



## CITY COUNCIL SPECIAL AND REGULAR MEETING AGENDA

Tuesday, May 22, 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. Conference with legal counsel pursuant to Government Code Section 54956.9 regarding existing litigation - 1 case:

*City of Menlo Park and Menlo Park City Council v. Peninsula Interfaith Action, Urban Habitat Program and Youth United for Community Action*

Superior Court of California, County of San Mateo, Case No. 513882

### 7:00 P.M. REGULAR SESSION

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

#### PLEDGE OF ALLEGIANCE

#### REPORT FROM CLOSED SESSION

#### ANNOUNCEMENTS

##### A. PRESENTATIONS AND PROCLAMATIONS

A1. Proclamation recognizing Frank Helfrich for his dedication in preserving the history of Menlo Park ([Attachment](#))

A2. Presentation of San Francisquito Creek Joint Powers Authority Budget by Len Materman, Director

##### 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. Authorize the City Manager to enter into agreements with Casey Construction, Pacific Underground Construction, Inc. and West Valley Construction for on-call emergency water system services and authorize the City Manager to extend the agreements for up to three additional years ([Staff report #12-073](#))

- D2.** Adopt a resolution authorizing the application for funds under State Proposition 1B and approve the plan to utilize \$463,027 of the Proposition 1B funds for the 2011-12 Street Resurfacing Project; award a construction contract for the 2011-12 Street Resurfacing Project to C.F. Archibald Paving, Inc in the amount of \$3,167,991; and authorize a project budget in the amount of \$4,477,991 for construction, contingencies, material testing and construction administration ([Staff report #12-074](#))
- D3.** Authorize the Director of Public Works to accept the work by Nor-Cal Concrete Company for the Citywide Sidewalk Repair Program ([Staff report #12-075](#))
- D4.** Authorize the City Manager to execute master agreements for professional services with multiple consulting firms for engineering, surveying, inspection and testing services ([Staff report #12-076](#))
- D5.** Adopt a resolution to request \$204,253 of Lifeline Transportation Program funds from the Metropolitan Transportation Commission to fund 40-percent of the proposed \$516,000 three year operations budget for the City's midday shuttle service spanning fiscal years 2012-13 through 2014-15 ([Staff report #12-078](#))
- D6.** Adopt a resolution giving preliminary approval of the engineer's report for the Menlo Park Landscaping District for fiscal year 2012-13 which proposes no increases to the tree or sidewalk portions of the assessment; adopt a resolution of intent to order the levy and collection of assessments at the current rates for the Menlo Park Landscaping District for fiscal year 2012-13; and setting the date for the public hearing for June 12 ([Staff report #12-077](#))
- D7.** Accept Council minutes for the meetings of April 24 and May 8, 2012 ([Attachment](#))

**E. PUBLIC HEARING**

- E1.** Review of the City Manager's proposed 2012-13 Budget and Capital Improvement Program for the City of Menlo Park; consideration of the revised long-term financial forecast; and discussion of the continuation of the current reduced rate of Utility Users Tax beyond September 30, 2012 ([Staff report #12-082](#))

**F. REGULAR BUSINESS**

- F1.** Approval of a Settlement Agreement regarding Housing Element litigation; approval of the Work Program for the Housing Element Update and Technical Update of the General Plan; approval of overall budget of \$1,150,000 and adoption of resolutions appropriating a total of \$714,000 from General Fund Reserves for FY 2011-12; authorization of the City Manager to enter into contracts in excess of \$50,000; creation of a Housing Element Steering Committee and appointment of two Council members ([Staff report #12-081](#))
- F2.** Consider a resolution approving a \$1,849,047 loan from the Below Market Rate fund to HIP Housing for the purchase of a 12-unit apartment building at 1157 and 1161 Willow Road for Low- and Very Low-Income housing opportunities, reallocating \$1 million from the Foreclosure Prevention Program and using \$990,000 from interest income and authorize the City Manager to execute any documents necessary to consummate such loan ([Staff report #12-080](#))
- 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.** Five-year projection of solid waste and recycling materials collection and processing costs  
([Staff report #12-079](#))

**J. COUNCILMEMBER REPORTS**

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

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

**L. ADJOURNMENT**

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at <http://www.menlopark.org> and can receive e-mail notification of agenda and staff report postings by subscribing to the “Home Delivery” service on the City’s homepage. Agendas and staff reports may also be obtained by contacting the City Clerk at (650) 330-6620. Copies of the entire packet are available at the library for viewing and copying. (Posted: 05/17/2012)

At every Regular Meeting of the City Council, 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, 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 anyone by clicking on the following link: <http://ccin.menlopark.org>

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Live and archived video stream of Council meetings can be accessed at [http://menlopark.granicus.com/ViewPublisher.php?view\\_id=2](http://menlopark.granicus.com/ViewPublisher.php?view_id=2)

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

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# *Proclamation*

## RECOGNIZING FRANK HELFRICH FOR HIS DEDICATION IN PRESERVING THE HISTORY OF MENLO PARK

**WHEREAS**, Frank Helfrich has been a tireless volunteer for nearly 30 years to the Menlo Park Historical Association in a variety of positions, including President, Treasurer and Secretary of the Board of Directors, Membership Committee Chair and the Office Manager; and

**WHEREAS**, Frank Helfrich was born the year after the City of Menlo Park was incorporated, nearly 83 years ago, has lived in Menlo Park ever since and perhaps knows more about this city than other Menlo Park citizens; and

**WHEREAS**, Frank Helfrich has served as an Archivist of Menlo Park records, articles, letters and a variety of important historical documents by cataloging, filing, gathering and retrieving various artifacts; and

**WHEREAS**, Frank Helfrich has been the “go to” guy for both routine and challenging questions on the history of Menlo Park from local residents, nearby communities, citizens from out of state and internationally; and

**WHEREAS**, Frank Helfrich has volunteered numerous hours on behalf of the Menlo Park Historical Association, including speaking engagements at Little House and other venues; and

**WHEREAS**, Frank Helfrich has appeared in the Almanac newspaper many times over the years representing the Menlo Park Historical Association.

**NOW, THEREFORE, BE IT RESOLVED** that I, Kirsten Keith, Mayor of the City of Menlo Park hereby express appreciation and recognize Frank Helfrich for his many years of service, contributions and dedication to preserving and promoting the history of Menlo Park.

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Kirsten Keith, Mayor  
City of Menlo Park  
May 22, 2012



## PUBLIC WORKS DEPARTMENT

Council Meeting Date: May 22, 2012  
Staff Report #: 12-073

Agenda Item #: D-1

**CONSENT CALENDAR:** Authorize the City Manager to Enter into Agreements with Casey Construction, Pacific Underground Construction, Inc. and West Valley Construction for On-Call Emergency Water System Services and Authorize the City Manager to Extend the Agreements for Up to Three Additional Years

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### RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to enter into agreements with Casey Construction, Pacific Underground Construction, Inc. and West Valley Construction for on-call emergency water system services, and authorize the City Manager to extend the agreements for up to three additional years.

### BACKGROUND

Maintenance of a domestic water system encompasses a variety of tasks, ranging from the routine (such as opening or closing a valve), to large emergencies (such as fixing a leak on a water main with street failure imminent).

City maintenance staff time generally encompasses water system operations and small scale construction activities, such as valve and water meter installation, or fixing a small leak outside of a paved area.

When emergency services are required (such as fixing a leak in the system), an outside contractor is called upon. The work is done on an emergency basis which does not allow time to obtain a purchase order. On October 28, 2008, the emergency water system services agreement was approved; however, the current on-call emergency water system services agreement will expire on June 30, 2012.

### ANALYSIS

In March 2012, the City sent a request for proposals (RFP) to nine contractors who had experience with providing on-call emergency services to local water departments. By the April 12<sup>th</sup> deadline, staff had received proposals from three construction companies.

The proposals received are listed below with two examples from their item price schedules:

	Rate Per Hour	
	Superintendent	Laborer
Casey Construction	\$110.00	\$95.00
Pacific Underground Construction, Inc.	\$135.73	\$84.51
West Valley Construction	\$85.31	\$82.51

Staff has extensive experience working with Casey Construction and West Valley Construction who we used for on-call services during this last contract period. Staff is satisfied with the quality of work and responsiveness of their staff. Staff has experience with Pacific Underground Construction who has performed water main work on private development projects. They have performed quality work and are familiar with our standards.

Staff has observed that each company has different strengths for different aspects of water system construction activities. Staff’s review of the proposals indicates that West Valley Construction is a larger company with the ability and flexibility to provide 24-hour services, and has a larger and more diverse fleet to handle a broad range of construction activities, such as paving. Casey Construction has also proven to be responsive and effective in handling smaller jobs. Pacific Underground Construction, Inc. is a Bay Area company with competitive rates whose key employees have extensive experience in underground pipeline construction.

Staff believes that it would be prudent to enter into contracts with all three contractors to ensure availability of services at all times and to expand the pool of contractors to maintain competitive pricing.

Staff recommends that the City Council authorize the City Manager to execute the agreements for a four-year term, with an option to extend the agreements on a yearly basis for up to three additional years. Rates for any agreement extensions will be subject to increases per the San Francisco Bay Area Consumer Price Index.

**IMPACT ON AGENCY RESOURCES**

Funds for the emergency and on-call services are allocated in the Water Delivery Systems Program for services and repairs/maintenance. Based upon past history, it is anticipated that on-call and emergency services will not exceed \$75,000 annually; \$75,000 is included in the proposed 2012-13 Water Delivery Systems Program budget.

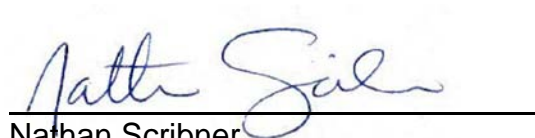
All other development related expenditures are passed onto the developers, plus a 25% administrative fee to cover staff time.

**POLICY ISSUES**

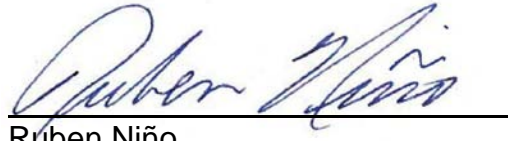
The proposed action is consistent with City purchasing policies.

**ENVIRONMENTAL REVIEW**

Environmental review is not required.



Nathan Scribner  
Associate Engineer



Rúben Niño  
Assistant 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:** None

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## **PUBLIC WORKS DEPARTMENT**

**Council Meeting Date: May 22, 2012**

**Staff Report #: 12-074**

**Agenda Item #: D-2**

**CONSENT CALENDAR: Adopt a Resolution Authorizing the Application for Funds Available Under State Proposition 1B and Approve the Plan to Utilize \$463,027 of the Proposition 1B Funds for the 2011-12 Street Resurfacing Project; Award a Construction Contract for the 2011-12 Street Resurfacing Project to C.F. Archibald Paving, Inc. in the Amount of \$3,167,991; and Authorize a Project Budget in the Amount of \$4,477,991 for Construction, Contingencies, Material Testing, and Construction Administration**

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### **RECOMMENDATION**

Staff recommends that the City Council:

1. Adopt a resolution authorizing the application for funds available under State Proposition 1B and approve the plan to utilize \$463,027 of the Proposition 1B for the 2011-12 Street Resurfacing Project;
2. Award a construction contract for the 2011-12 Street Resurfacing Project to C.F. Archibald Paving, Inc. in the amount of \$3,167,991; and
3. Authorize a project budget in the amount of \$4,477,991 for construction, contingencies, material testing, and construction administration.

