <sup>b</sup>	572		
Swenson Property Mixed- Use Residential	244	816	40-60
<b>Total Residents</b>			<b>2,766</b>
<b>Office (sf)</b>			
Office	1,046,910	1.5	3,490
Mixed-Use Upper-Floor Office <sup>b</sup>	202,990	221,590	1.0
Mixed-Use Ground-Floor Office <sup>d</sup>	18,600	-	633
<b>Retail (sf)</b>			
Mixed-Use Ground-Floor Retail <sup>b</sup>	92,400	112,400	-
Swenson Property Ground- Floor Retail <sup>b</sup>	20,000	-	314
<b>Industrial/Flex (sf)</b>			
R&D/Industrial	267,967	0.5	414
Light Industrial	83,853	0.5	
<b>Civic/Community<sup>e</sup></b>	<b>61,000</b>		
<b>Total Employees</b>			<b>4,851</b>

<sup>a</sup> The 19 residential units are small-lot single-family or attached townhomes.

<sup>b</sup> Upper floor space in the mixed-use category is assigned as Residential (75 percent) and Office (25 percent).

<sup>c</sup> Ground floor space in the mixed-use category is assigned as Retail (88 percent) and Office (12 percent).

<sup>d</sup> These forecasts assume 3.9 people per household for Residential; 3.3 people per household for both types of Mixed-Use Residential; 300 square feet per employee for Office; 350 square feet per employee for both types of Mixed-Use Office; 350 square feet per employee for Mixed-Use Ground-Floor Retail; 400 square feet per employee for Swenson Property Ground-Floor Retail; and 850 square feet per employee for both types of Industrial.

<sup>e</sup> Employment figures are not included in this table, but were taken into account in the traffic analysis detailed in Chapter 4-14 of this EIR.