### **BACKGROUND**

Every two years, staff performs a street resurfacing project that improves the condition of selected street sections throughout the City. The resurfacing project includes repair of failed pavement sections and asphalt overlay on sections in need of improvement. Also this project's scope of work includes installation of American with Disability Act (ADA) curb ramps where required at intersections, repairs to Parking Plazas 7 and 8, and resurfacing of the Onetta Harris Community Center parking lot.

The City maintains and uses a computerized Pavement Management System (PMS) program approved by the Metropolitan Transportation Commission (MTC) to monitor asphalt conditions and streets for maintenance and/or repair. The program is an effective tool for minimizing maintenance costs while maintaining the City's streets pavement network at a useful level of service by using the limited funds available. The approved

budget amount for street resurfacing is entered into the PMS along with other pertinent parameters such as maintenance treatment to be performed; the street classification based on traffic volume carried on residential, arterial and collector streets to analytically build a list of potential street sections in order to develop a repair plan. The list of street sections obtained is the best predictor to effectively use and distribute the available funding. As more funds are made available, the program targets streets with poor Pavement Condition Index (PCI). The PCI is a condition index ranging from 0 and 100, with 100 being a newly paved surface.

### Proposition 1B

As approved by voters in November 2006 general election, Proposition 1B enacts the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006 to authorize \$19.9 Billion of State general obligation bonds for transportation related projects including local street and road improvement, congestion relief and traffic safety. The 2007 State Budget Act allocated \$550 million to cities. Previously, Council approved using FY 2007-08 Proposition 1B funding in the amount of \$500,962 for the 2007-08 Street Resurfacing Project. Since that time, the State issued phase two Proposition 1B funding to counties and cities throughout the State for the FY 2009-10.

The 2009 Budget Act appropriated \$700,000,000 with a \$258,205,000 allocation for cities and \$441,795,000 for counties. Menlo Park is allocated to receive \$463,027. These funds have yet to be tapped and are currently available to the City; however, in order to receive Proposition 1B funding, the City must identify and list each project, describing the nature of each project as proposed. That includes description and location, a proposed schedule of completion, and the estimated useful life of the capital improvement. Project(s) proposed to the State of California Department of Finance (DOF) must also be included in a City budget that has been adopted by the City Council at a regular meeting. The 2011-12 Street Resurfacing Project will be used as the proposed project.

The streets proposed for Proposition 1B funding are street sections included in the 2011-12 Street Resurfacing Project. Staff is preparing to submit the Proposition 1B list of streets in need of resurfacing as identified by the PMS. Upon review and approval, DOF will notify the State Controller to make the disbursement of the funding. Staff must then report on the actual use of the funds as required by Proposition 1B guidelines. The project meets the Proposition 1B requirements of performing pavement maintenance and rehabilitation on street sections as adopted in the City's budget.

## **ANALYSIS**

### Summary of Contractor Selection Process

On May 2, 2012, the City issued "Notice to Contractors" inviting qualified contractors to submit construction bid proposals for the project by May 15, 2012. Five contractors responded. Upon review of the submitted bids, staff determined C.F. Archibald Paving, Inc. to be the lowest responsible bidder, with a bid of \$3,167,991. A summary of all the bid proposal amounts is included as Attachment B.

Staff has reviewed C.F. Archibald Paving, Inc.'s references and is satisfied with the contractor's past performance. Staff recommends that the City Council award the contract to C.F. Archibald Paving, Inc.

### **IMPACT ON CITY RESOURCES**

Due to the bids coming in lower than the engineer's estimate, staff is recommending adding alternate streets to the project. Attachment C includes the list of the streets that will be resurfaced as part of this project. The project budget is as follows:

#### Proposed Construction Budget

Contract Amount	\$ 3,167,991
Alternate Streets	\$ 610,000
Contingency	\$ 400,000
Testing and Inspection Service	\$ 150,000
Construction Administration	\$ 150,000

**Total Construction Budget** **\$ 4,477,991**

Staff recommends that the \$463,027 available in Proposition 1B funding be used for the construction costs in addition to the FY 2011-12 Street Resurfacing Project funding.

There are sufficient funds in the project budget for this project as well as a future slurry seal project.

### **POLICY ISSUES**

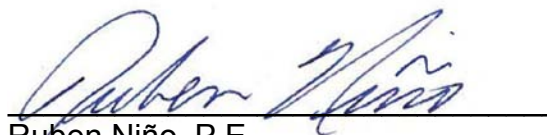
The recommendation is consistent with the City's goal of improving our PCI to the Bay Area average and will improve roadway conditions for many residents while complying with Proposition 1B funding requirements. Additionally, the project has been prepared and bid according to State Public Contracts code.

### **ENVIRONMENTAL REVIEW**

The project is categorically exempt under Class I of the current State of California Environmental Quality Act (CEQA) Guidelines.



Matt Ocamou, P.E.  
Engineering Services Manager



Ruben Niño, P.E.  
Assistant 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. Bid Summary  
C. Street List



**RESOLUTION NO.**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK AUTHORIZING THE APPLICATION FOR FUNDS AVAILABLE UNDER PROPOSITION 1B APPROVING THE PLAN FOR USE OF THE FUNDS FOR THE FY 2011-12 STREET RESURFACING PROJECT; AWARD A CONSTRUCTION CONTRACT TO C.F. ARCHIBALD PAVING, INC. IN THE AMOUNT OF \$3,167,991; AND AUTHORIZING A PROJECT BUDGET IN THE AMOUNT OF \$4,477,991 FOR CONSTRUCTION, CONTINGENCIES, MATERIAL TESTING AND CONSTRUCTION ADMINISTRATION**

WHEREAS, plans and specifications, dated April 25, 2012, were prepared and approved by the Engineering Services Manager for the 2011-12 Street Resurfacing Project and are on file in the office of the Engineering Services Manager; and

WHEREAS, the Engineering Services Manager did issue a call for sealed proposals to be received at the office of the Engineering Services Manager, until the hour of 2:00 p.m., Tuesday, May 15, 2012; and

WHEREAS, said bids were then publicly opened and declared in the Office of the Engineering Services Manager; and

WHEREAS, an analysis of said sealed proposals to be made by the Engineering Services Manager for the City of Menlo Park, and has fully reviewed and considered said proposals and the analysis thereof; and

WHEREAS, the lowest responsible bid was submitted by C.F. Archibald Paving, Inc. in the amount of \$3,167,991 based on an estimate of the amount of work to be done; and

WHEREAS, adequate contingency is necessary to ensure that unanticipated conditions may be addressed; and

WHEREAS, the City Council of the City of Menlo Park approves the plan for use of Proposition 1B funding to finance a portion of the citywide FY 2011-12 Street Resurfacing Project, which is an eligible transportation project; and

WHEREAS, the FY 2011-12 Street Resurfacing Project was approved by the City Council and included in the Capital Improvement Program budget adopted by the City Council; and

WHEREAS, the City of Menlo Park must submit the Plan to the State by June 28, 2012, or risk losing the funds.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Menlo Park does hereby authorize the award of a construction contract to C.F. Archibald Paving,

Inc. in the amount of \$3,167,991, and authorizing a project budget in the amount of \$4,477,991 for construction, contingencies, material testing and construction administration; and

BE IT FURTHER RESOLVED that said Council does hereby authorize the Department of Public Works to apply for Proposition 1B funds in the amount of \$463,027 from the State of California Department of Finance and to use the funds for the approved FY 2011-12 Street Resurfacing Project.

I, Margaret Roberts, City Clerk of the City of Menlo Park, do hereby certify that the above and foregoing resolution was duly and regularly passed and adopted at a meeting by said Council on the twenty-second day of May, 2012, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

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

Margaret Roberts, City Clerk

**BID SUMMARY****STREET RESURFACING PROJECT 2011-12****Engineer's Estimate: \$3.9 Million****May 15, 2012**

1.	C.F. Archibald Paving, Inc.	3,167,991.00
2.	G. Bortollo & Co., Inc.	3,190,878.33
3.	O'Grady Paving, Inc.	3,286,812.00
4.	Interstate Grading & Paving Inc.	3,351,745.00
5.	Granite Rock Company DBA / Pavex Construction Division	3,783,772.00

## 2011-2012 Street Resurfacing Project Street List

SECTION DESCRIPTION			
Item No.	Street	From	To
<b>BASE BID STREETS</b>			
Digout Repair Only (No Overlay)			
1	Bay Rd.	Ringwood Av.	110' N/O Berkeley Av.
2	Bay Rd.	300' North of Willow Rd.	Willow Rd.
3	Constitution Dr.	Chrysler Dr.	Independence Dr.
4	Del Norte Av.	Bay Rd.	Iris Ln.
5	Grace Dr.	Oakdell Dr.	Grace Dr. (End)
6	Lee Dr.	Valparaiso Av.	Lee Dr. (End)
7	Parking Lot 7	-	-
8	Parking Lot 8	-	-
9	Terminal Av.	Chilco St.	Del Norte Av. (End of Chilco)
<b>Mill/Overlay</b>			
1	Alma Ln.	Ravenswood Av.	Alma St.
2	Alto Ln.	Creek Dr.	Cambridge Av.
3	Altschul Av.	Avy Av.	Harkins Av.
4	Avy Av.	Altschul Av.	Monte Rosa Dr.
5	Byers Dr.	O'Conner St.	Falks Ct.
6	Cascade Ct.	Cascade Dr.	Cascade Ct. (End)
7	Crane St.	Santa Cruz Av.	Oak Grove Av.
8	Elliott Dr.	O'Conner St.	Elliott Dr. (End)
9	Emma Ln.	Woodland Av.	Emma Ln. (End)
10	Evelyn St.	Santa Cruz Av.	110' S of Santa Cruz Av.
11	Falks Ct.	Falks Ct. (N End)	Falks Ct. (S End)
12	French Ct.	Oak Ct.	French Ct. (End)
13	Gilbert Av.	Santa Margarita Av.	Willow Rd.
14	Hoover St.	Valparaiso Av.	Oak Grove Av.
15	Klamath Dr.	Sharon Park Dr.	Siskiyou Dr.
16	Laurel Av.	Gilbert Av.	170' N of Haight St. (Laurel Av. End)
17	Loma Prieta Av.	Monte Rosa Dr.	Warner Range Av.
18	Magnolia Ct.	Oakdell Dr.	Magnolia Ct. (End)
19	Maloney Ln.	Oak Grove Av.	Santa Cruz Av.
20	Menalto Av.	210' SW of Elm St.	O'Conner St.
21	Middle Av.	El Camino Real	Safeway Entrance
22	Mills St.	Oakgrove Av.	Glenwood Av.
23	Oak Ct.	Woodland Av.	Oak Ct. (End)
24	Oakdell Dr.	Lemon Av.	Oak Knoll Ln.
25	Oakwood Pl.	Sonoma Av.	Ringwood Av.
26	Oak Knoll Ln.	50' N of 1880&1890 Property Line	1898 & 1899 Property Line
27	Onnetta Harris Parking Lot	End of Terminal Av.	-
28	Ringwood Av.	235' S of City Limits @ Arlington Wy.	Middlefield Rd.
29	Service Rd.	Woodland Av.	Service Rd. (End)
30	Sharon Rd.	Cloud Av.	Santa Cruz Av.
31	Shasta Ln.	Siskiyou Dr.	Siskiyou Dr. (End)
32	Siskiyou Dr.	Monte Rosa Dr.	Siskiyou Dr. (End)
33	Spruce Av.	El Camino Real	Spruce Av. (End)
34	Vine St.	Stanford Av.	300' S of Stanford Av. (City Limits)

### 2011-2012 Street Resurfacing Project Street List

SECTION DESCRIPTION			
Item No.	Street	From	To
<b>BASE BID STREETS</b>			
<b>Overlay</b>			
1	Alma St.	Oak Grove Av.	Ravenswood Av.
2	Cambridge Av.	University Dr.	El Camino Real
3	Campbell Ln.	Branner Dr. (W End)	Branner Dr. (E End)
4	Central Av.	W O'Connor St.	Durham St.
5	Christopher Wy.	Bay Rd.	Lorelei Ln.
6	Clover Ln.	Willow Rd.	Baywood Av.
7	Continental Dr.	Trinity Dr.	Tioga Dr.
8	Crane St.	Live Oak Av.	Menlo Av.
9	Crane St.	Oak Grove Av.	Valparaiso Av.
10	Crest Ln.	Waren Range Av.	Monte Rosa Ln.
11	Encinal Av.	Laurel St.	100' N of Felton Dr. (City Limits)
12	Hedge Rd.	Bay Rd.	Dunsmuir Wy.
13	Hedge Rd.	Greenwood Dr. (N. End@201&205 PL)	Greenwood Dr. (S End)
14	Henderson Pl.	Henderson Av.	Henderson Pl. (End)
15	Homewood Pl.	Lindfield Dr.	Homewood Pl. (End)
16	Kavanaugh Dr.	O Brien Dr.	260' E of O Brien Dr. (City Limits)
17	O Brien Dr.	University Av.	Casey Ct.
18	Oak Knoll Ln.	Bay Laurel Dr.	50' N of 1880&1890 Property Line
19	Oak Ln.	University Dr.	Oak Ln. (End)
20	Oakhurst Pl.	Greenwood Dr. (S End)	Greenwood Dr. (N End)
21	Oakwood Pl.	Del Norte Av.	Sonoma Av.
22	Pierce Rd.	Henderson Av.	140' S Market / New Bridge Int.
23	Ringwood Av.	Arlington Wy. (City Limits)	235' S of City Limits @ Arlington
24	Santa Rita Av.	Middle Av.	Bay Laurel Dr.
25	Stanford Av.	Oakdell Dr.	210' S of Vine St. (City Limits)
26	Theresa Ct.	Bay Rd.	Theresa Ct. (End)
27	Van Buren Rd.	Hollyburne Av.	Bay Rd. Intersect
28	Willow Pl.	Willow Rd.	Willow Pl. (End)
<b>Optional Work Streets</b>			
<b>Mill/Overlay</b>			
1	Branner Dr.	Sand Hill Rd.	136' N of Campbell Ln.
2	Chrysler Dr.	Commonwealth Dr.	Bayfront Expwy.
3	Clayton Dr.	Santa Cruz Ave.	Clayton Dr. (End)
4	Van Buren Rd.	Iris Ln.	End of Public Right of Way
<b>Overlay</b>			
1	Arnold Wy.	Durham St.	Grayson Ct.
2	Commonwealth Dr.	Chrysler Dr.	End of Public Right of Way
3	Elder Av.	Valparaiso Av.	Williams Ct.
4	Hermosa Wy/Rosefield Av.	Santa Cruz Ave. (N End)	Santa Cruz Av. (S End)
5	Trinity Dr.	Tioga Dr. (E End)	Hallmark Cir. (E End)
6	Valparaiso Av.	Altschul Av.	Hallmark Cir.



## **PUBLIC WORKS DEPARTMENT**

**Council Meeting Date: May 22, 2012**

**Staff Report #: 12-075**

**Agenda Item #: D-3**

**CONSENT CALENDAR: Authorize the Public Works Director to Accept the Work by Nor-Cal Concrete, Inc., for the Citywide Sidewalk Repair Project**

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### **RECOMMENDATION**

Staff recommends that the City Council authorize the Public Works Director to accept the work by Nor-Cal Concrete, Inc., for the Citywide Sidewalk Repair Project.

### **BACKGROUND**

On July 19, 2011, the City Council awarded a contract for the Citywide Sidewalk Repair Project to Nor-Cal Concrete, Inc. The project consisted of repairs to sidewalks, parking strips and valley gutters that had been damaged by City street tree roots at various locations throughout the City and a reconstruction of the brick paver crosswalk at Menlo/University intersection.

The project is part of the annual Sidewalk Repair Program, which includes sidewalk repairs and trip-hazard removal. The program divides the City into five zones, and focuses on a different zone every year. For this project, the zone that includes the "Linfield Oaks" and "Felton Gables" neighborhoods was selected for thorough inspection and repair work, with additional repair locations outside of this area that had been identified through residents' request.

### **ANALYSIS**

During the project, repairs were made at a total of 73 locations. All damaged areas revealed during the pre-project inspection and reported by residents were repaired with this project. All the work has been completed in accordance with the plans and specifications on May 4, 2012.

## IMPACT ON CITY RESOURCES

### Construction Budget

Construction contract amount	\$184,315
Contingency	<u>\$ 20,685</u>
Total construction budget	\$205,000

### Construction Expenditures


Total construction expenditures	<u>\$189,215.50</u>
Balance remaining	\$ 15,784.50

## POLICY ISSUES

There are no policy issues associated with this action. By authorizing the Public Works Director to accept the work by Nor-Cal Concrete, Inc., a 35-day noticing period is initiated that publicly notifies all parties that the Project is complete and that all City held retention will be released at the conclusion of said period.

## ENVIRONMENTAL REVIEW

The project was categorically exempt under Class I of the State of California Environmental Quality Act Guidelines.

  
\_\_\_\_\_  
Atul Patel, P.E.  
Sr. Civil Engineer  
\_\_\_\_\_  
Matt Ocamou, P.E.  
Engineer Services Manager

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

**ATTACHMENTS:** None



# PUBLIC WORKS DEPARTMENT

Council Meeting Date: May 22, 2012  
Staff Report #: 12-076

Agenda Item #:D-4

**CONSENT CALENDAR: Authorize the City Manager to Execute Master Agreements for Professional Services with multiple Consulting Firms for Engineering, Surveying, Inspection and Testing Services**

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## RECOMMENDATION

Staff recommends the City Council authorize the City Manager to execute master agreements for professional services with Aerotek, Inc., Bay Area Geotechnical Group, Bureau Veritas North America, BKF Engineers, McLeod Associates, Sandis Engineering, Signet Testing Labs, Inc., Star Builders East Bay, Testing Engineers, Inc., and Wilsey Ham for engineering, surveying, inspection and testing services.

## BACKGROUND

In December 2005, May of 2007, and September 2009, the City Council authorized the City Manager to execute master agreements with engineering, surveying, inspection, and testing firms in order to help facilitate development review and design, management, inspection and testing of the Public Works Department's Capital Improvement Projects. Currently, master agreements with these, and/or other firms, have expired, leaving the engineering staff without the capability to quickly call on consulting assistance as needs arise. Historically, the firms selected for master agreements have been responsive and have a good track record with the work performed for the City.

## ANALYSIS

The Public Works Department relies on contract professional services to perform some of the short-term, specialized tasks needed to carry out its projects and programs. Master agreements for professional services are efficient instruments for providing technical staff support. Such agreements shorten the time needed to identify qualified firms and enable the City to purchase their services on an as-needed basis for a specific activity. These services are obtained only for the length of time needed to complete the needed tasks and without incurring a long-term obligation for the City.

When such services by contractors are needed and master agreements are in place, staff contacts the firms on the list to obtain work order proposals with schedules and



pricing. Following this, staff interviews as many firms as necessary to find the most appropriate level of expertise and knowledge, and negotiates the scope of work for the engagement. As specific services are needed, purchase orders are issued that identify the services needed and establish a not-to-exceed amount and funding source. For example, staff plans to utilize inspection and project management services for the Street Resurfacing project this summer in order to augment the limited in-house staff that are available. For a project of this scope, with scheduling variations and the potential for multiple construction sites within the City, master agreements will allow staff to be more nimble in addressing the specific needs of the project and ensuring that the City receives the best possible finished product.

The master agreement is the same document as the City’s standard Services Contract, which requires the contractor to provide proof of insurance and to hold the City harmless for the work performed. The agreements will be for three years with an option to extend for two additional years.

The following table lists the Consulting firms and the services they would provide. Staff has reviewed each firm’s Statement of Qualifications and found them to be acceptable.

<b>Firm</b>	<b>Service Provided</b>
Aerotek, Inc	Inspection
Bay Area Geotechnical Group	Testing
Bureau Veritas North America	Survey / Engineering
BKF Engineers	Survey / Engineering
McLeod Associates	Survey / Engineering
Sandis Engineering	Survey / Engineering
Signet Testing Labs, Inc.	Testing
Star Builders East Bay	Inspection
Testing Engineers, Inc.	Testing
Wilsey Ham	Engineering

## **IMPACT ON CITY RESOURCES**

The contract amount for services will vary for each project, depending on the scope of services, the number and type of engineers and technicians used, and the public input needed. The hourly rates for services typically range from \$50 to \$200, depending on the area of expertise and experience required. The costs of these services are budgeted in the program or capital project for which the services are needed. No initial capital outlay is required for any contract.

## **POLICY ISSUES**

The recommendation is consistent with the City’s purchasing practices and does not represent any change to existing City policy.

## ENVIRONMENTAL REVIEW

No environmental review is required to authorize these master agreements for professional services. Environmental review will be conducted separately for each capital improvement project.



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Roger K. Storz  
Senior Civil Engineer



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Matheu B. Oscanou  
Engineering Services Manager

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

**ATTACHMENTS:** None

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# PUBLIC WORKS DEPARTMENT

Council Meeting Date: May 22, 2012

Staff Report #: 12-078

Agenda Item #:D-5

**CONSENT CALENDAR:** Adopt a Resolution to Request \$204,253 of Lifeline Transportation Program Funds from the Metropolitan Transportation Commission to Fund 40-percent of the Proposed \$516,000 Three Year Operations Budget for the City's Midday Shuttle Service Spanning Fiscal Years 2012-13 through 2014-15

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## RECOMMENDATION

Staff recommends that Council adopt a resolution (Attachment A) to request \$204,253 of Lifeline Transportation Program funds from the Metropolitan Transportation Commission to fund 40-percent of the proposed \$516,000 three year operations budget for the City's Midday Shuttle Service spanning Fiscal Years 2012-13 through 2014-15.

## BACKGROUND

The Metropolitan Transportation Commission (MTC), the Bay Area's regional transportation planning, coordinating and financing agency, established a Lifeline Transportation Program to assist in funding projects that are primarily intended to result in improved mobility for those with low-income.

Earlier this year, a competitive call for projects was issued for those projects needing funding assistance through the Lifeline Transportation Program over the next three years. Having recently lost 50-percent of the Midday Shuttle's funding due to the elimination of the Redevelopment Agency, City staff pursued this opportunity in an effort to replace the lost redevelopment funds with new grant opportunities.

## ANALYSIS

Staff recently received notice that the total amount of requested funding by all of the competing applicants exceeded that which was available. Consequently, only approximately 80-percent of the originally requested amount was granted. This equates to \$204,253 or 40-percent of the shuttle's operations budget over the next three years. To secure this allocation, a City Council Resolution officially requesting that these funds be reserved for the City's Midday Shuttle service is due to the MTC by the end of June 2012.

Securing only 40-percent of the Midday shuttle’s operations budget still leaves a funding shortfall of 10-percent from what has historically been available. Staff is currently seeking to fill this gap with another request of grant funds collaboratively offered by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority (C/CAG-TA).

The following table shows the proposed operations budget for the Midday Shuttle over next three years.

<b>Expenditures</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Total</b>
Shuttle Operator Cost	\$160,000	\$170,000	\$180,000	\$510,000
SamTrans Admin Fee*	\$6,000	\$0	\$0	\$6,000
<b>Total Expenses</b>	<b>\$166,000</b>	<b>\$170,000</b>	<b>\$180,000</b>	<b>\$516,000</b>
<b>Revenue</b>				
MTC Lifeline Grant	\$66,000	\$68,000	\$70,253	\$204,253
C/CAG-TA Grant (request for traditionally allocated portion – currently pending & is not guaranteed)	\$76,000	\$78,000	\$83,000	\$237,000
C/CAG-TA Grant (request for additional funds to fill gap created by the partial allocation of requested Lifeline funds – this request is currently pending & is not guaranteed)	\$17,000	\$17,000	\$19,747	\$53,747
Annual Shuttle Fees	\$7,000	\$7,000	\$7,000	\$21,000
<b>Total Revenue</b>	<b>\$166,000</b>	<b>\$170,000</b>	<b>\$180,000</b>	<b>\$516,000</b>

\*An administrative fee required by SamTrans as a condition of accepting MTC Lifeline funding.

## **IMPACT ON CITY RESOURCES**

Accepting \$204,253 from the MTC relieves the City from having to seek and acquire this amount from other sources, but in order to guarantee receipt of this total amount the City must raise a 60-percent funding match of \$311,747 to support the Midday Shuttle’s proposed total operations budget of \$516,000 over the next three years.

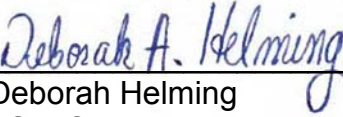
The proposed match relies partially on funding currently being sought from C/CAG-TA and to a lesser extent from on-going annual shuttle fees paid for by large commercial developments in the City. Should the City be unsuccessful in securing the additional funds from C/CAG-TA or alternative sources, future Midday Shuttle service may have to be scaled back and the amount of MTC funding available for reimbursement may be reduced proportionately.

## **POLICY ISSUES**

This project is in line with several policies in the 1994 General Plan Circulation and Transportation Element. These policies seek to promote the use of public transit and to promote the use of alternatives to the single-occupant automobile.

## **ENVIRONMENTAL REVIEW**

This proposed action is categorically exempt under the current California Environmental Quality Act Guidelines as this is a service already operated by the City.

  
\_\_\_\_\_  
Deborah Helming  
TSM Coordinator

  
\_\_\_\_\_  
Matt Oscamou  
Engineer Services Manager

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

**ATTACHMENTS:** A. Resolution Supporting a Request for Lifeline Grant Funds

RESOLUTION NO.

**RESOLUTION TO REQUEST LIFELINE TRANSPORTATION GRANT FUNDS FROM MTC TO PARTIALLY FUND THE MIDDAY SHUTTLE SERVICE**

WHEREAS, the Metropolitan Transportation Commission (MTC) has established a Lifeline Transportation Program to assist in funding projects that 1) are intended to result in improved mobility for low-income residents of the nine San Francisco Bay Area counties, 2) are developed through a collaborative and inclusive planning process and 3) are proposed to address transportation gaps and/or barriers identified through a substantive community-based transportation plan or are otherwise based on a documented assessment of needs; and

WHEREAS, MTC has adopted principles, pursuant to MTC Resolution No. 4033, to guide implementation of the Lifeline Transportation Program for the three year period from Fiscal Year 12-13 through Fiscal Year 14-15, and has designated the County Congestion Management Agency (or another countywide entity) in each of the nine bay area counties to help with recommending project selections and project administration; and

WHEREAS, the City/County Association of Governments of San Mateo County (C/CAG) has been designated by MTC to assist with the Lifeline Transportation Program in San Mateo County on behalf of MTC; and

WHEREAS, C/CAG conducted a competitive call for projects for the Lifeline Transportation Program in San Mateo County; and

WHEREAS, the City of Menlo Park submitted a project in response to the competitive call for projects; and

WHEREAS, C/CAG has confirmed that the City of Menlo Park's proposed project, described more fully on Exhibit A to this Resolution, attached to and incorporated herein as though set forth at length, is consistent with the Lifeline Transportation Program goals as set out in MTC Resolution No. 4033; and

WHEREAS, C/CAG, after review, recommends the City of Menlo Park's proposed project, described more fully on Exhibit A to this Resolution, attached to and incorporated herein as though set forth at length, be funded in part under the Lifeline Transportation Program; and

WHEREAS, the City of Menlo Park agrees to meet project delivery and obligation deadlines, comply with funding conditions placed on the receipt of funds allocated to the Lifeline Transportation Program, provide for the required local matching funds, and satisfy all other conditions set forth in MTC Resolution No. 4033; and

WHEREAS, the City of Menlo Park certifies that the project and purpose for which funds are being requested is in compliance with the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.), and with the State Environmental Impact Report Guidelines (14 California Code of Regulations Section 1500 et seq.) and if relevant the National Environmental Policy Act (NEPA), 42 USC Section 4-1 et seq. and the applicable regulations thereunder; and

WHEREAS, there is no legal impediment to the City of Menlo Park making the funding request; and

WHEREAS, there is no pending or threatened litigation which might in any way adversely affect the ability of the City of Menlo Park to deliver the proposed for which funds are being requested, now therefore be it

NOW, THEREFORE BE IT, RESOLVED, that the City of Menlo Park requests that MTC program funds available under its Lifeline Transportation Program, in the amounts requested for which the City of Menlo Park is eligible, for the project described in Exhibit A of this Resolution; and

BE IT FURTHER RESOLVED, that staff of the City of Menlo Park shall forward a copy of this Resolution, and such other information as may be required, to MTC, C/CAG, and such other agencies as may be appropriate.

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-second day of May, 2012, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

Margaret S. Roberts, MMC  
City Clerk



**Exhibit A**

**Lifeline Transportation Program Cycle 3 Projects**

Project Name	Project Description	Lifeline Transportation Program Funding Amounts					Local Match Amount	Total Project Cost
		1B	STA	JARC	STP	Total Lifeline Funding		
Menlo Park Midday Shuttle Operations	Free weekday community shuttle serving the Belle Haven neighborhood and low-income and/or senior housing developments throughout the City of Menlo Park.	\$0	\$204,253	\$0	\$0	\$204,253 (40%)	\$311,747 (60%)	\$516,000



## PUBLIC WORKS DEPARTMENT

Council Meeting Date: May 22, 2012

Staff Report #: 12-077

Agenda Item #: D-6

**CONSENT CALENDAR:** Adopt a Resolution Giving Preliminary Approval of the Engineer's Report for the Menlo Park Landscaping District for Fiscal Year 2012-13 which Proposes No Increases to the Tree or Sidewalk Portions of the Assessment; Adopt a Resolution of Intent to Order the Levy and Collection of Assessments at the Current Rates for the Menlo Park Landscaping District for Fiscal Year 2012-13; and Set the Date for the Public Hearing for June 12, 2012

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### RECOMMENDATION

Staff recommends that the City Council:

1. Adopt a Resolution giving preliminary approval of the Engineer's Report for the City of Menlo Park Landscaping District for Fiscal Year 2012-13, which proposes no increases to the tree or sidewalk portions of the assessment (Attachment A);
2. Adopt a Resolution of Intention to order the levy and collection of assessments at the current rates for the City of Menlo Park Landscaping District for Fiscal Year 2012-13 pursuant to the Landscaping and Lighting Act of 1972 (Attachment B); and
3. Set the date for the Public Hearing for June 12, 2012.

### BACKGROUND

The Landscaping Assessment District provides funding for the maintenance of trees and sidewalks throughout Menlo Park.

#### *Tree Maintenance*

Between 1960 and 1982, the City had one three-person tree crew to care for City parks, medians, and street trees. At that time, the tree crew trimmed trees as requested by residents. There was no specific, long-term plan to address tree maintenance. As the trees grew, it took considerably more time per tree to provide proper care and the City's one tree crew was unable to maintain all the trees in proper condition.

The voters approved Measure N in 1982 as an advisory measure to the City Council regarding formation of the City of Menlo Park Landscaping District. The District was formed in 1983 to provide proper street-tree maintenance. Programmatic changes have occurred over the past 29 years to address new regulations and maintain the existing tree canopy. Proper care of the tree canopy continues to be identified as a priority by property owners, the Environmental Quality Commission and the Council.

In 1998, the City identified concerns that a significant number of City trees, of which over 80 percent were considered to be mature, would decline and fail at roughly the same time unless proactive measures were taken to stagger removal of the older trees with establishment of new, younger trees. In addition, the tree maintenance trimming and evaluation schedule had slipped from once every five years to once every seven years due to cost. The City proposed an increase in the District fees, which was approved per Proposition 218 requirements. The additional funds raised were used to bring back the tree trimming/evaluation schedule to once every five years. In addition, in 2008-09 a reforestation program was implemented with a portion of the District funds.

### ***City Tree-Damaged Sidewalk Repair***

Prior to 1990, property owners and the City split the cost of repairing sidewalks damaged by City trees. The City entered into individual agreements with approximately 200 individual property owners each year to conduct these repairs. The annual cost was a financial burden to some residents on fixed incomes, and burdensome for the City to administer.

An assessment for the repair of sidewalks and parking strips was established in 1990 to make the program more cost-effective and less of a financial burden for property owners, and to streamline staff's processing of tree-damaged sidewalk repair. Staff has been able to address the tripping hazards through new technologies in sidewalk sawcutting, resulting in the sidewalk assessment only having been raised once since its establishment.

### ***Street Sweeping***

Street sweeping is performed throughout the City for aesthetic, water quality and health reasons, as well as compliance with storm water regulations. Street sweeping work has been performed by contract services since 1992. At that time, the cost of street sweeping was divided between the landscape assessment district and the General Fund. In recent years, the cost for street sweeping has been split, with 2/3 of the cost funded by the District, and 1/3 of the cost coming from the stormwater program. The projected FY 2012-13 cost for street sweeping is approximately \$165,000 per year, and is funded 2/3 (\$110,000) from the District and 1/3 (\$55,000) from the Measure M vehicle registration fees, which was voter-approved in November 2010.

## **Engineer's Report Requirements**

For each fiscal year the assessments will be levied, the City Council must direct the preparation of an Engineer's Report, budgets, and proposed assessments. On January 24, 2012, the City Council adopted Resolution 6045 describing the improvements and directing the preparation of an Engineer's Report for the Landscaping District for FY 2012-13. In addition, Council approved an agreement with SCI Consulting Group to prepare that report.

The Engineer's Report establishes the foundation and justification for the continued collection of the landscape assessments for FY 2012-13. SCI Consulting Group has reviewed the report in context with recent court decisions and legal requirements for benefit assessments. The assessments proposed are fully compliant with recent court decisions and the requirements of Proposition 218.

The purpose of this staff report is to obtain Council's preliminary approval of the Engineer's Report, state the intention of the Council to order the levy and collection of assessments, give preliminary approval of no increase to the tree and sidewalk portions of the assessment, and set a public hearing for June 12, 2012, regarding the proposed assessments.

## **ANALYSIS**

### **Approval of Engineer's Report**

SCI Consulting Group has completed the preliminary Engineer's Report (Attachment C) for the Landscaping District, which includes the District's proposed FY 2012-13 budget. The budget covers tree maintenance, a portion of the cost of the City's street sweeping program, and the sidewalk repair program. The report describes in detail the method used for apportioning the total assessment among properties within the District. This method involves identifying the benefit received by each property in relation to a single-family home (Single Family Equivalent or SFE).

Expenses for the program are covered by revenue from property tax assessments, contributions from the City (primarily from the General Fund), and unspent funds from prior years.

### **Program Budgets**

#### ***Tree Maintenance Assessments***

Staff is proposing no increase to the tree maintenance budget for the fiscal year 2012-13. Table I shows the proposed budget for street tree maintenance expenses and revenues for FY 2012-13.

<b>Table I Tree Maintenance Assessments Proposed FY 2012-13 Budget</b>	
<b>Projected Beginning Fund Balance</b>	<b>\$98,224</b>
<b>Estimated Revenues:</b>	
Tree Assessment Revenue (no increase)	\$566,055
General Fund Contribution towards Tree Maintenance	159,600
C/CAG County Contribution for Street Sweeping	13,000
	<b>\$738,655</b>
<b>Estimated Expenses:</b>	
Street Tree Maintenance	\$541,513
Debris Removal (Street Sweeping)	167,209
Administration & County Collection of Assessment Fees	39,130
	<b>\$747,852</b>
<b>Projected Ending Fund Balance</b>	<b>\$89,028</b>

Staff estimates that tree maintenance expenditures will exceed revenues by approximately \$9,196 in FY 2012-13, which will result in a FY 2012-13 ending fund balance of approximately \$89,028. In 2009, the Council approved staff's recommendation to set assessments in amounts that would result in fund balances of not less than 10% of projected expenditures. The projected ending fund balance of approximately \$89,028 is 12 percent of projected expenses, and is therefore in accordance with the 2009 policy. Therefore, staff is not recommending any increase to the tree maintenance assessment for FY 2012-13.

The General Fund contribution towards tree maintenance will be \$159,600 for FY 2012-13, the same amount as for FY 2011-12. Proposition 218 stipulates that only the "special benefits" received by a parcel can be charged through an assessment district, with "general benefits" being funded by other sources. The Engineer's Report determined that 75 percent of the benefits received are special benefits, and 25 percent are general benefits. Funds received from the City/County Association of Governments for street sweeping will be used to pay for a portion of the general benefit. The proposed General Fund contribution of \$159,600 will meet the City's remaining obligation.

### ***Sidewalk Repair Assessments***

Staff is proposing no increase to the sidewalk repair budget for fiscal year 2012-13. Table II shows the proposed budget for sidewalk, curb, gutter and parking strip repair and replacement expenses and revenues for FY 2012-13.

<b>Table II Sidewalk Repair Assessments Proposed FY 2012-13 Budget</b>	
<b>Projected Beginning Fund Balance</b>	<b>\$282,159</b>
<b>Estimated Revenues:</b>	
Sidewalk Assessment Revenue (no rate increase)	\$204,712
General Fund CIP Contribution for sidewalk repair	<u>120,000</u>
	<b>\$324,712</b>
<b>Estimated Expenses:</b>	
Sidewalk, Curb, Gutter, Parking Strip Repair/Replacement	\$300,000
Administration & County Collection of Assessment Fees	<u>39,130</u>
	<b>\$339,130</b>
<b>Projected Ending Fund Balance</b>	<b>\$267,741</b>

The Council authorizes sidewalk repair program funding in the amount of \$300,000 per year as part of the City's capital improvement program. At that funding level, staff estimates that the sidewalk repair program will have budgeted expenses that exceed revenues by approximately \$14,418 in FY 2012-13. The projected FY 2012-13 ending fund balance is approximately \$267,741. Therefore, staff is not recommending any increase to the sidewalk repair assessments for FY 2012-13.

<b>Table III Annual Tree Assessment Rates Proposed FY 2012-13 (no increase from FY 2011-12)</b>		
<b>Property Type</b>	<b>Properties with Trees</b>	<b>Properties without Trees</b>
Single-family	\$60.26 per Parcel	\$30.13 per Parcel
R-2 Zone, in use as single-family	\$60.26 per Parcel	\$30.13 per Parcel
Condominium/ Townhouse	\$54.23 per Unit \$271.17 max. per Project	\$27.12 per Unit \$135.59 max. per Project
Other Multi-family	\$48.21 per Unit \$241.04 max. per Project	\$24.10 per Unit \$120.52 max. per Project
Commercial	\$60.26 per 1/5 acre \$301.30 max. per Project	\$30.13 per 1/5 acre \$150.65 max. per Project
Industrial	\$60.26 per 1/5 acre \$301.30 max. per Project	\$30.13 per 1/5 acre \$150.65 max. per Project
Parks, Educational	\$60.26 per Parcel	\$30.13 per Parcel
Miscellaneous, Other	\$0.00 per Parcel	\$0.00 per Parcel

<b>Table IV</b>	
<b>Property Type</b>	<b>Annual Sidewalk Assessment Rates Proposed FY 2012-13 (no increase from FY 2011-12)</b>
<b>Properties with Improvements</b>	
Sidewalks, curbs, gutters	\$28.70 per Parcel
Parking strips and gutters	\$28.70 per Parcel
Curbs and/or gutters only	\$19.23 per Parcel
No improvements	\$9.47 per Parcel
Miscellaneous, Other	\$0.00 per Parcel
<b>Properties without Improvements</b>	
Parcels with or without improvements	\$9.47 per Parcel
Miscellaneous, Other	\$0.00 per Parcel

\* All assessment amounts are rounded to the penny.

### **Assessment Process**

If the Council approves the attached resolutions, staff will publish legal notice of the assessment Public Hearing at least ten days prior to the hearing, which is tentatively scheduled for June 12, 2012. Once the assessments are confirmed and approved, the levies will be submitted to the County Auditor/Controller for inclusion onto the property tax roll for FY 2012-13.

Assessments are subject to an annual adjustment based on the Engineering News Record Construction Cost Index (CCI) for the San Francisco Bay Area. The maximum annual adjustment cannot exceed 3%. Any change in the CCI in excess of 3% is cumulatively reserved and can be used to increase the assessment rate in years in which the CCI is less than 3%. The change in the CCI from December 2010 to December 2011 was 0.83%.

The maximum authorized assessment rate for fiscal year 2012-13 (based on accumulated unused CCI increases) would be \$92.81 per single family equivalent (SFE) benefit unit for tree maintenance and \$41.44 per single family equivalent (SFE) benefit unit for sidewalk maintenance. The estimated budget in the Engineer's Report proposes assessments for fiscal year 2012-13 at the rate of \$60.26 per SFE for tree maintenance and \$28.70 per SFE for sidewalk maintenance (same as FY 2011-12). Both amounts are less than the maximum authorized assessment rate.

### **IMPACT ON CITY RESOURCES**

Funding for the entire tree-maintenance and sidewalk-repair programs under the assessment district comes from a variety of sources, including the carryover of unspent funds from prior years, annual tax assessment revenues, and contributions from the General Fund. If the Council does not order the levy and collection of assessments, the

impact on City resources would be \$770,767 (the total amount of the proposed tree and sidewalk assessments).

The current estimated fund balances for both the tree and sidewalk programs are sufficient to maintain current services levels through FY 2012-13. The staff recommendation not to increase either the tree maintenance or sidewalk repair assessment rate is expected to result in maintaining fund balances for each program in excess of 10 percent of projected expenditures.


## **POLICY ISSUES**

The recommendation is consistent with the Council's and the Environmental Quality Commission's emphasis on the importance of preserving and maintaining mature trees.

## **ENVIRONMENTAL REVIEW**

An environmental review is not required.

  
\_\_\_\_\_  
Pam Lowe, P.E.  
Associate Civil Engineer

  
\_\_\_\_\_  
Ruben Niño, P.E.  
Assistant Director of Public Works

**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 of Preliminary Approval of the Engineer's Report
- B. Resolution of Intention to Order the Levy and Collection of Assessments
- C. Engineer's Report dated May 2012



**RESOLUTION NO.**

**RESOLUTION OF PRELIMINARY APPROVAL OF THE ENGINEER'S  
REPORT FOR THE CITY OF MENLO PARK LANDSCAPING DISTRICT  
FOR FISCAL YEAR 2012-13**

WHEREAS, on the 24th day of January, 2012, said Council did adopt Resolution No. 6045, describing improvements and directing preparation of the Engineer's Report for the City of Menlo Park Landscaping District (District) for Fiscal Year 2012-13, pursuant to provisions of Article XIID of the California Constitution and the Landscaping and Lighting Act of 1972, in said City and did refer the proposed improvements to SCI Consulting Group and did therein direct SCI Consulting Group to prepare and file with the Clerk of said City a report, in writing, all as therein more particularly described, under and in accordance with Section 22565, *et. seq.*, of the Streets and Highways Code and Article XIID of the California Constitution; and

WHEREAS, said SCI Consulting Group prepared and filed with the Clerk of said City a report in writing as called for in said Resolution No. 6045 and under and pursuant to said Article and Act, which report has been presented to this Council for consideration; and

WHEREAS, said Council has duly considered said report and each and every part thereof, and finds that each and every part of said report is sufficient, and that neither said report, nor any part thereof, should be modified in any respect.

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

1. That the plans and specifications for the existing improvements and the proposed new improvements to be made within the District or within any zone thereof, contained in said report, be, and they are hereby, preliminarily approved.
2. That the Engineer's estimate of the itemized and total costs and expenses of said improvements, maintenance, and servicing thereof, and of the incidental expenses in connection therewith, contained in said report be, and each of them is hereby, preliminarily approved.
3. That the diagram showing the exterior boundaries of the District referred to and described in said Resolution No. 6045 and also the boundaries of any zones therein and the lines and dimensions of each lot or parcel of land within said District as such lot or parcel of land is shown on the County Assessor's maps for the fiscal year to which the report applies, each of which lot or parcel of land has been given a separate number upon said diagram, as contained in said report be, and it is hereby, preliminarily approved.

4. That the proposed continued assessment of the total amount of the estimated costs and expenses of the proposed improvements upon the several lots or parcels of land in said District in proportion to the estimated benefits to be received by such lots or parcels, respectively, from said improvements including the maintenance or servicing, or both, thereof, and of the expenses incidental thereto, as contained in said report be, and they are hereby, preliminarily approved.
5. That said report shall stand as the Engineer's Report for the purpose of all subsequent proceedings to be had pursuant to said Resolution No. 6045.

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-second day of May, 2012, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

Margaret S. Roberts, MMC  
City Clerk

**RESOLUTION NO.**

**RESOLUTION OF INTENTION TO ORDER THE CONTINUATION AND COLLECTION OF ASSESSMENTS FOR THE CITY OF MENLO PARK LANDSCAPING DISTRICT FOR FISCAL YEAR 2012-13 PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972**

WHEREAS, pursuant to Resolution No. 6045 describing improvements and directing the preparation of the Engineer's Report for Fiscal Year 2012-13 for the City of Menlo Park Landscaping District, adopted on January 24, 2012, by the City Council of said City; and

WHEREAS pursuant to provisions of Article XIID of the California Constitution and the Landscaping and Lighting Act of 1972, SCI Consulting Group for said City has prepared and filed with the Clerk of this City the written report called for under and in accordance with Section 22565, *et. seq.*, of the Streets and Highways Code and Article XIID of the California Constitution; and

WHEREAS, by said Resolution No. 6045, which said report has been submitted and preliminarily approved by this Council in accordance with said Article and Act.

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

1. In its opinion, the public interest and convenience require, and it is the intention of this Council, to order the continuation and collection of assessments for Fiscal Year 2012-13 pursuant to the provisions of Article XIID of the California Constitution and the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the Streets and Highways Code of the State of California, for the construction or installation of the improvements, including the maintenance or servicing, or both, thereof, more particularly described in Exhibit A hereto attached and by reference incorporated herein.
2. The cost and expense of said improvements, including the maintenance or servicing, or both, thereof, are to be made chargeable upon the assessment district designated as "City of Menlo Park Landscaping District" (District) the exterior boundaries of which District are the composite and consolidated area as more particularly described on a map thereof on file in the office of the Clerk of said City, to which reference is hereby made for further particulars. Said map indicates by a boundary line the extent of the territory included in the District and of any zone thereof and the general location of said District.
3. Said Engineer's Report prepared by SCI Consulting Group, preliminarily approved by this Council, and on file with the Clerk of this City, is hereby referred to for a full and detailed description of the improvements, the boundaries of the

assessment district and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the District.

4. The authorized maximum assessment rates for the District include an annual adjustment by an amount equal to the annual change in the Engineering News Record Index, not to exceed 3 percent per year, plus any uncaptured excesses. Assessment rates are not proposed to increase during Fiscal Year 2012-13 over the Fiscal Year 2011-12 assessments. The maximum authorized assessment rate for street tree maintenance for Fiscal Year 2012-13 is \$92.81 per single family equivalent benefit unit, and the proposed assessment rate per single family equivalent benefit unit to be continued to Fiscal Year 2012-13 is \$60.26, which is the same rate as that levied in Fiscal Year 2012-13 and is less than the maximum authorized rate. Including the authorized annual adjustment, the maximum authorized assessment rate for sidewalk repairs for Fiscal Year 2012-13 is \$41.44 per single family equivalent benefit unit, and the proposed assessment rate per single family equivalent benefit unit to be continued to Fiscal Year 2012-13 is \$28.70, which is the same rate as that levied in Fiscal Year 2012-13 and is less than the maximum authorized rate.
5. Notice is hereby given that Tuesday, the twelfth day of June, 2012, at the hour of 7:00 o'clock p.m., or as soon thereafter, in the regular meeting place of said Council, Council Chambers, Civic Center, 701 Laurel Street, Menlo Park, California, be, and the same are hereby appointed and fixed as the time and place for a Public Hearing by this Council on the question of the continuation and collection of the proposed assessment for the construction or installation of said improvements, including the maintenance and servicing, or both, thereof, and when and where it will consider all oral statements and all written protests made or filed by any interested person at or before the conclusion of said hearing, against said improvements, the boundaries of the assessment district and any zone therein, the proposed diagram or the proposed assessment, to the Engineer's estimate of the cost thereof, and when and where it will consider and finally act upon the Engineer's Report.
6. The Clerk of said City is hereby directed to give notice of said Public Hearing by causing a copy of this resolution to be published once in *The Daily News*, a newspaper circulated in said City, and by conspicuously posting a copy thereof upon the official bulletin board customarily used by the City for the posting of notices, said posting and publication to be had and completed at least ten (10) days prior to the date of public hearing specified herein.
7. The Office of the Engineering Services Manager of said City is hereby designated as the office to answer inquiries regarding any protest proceedings to be had herein, and may be contacted during regular office hours at the Civic Center, 701 Laurel Street, Menlo Park, California, 94025, or by calling (650) 330-6740.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

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

Margaret S. Roberts, MMC  
City Clerk

## **Exhibit A**

### **City of Menlo Park Landscaping District**

Maintaining and servicing of street trees, including the cost of repair, removal or replacement of all or any part thereof, providing for the life, growth, health, and beauty of landscaping, including cultivation, trimming, spraying, fertilizing, or treating for disease or injury, the removal of trimmings, rubbish, debris, and other solid waste, and water for the irrigation thereof, and the installation or construction, including the maintenance and servicing thereof, of curbs, gutters, sidewalks, and parking strips.

# CITY OF MENLO PARK



## LANDSCAPING ASSESSMENT DISTRICT

## ENGINEER'S REPORT

**FISCAL YEAR 2012-13**

MAY, 2012

PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 AND  
ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION

ENGINEER OF WORK:

**SCI Consulting Group**

4745 MANGELS BLVD.

FAIRFIELD, CALIFORNIA 94534

PHONE 707.430.4300

FAX 707.430.4319

[www.sci-cg.com](http://www.sci-cg.com)

**CITY OF MENLO PARK**

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**MENLO PARK CITY COUNCIL**

Mayor Kirsten Keith  
Mayor Pro Tem Peter I. Ohtaki  
Council Member Richard Cline  
Council Member Andrew M. Cohen  
Council Member Kelly Fergusson

**CITY MANAGER**

Alex D. McIntyre

**ENGINEERING SERVICES MANAGER**

Matt Oscamou

**CITY CLERK**

Margaret S. Roberts

**CITY ATTORNEY**

Bill McClure

**ENGINEER OF WORK**

SCI Consulting Group  
Lead Assessment Engineer, John Bliss, M.Eng., P.E.



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## **INTRODUCTION**

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### **Assessment Background**

Between 1960 and 1982, the City of Menlo Park had one three-person crew to care for approximately 9,000 City trees. As the trees grew, it took considerably more time per tree to provide proper care. Consequently one tree crew was unable to perform the necessary work to maintain all of the street trees in proper condition. The Landscape Assessment District was originally formed in 1983 for the purpose of levying annual special assessments in order to properly maintain street trees in the City of Menlo Park. Currently, there are approximately 11,000 street trees that are maintained by the assessments.

Prior to 1990, property owners and the City would split the cost of repairing sidewalks damaged by City trees. The City would annually enter into an agreement with approximately 200 individual property owners. The one-time cost was a financial burden to some residents on fixed incomes. In order to make the program more cost-effective and less of a financial burden for property owners, an assessment for repair of sidewalks/parking strips due to City street-tree related damages was established in 1990.

The increased cost of the necessary work made the assessment amounts levied in Fiscal Year 1997-98 insufficient for adequately maintaining the City's street trees, curbs, gutters and sidewalks. An increase in the assessments was required to provide funding for continued tree maintenance and sidewalk repairs. However, with the passage of Proposition 218 on November 6, 1996, assessments can only be raised after the City conducts an assessment ballot proceeding and the ballots submitted in opposition to the assessments do not exceed the ballots in favor of the assessments. (Each ballot is weighted by the amount of assessment for the property it represents.)

### **Assessment Process**

In 1998, the City conducted an assessment ballot proceeding for increased tree maintenance and sidewalk repair assessments pursuant to the requirements of Article XIID of the California Constitution (Proposition 218) and the Landscaping and Lighting Act of 1972. The proposed tree maintenance assessments for fiscal year 1998-99 were \$64.28 per single family equivalent unit and the proposed sidewalk repair assessments were \$28.70 per single family equivalent. The proposed maximum assessments also included an annual assessment cost escalator tied to the annual change in the Engineering News Record Construction Cost Index for the San Francisco Bay Area ("ENR Index"). These proposed assessments were supported by 73% of assessment ballots received from property owners (with each ballot

weighted by the amount of assessments it represented). Therefore, on June 16, 1998 by its Resolution Number 4840-D, the City Council levied the new assessments.

### **Engineer's Report and Continuation of Assessments**

In each subsequent year for which the assessments will be continued, the City Council must direct the preparation of an Engineer's Report, budgets and proposed assessments for the upcoming fiscal year. After the Engineer's Report is completed, the City Council may preliminarily approve the Engineer's Report and proposed assessments and establish the date for a public hearing on the continuation of the assessments. This Report was prepared pursuant to the direction of the Council.

The maximum authorized assessment rate, as increased each year by the change in the ENR Index, is the maximum assessment rate that can be levied in the given fiscal year without approval from property owners in another assessment ballot proceeding. In fiscal year 1998-99, the assessments were levied at the maximum rate for that fiscal year. Since this first fiscal year after the ballot proceeding, the assessments have been levied below the maximum authorized rate.

From December 2010 to December 2011, the ENR Index increased 0.83 percent. The maximum amount assessments can be increased annually is the ENR Index plus any uncaptured excess reserved from prior years, to a maximum increase of up to 3%.

Based on accumulated excess reserves from prior years, the maximum authorized rates for fiscal year 2012-13 are \$92.81 for trees and \$41.44 for sidewalks without another ballot proceeding. (No additional ballot proceeding is required because the maximum authorized assessment rates, including the annual adjustments in these rates, were approved in the 1998 ballot proceeding. The actual rate levied in any given fiscal year can be revised up, with an annual maximum increase of 3%, or down, by any amount that does not cause the actual rates levied to exceed the maximum authorized assessment rates.)

The City reduced the assessment rate for tree maintenance in fiscal year 2000-01 and increased the assessment rate in fiscal years 2002-03, and 2005-06 through 2009-10. In other fiscal years it was not necessary to increase the rate, due to sufficient reserve funds carried forward from prior fiscal years, combined with general benefit contributions. For fiscal year 2012-13 the proposed assessments for tree maintenance are not proposed to increase from fiscal year 2011-12, and the assessments for sidewalk maintenance are still not proposed to increase. The proposed rates therefore are \$60.26 per Single Family Equivalent (SFE) for tree maintenance and \$28.70 per SFE for sidewalk repairs.

If the Council approves this Engineer's Report and the continuation of the assessments by resolution, a notice of assessment levies must be published in a local newspaper at least 10 days prior to the date of the public hearing. The resolution preliminarily approving the Engineer's Report and establishing the date for a public hearing is used for this notice.

Following the minimum 10 day time period after publishing the notice, a public hearing is held for the purpose of allowing public testimony about the proposed continuation of the assessments. This hearing is currently scheduled for June 5, 2012. At this hearing, the Council will consider approval of a resolution confirming the continuation of the assessments for fiscal year 2012-13. If so confirmed and approved, the assessments will be submitted to the County Auditor/Controller for inclusion on the property tax roll for Fiscal Year 2012-13.

### **Proposition 218**

This assessment is consistent with Proposition 218, The Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and is now Article XIII C and XIII D of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which benefits the assessed property.

Proposition 218 describes a number of important requirements, including a property-owner balloting, for the formation and continuation of assessments, and these requirements are satisfied by the process used to establish this assessment.

The original assessment existed prior to the passage of Proposition 218. Although the original assessment is also consistent with Proposition 218, the California judiciary has generally referred to pre-Proposition 218 assessments as "grandfathered assessments" and held them to a lower standard than post Proposition 218 assessments.

### **SILICON VALLEY TAXPAYERS ASSOCIATION, INC. v SANTA CLARA COUNTY OPEN SPACE AUTHORITY**

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority ("SVTA vs. SCCOSA"). This ruling is the most significant court case in further legally clarifying the substantive assessment requirements of Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special, not general, benefit
- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the assessment district

#### DAHMS V. DOWNTOWN POMONA PROPERTY

On June 8, 2009, the 4<sup>th</sup> Court of Appeal amended its original opinion upholding a benefit assessment for property in the downtown area of the City of Pomona. On July 22, 2009, the California Supreme Court denied review. On this date, Dahms became good law and binding precedent for assessments. In Dahms the Court upheld an assessment that was 100% special benefit (i.e. 0% general benefit) on the rationale that the services and improvements funded by the assessments were directly provided to property in the assessment district. The Court also upheld discounts and exemptions from the assessment for certain properties.

#### BONANDER V. TOWN OF TIBURON

On December 31, 2009, the 1<sup>st</sup> District Court of Appeal overturned a benefit assessment approved by property owners to pay for placing overhead utility lines underground in an area of the Town of Tiburon. The Court invalidated the assessments on the grounds that the assessments had been apportioned to assessed property based in part on relative costs within sub-areas of the assessment district instead of proportional special benefits.

#### BEUTZ V. COUNTY OF RIVERSIDE

On May 26, 2010 the 4<sup>th</sup> District Court of Appeal issued a decision on the Steven Beutz v. County of Riverside ("Beutz") appeal. This decision overturned an assessment for park maintenance in Wildomar, California, primarily because the general benefits associated with improvements and services were not explicitly calculated, quantified and separated from the special benefits.

#### COMPLIANCE WITH CURRENT LAW

This Engineer's Report is consistent with the requirements of Article XIIC and XIID of the California Constitution and with the SVTA decision because the Improvements to be funded are clearly defined; the Improvements are directly available to and will directly benefit property in the Assessment District; and the Improvements provide a direct advantage to property in the Assessment District that would not be received in absence of the Assessments.

This Engineer's Report is consistent with *Beutz* and *Dahms* because the Improvements will directly benefit property in the Assessment District and the general benefits have been explicitly calculated and quantified and excluded from the Assessments. The Engineer's Report is consistent with *Bonander* because the Assessments have been apportioned based on the overall cost of the Improvements and proportional special benefit to each property.

## PLANS & SPECIFICATIONS

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Following is a description of the Services that are provided for the benefit of property in the Assessment District. Prior to the residential development in Menlo Park, the Level of Service on these improvements was effectively zero. The formula below describes the relationship between the final level of improvements, the baseline level of service (pre-development) had the assessment not been instituted, and the enhanced level of improvements funded by the assessment.

$$\begin{aligned} \text{Final Level of Service} &= \text{Baseline Level of Service } (\approx \text{zero, pre-development}) \\ &+ \\ &\text{Enhanced Level of Service} \end{aligned}$$

The City of Menlo Park maintains street trees, sidewalks, curbs, gutters, and parking strips throughout the City.

The proposed improvements to be undertaken by the City of Menlo Park and financed by the levy of the annual assessment provide special benefit to Assessor Parcels within the District as defined in the Method of Assessment herein. The said improvements consist of maintaining, trimming, disease treatment, and replacement of street trees; street sweeping to remove debris; and the repair and replacement of damaged sidewalks, curbs, gutters, and parking strips damaged by street trees throughout the City of Menlo Park.



## METHOD OF ASSESSMENT

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This section of the Engineer's Report includes an explanation of the benefits to be derived from the maintenance, repair, and replacement of street trees, sidewalks, curbs, gutters, and parking strips throughout the City, and the methodology used to apportion the total assessment to properties within the Landscaping Assessment District.

The Landscaping Assessment District consists of all Assessor Parcels within the boundaries of the City of Menlo Park as defined by the County of San Mateo tax code areas. The method used for apportioning the assessment is based upon the proportional special benefits to be derived by the properties in the Landscaping Assessment District over and above general benefits conferred on real property or to the public at large. The apportionment of special benefit is a two step process: the first step is to identify the types of special benefit arising from the improvements and the second step is to allocate the assessments to property based on the estimated relative special benefit for each type of property.

### **Discussion of Benefit**

In summary, the assessments can only be levied based on the special benefit to properties. This benefit is received by property over and above any general benefits and such benefit is not based on any one property owner's use of the amenities or a property owner's specific demographic status. With reference to the requirements for assessment, Section 22573 of the Landscaping and Lighting Act of 1972 states:

*"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."*

Article XIII D, Section 4 of the California Constitution has confirmed that assessments must be based on the special benefit to property:

*"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

The following benefit categories summarize the types of special benefit to residential, commercial, industrial and other lots and parcels resulting from the installation, maintenance and servicing of landscaping and lighting improvements to be provided with the assessment proceeds. These categories of special benefit are derived from the statutes passed by the California Legislature and other studies which describe the types of special benefit received by property from maintenance and improvements such as those within by the District. These types of special benefit are summarized as follows:

- A. PROXIMITY TO IMPROVED LANDSCAPED AREAS WITHIN THE ASSESSMENT DISTRICT.
- B. ACCESS TO IMPROVED LANDSCAPED AREAS WITHIN THE ASSESSMENT DISTRICT.
- C. IMPROVED VIEWS WITHIN THE ASSESSMENT DISTRICT.
- D. ENHANCED ENVIRONMENT BECAUSE OF THE VIGOROUS STREET TREE PROGRAM FOR OWNERS OF PROPERTY IN THE LANDSCAPING ASSESSMENT DISTRICT.
- E. INCREASED SAFETY AGAINST TRIPPING AND OTHER HAZARDS CAUSED BY CRACKED OR DAMAGED SIDEWALKS, CURBS AND GUTTERS.
- F. ENHANCED DESIRABILITY OF THE PROPERTY.
- G. REDUCED LIABILITY FOR LANDSCAPE MAINTENANCE.

In this case, the recent the SVTA v. SCCOSA decision provides enhanced clarity to the definitions of special benefits to properties in three distinct areas:

- Proximity
- Expanded or improved access
- Views

The SVTA v. SCCOSA decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. The SVTA v. SCCOSA decision also provides specific guidance that landscaping improvements are a direct advantage and special benefit to property that is proximate to landscaping that is improved by an assessment:

*the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g. proximity to a park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g. general enhancement of the district's property values).*

Proximity, improved access and views, in addition to the other special benefits listed above further strengthen the basis of these assessments.

### **Benefit Factors**

The special benefits from the Improvements are further detailed below:

- **Proximity to improved landscaped areas within the Assessment District**

Only the specific properties within close proximity to the Improvements are included in the Assessment District. Therefore, property in the Assessment District enjoys unique and valuable proximity and access to the Improvements that the public at large and property outside the Assessment District do not share.

In absence of the assessments, the Improvements would not be provided and the landscaping areas in the Assessment District would be degraded due to insufficient funding for maintenance, upkeep and repair. Therefore, the assessments provide Improvements that are over and above what otherwise would be provided. Improvements that are over and above what otherwise would be provided do not by themselves translate into special benefits, but when combined with the unique proximity and access enjoyed by parcels in the Assessment District, they provide a direct advantage and special benefit to property in the Assessment District.

- **Access to improved landscaped areas within the Assessment District**

Since the parcels in the Assessment District are nearly the only parcels that enjoy close access to the Improvements, they directly benefit from the unique close access to improved landscaping areas that are provided by the Assessments. This is a direct advantage and special benefit to property in the Assessment District.

- **Improved views within the Assessment District**

The City, by maintaining these landscaped areas, provides improved views to properties in the Assessment District. The properties in the Assessment District enjoy close and unique proximity, access and views of the Improvements; therefore, the improved and protected views provided by the Assessments are another direct and tangible advantage that is uniquely conferred upon property in the Assessment District. The Landscaping Assessment District provides funding to maintain and protect these public resources and facilities of the City. For example, the assessments provide funding to trim and maintain the street trees to maintain them in a healthy condition. This benefits properties by maintaining and improving the public resources in the community.

In order to allocate the proposed assessments, the Engineer begins by identifying the types of special benefit arising from the maintenance, repair, and replacement of the aforementioned facilities and that would be provided to property within the District. These types of special benefit are as follows:

- **Enhanced environment because of the vigorous street tree program for owners of property in the Landscaping Assessment District.**

Residential properties benefit from the enhanced environment provided by a vigorous program to install and maintain the street trees at a level beyond that followed by other cities throughout the County. The increased use of street trees provides an atmosphere of beauty beyond the norm. The improvements to the trees will be available to residents and guests of properties within the District.

Non-residential properties also will benefit from these improvements in many ways. The use of street trees softens the environment making it more pleasant for employees during commute time and at breaks from their work. These improvements, therefore, enhance an employer's ability to attract and keep quality employees. The benefits to employers ultimately flow to the property because better employees improve the employment prospects for companies and enhanced economic conditions benefit the property by making it more valuable.

- **Increased safety against tripping and other hazards caused by cracked or damaged sidewalks, curbs and gutters.**

An aggressive inspection program identifies hazardous conditions in sidewalks, curbs and gutters caused by street trees and allows for these conditions to be repaired on a timely

basis. Timely repair of hazardous conditions greatly improves the overall safety of the environment, thereby providing for safer use of property.

- **Enhanced desirability of the property**

The assessments will provide funding to improve the City's street tree program, raising the quality to a more desired level, and to ensure that the sidewalks, curbs, and gutters remain operable, safe, clean and well maintained. Such improved and well-maintained facilities enhance the overall desirability of property. This is a benefit to residential, commercial and industrial properties.

- **Reduced liability for landscape maintenance**

The assessments will reduce the liability for landscape maintenance to street trees and other improvements. This is a benefit to residential, commercial and industrial properties.

#### **General vs. Special Benefit**

Article XIII D of the Constitution specifies that only special benefits are assessable and that the City must separate the general benefits from the special benefits conferred on any parcel. The complete analysis of special benefits and their allocation are found elsewhere in this report. For the Landscaping Assessment District, the City has identified a general benefit and has separated it from the special assessments.

The City's maintenance of street trees and sidewalk facilities provides a general benefit to the community and to the general public to some degree. The measure of this general benefit is the enhancement of the environment and safety provided to the greater public at large. This general benefit can be measured by the proportionate amount of time that the City's sidewalks and street trees are used and enjoyed by the greater public at large<sup>1</sup>. It is reasonable to assume that approximately 1/4 or 25% of the usage and enjoyment of the improvements is by the greater public. Therefore, approximately 25% of the benefits conferred by the improvements are general in nature.

The City's total budget for maintenance and improvement of its trees and sidewalk facilities is \$1,086,981.00. Of this total budget amount, the City will contribute \$120,000 from

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<sup>1</sup> . The greater public at large is generally defined as those who are not residents, property owners, customers or employees within the City, and residents who do not live in close proximity to the improvements.

sources other than the assessments for sidewalk repair and \$159,600 for street tree maintenance. In addition, a County program contributes \$13,000 for the tree maintenance fund, which is used by the City for street sweeping. These contributions by the City and County equate to approximately 26.9% of the total budget for maintenance, and when combined with the reserve funds carried forward from Fiscal Year the previous fiscal year, more than offset the cost of the general benefits resulting from the improvements.

In the 2009 Dahms case, the court upheld an assessment that was 100% special benefit on the rationale that the services funded by the assessments were directly provided within the assessment district. It is also important to note that the improvements and services funded by the assessments in Pomona are similar to the improvements and services funded by the Assessments described in this Engineer's Report and the Court found these improvements and services to be 100% special benefit. Also similar to the assessments in Pomona, the Assessments described in this Engineer's Report fund improvements and services directly provided within the Assessment District and every benefiting property in the Assessment District enjoys proximity and access to the Improvements. Therefore, Dahms establishes a basis for minimal or zero general benefits from the Assessments. However, in this Report, the general benefit is more conservatively estimated and described, and then budgeted so that it is funded by sources other than the Assessment.

### **Method of Assessment**

The second step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a single family home, or, in other words, on the basis of Single Family Equivalents (SFE). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefit and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. For the purposes of this Engineer's Report, all properties are designated a SFE value, which is each property's relative benefit in relation to a single family home on one parcel. The "benchmark" property is the single family detached dwelling which is one Single Family Equivalent, or one SFE.

As stated previously, the special benefits derived from the assessments are conferred on property and are not based on a specific property owner's use of the improvements, on a specific property owner's occupancy of property, or the property owner's demographic status such as age or number of dependents. However, it is ultimately people who enjoy the special benefits described above, use and enjoy the City's trees and sidewalks, and control property values by placing a value on the special benefits to be provided by the

improvements. In other words, the benefits derived to property are related the average number of people who could potentially live on, work at or otherwise could use a property, not how the property is currently used by the present owner. Therefore, the number of people who could or potentially live on, work at or otherwise use a property is an indicator of the relative level of benefit received by the property.

### **ASSESSMENT APPORTIONMENT - Street Trees**

#### **PROPERTIES WITH STREET TREES**

All improved residential properties that represent a single residential dwelling unit and have a street tree on or fronting the property are assigned 1.0 SFE. All single-family houses with tree(s) and those units in R-2 zones that are being used as single family dwellings (with trees) are included in this category.

Properties with more than one residential unit are designated as multi-family residential properties. These properties benefit from the improvements in proportion to the number of dwelling units that occupy each property and the relative number of people who reside in multi-family residential units compared to the average number of people who reside in a single-family home. The population density factors for the County of San Mateo are depicted below. The SFE factors for condominium, townhouse, and multi-family parcels, as derived from relative dwelling unit population density, are also shown below.

**FIGURE 1 – RESIDENTIAL ASSESSMENT FACTORS**

<i>Total Population</i>	<i>Occupied Households</i>	<i>Persons per Household</i>	<i>SFE Factor- Single Family Residential</i>	<i>SFE Factor- Condominium/ Townhouse</i>	<i>SFE Factor- Multi-Family Residential</i>
717,041	257,849	2.74	1.0	0.9	0.8

Source: 2003 Census, San Mateo County

The SFE factor for condominium, townhouse, and multi-family parcels is based on the ratio of average persons per household for the property type versus the average persons per household for a single family residential home. Multi-family units are assessed at 0.80 per

unit up to a maximum of 4.0 SFE per parcel (maximum of 5 units multiplied by 0.80). Condominium and townhouse parcels are assessed at 0.90 per unit, up to a maximum of 4.5 SFEs per development (maximum of 5 units multiplied by 0.90).

SFE values for commercial and industrial land uses are based on the equivalence of special benefit on a land area basis between single-family residential property and the average commercial/industrial property. The average size of a parcel for a single-family home in the District is approximately 0.18 acres, and such single-family property has an SFE value of 1.0. Using the equivalence of benefit on a land area basis, improved commercial and industrial parcels of approximately 0.20 acres or less would also receive an SFE benefit factor of 1.0. Commercial and industrial parcels in excess of a fifth of an acre in size are assigned 1.0 SFE per 0.20 acre or portion thereof, and the maximum benefit factor for any commercial/industrial parcel is 5.0 SFE.

Vacant parcels are also benefited from the street tree improvement and maintenance program. An example of a benefit is enhancement of the visual appeal that will accrue to a vacant parcel from the presence or proximity of the community's street trees based on its future potential use. Undeveloped property also benefits from the installation and maintenance of street trees, because if the property is developed during the year, the street trees will be available to the developed property. The relative benefit to vacant property is determined to be generally equal to the benefit to a single-family home property. Therefore, vacant property with street tree(s) are assessed 1 SFE.

#### PROPERTIES WITHOUT STREET TREES

The special benefit factors conferred on property can be defined by the benefits conferred to properties with and without street trees. The types of benefits conferred to all property in the community include protection of views, screening, and resource values and enhanced desirability of the property. A higher level of special benefits is conferred directly on parcels with street trees because these parcels obtain additional benefits from well-maintained, healthy trees fronting the property. The types of special benefits that are increased for properties with street trees include enhanced levels of safety, desirability, unique proximity, access and views of resources and facilities from healthy trees on the property. Therefore, individual properties without street trees but in close proximity to parcels with street trees receive a direct benefit from the street trees and should pay 50% of the rate for a similar property with street trees. Such properties are assigned an SFE benefit factor that is 50% of that for a similar property with street trees.



**ASSESSMENT APPORTIONMENT - Sidewalk Program**

The benefits to property for sidewalks, curbs, gutters and parking strips are closely related to a parcel's proximity to these improvements and the parcel's proximity to street trees. Street trees are the most common cause of sidewalk problems. Therefore, the highest benefit from the proposed sidewalk improvements is to properties with street trees and sidewalks, curbs and gutters, or street trees and parking strips and gutters, because without the maintenance work, these improvements would degrade more quickly, which would affect the parcel's appearance and safety. It is estimated that 1/3 of the special benefits are conferred to property with street trees and sidewalks or parking strips. Another 1/3 of the special benefits are conferred to property with street trees and curbs and gutters. Special benefit factors are also conferred on property without street trees or adjoining sidewalk, curb, gutter and/or parking strip improvements that are in close proximity to these types of improvements. It is estimated that the remaining 1/3 of the special benefit factors from the Sidewalk Program are conferred to these parcels that are in close proximity to the improvements but that do not have improvements directly adjacent to their property.

Consequently, properties with street trees and sidewalks or parking strips and curbs and gutters or valley gutters are assigned a benefit factor of 1 SFE. Properties with street trees, curbs and gutters are assigned a benefit factor of 0.67 SFE. If there are street trees but no improvements along the frontage of a parcel, or no street trees on a parcel, its benefit is 1/3 or 0.33 SFE.

**ASSESSMENT APPORTIONMENT - Other Properties**

Improved, publicly owned parcels that are used for residential, commercial or industrial purposes are assessed at the rates specified previously. Other improved public property; institutional property and properties used for educational purposes, typically generate employees on a less consistent basis than other non-residential parcels. Moreover, many of these parcels provide some degree of on-site amenities that serve to offset some of the benefits from the District. Therefore, these parcels, with or without street trees, receive minimal benefit and are assessed an SFE factor of 1 for street tree assessments and an SFE factor of 1 for sidewalks, curbs and gutter assessments.

All properties that are specially benefited have been assessed. Agricultural parcels without living units, public right-of-way parcels, well, reservoir or other water rights parcels, unimproved open space parcels, watershed parcels and common area parcels generally provide recreational, open space and/or scenic benefits to the community. As such, they tend to provide similar benefits as provided by the improvements in the District. Any

benefits they would receive from the landscaping maintenance are generally offset by the equivalent benefits they provide. Moreover, these parcels typically do not generate employees, residents or customers. Such parcels are, therefore, not specially benefited and are not assessed.

### **Appeals and Interpretation**

Any property owner who feels that the assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the Engineering Services Manager of the City of Menlo Park or his or her designee. Any such appeal is limited to correction of an assessment during the then current or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal, the Engineering Services Manager or his or her designee will promptly review the appeal and any information provided by the property owner. If the Engineering Services Manager or his or her designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County of San Mateo for collection, the Engineering Services Manager or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the Engineering Services Manager or his or her designee shall be referred to the City Council of the City of Menlo Park and the decision of the City Council of the City of Menlo Park shall be final.

FIGURE 2 – TREE MAINTENANCE ASSESSMENTS

<b>TREE MAINTENANCE ASSESSMENTS</b>		
<b>Property Type</b>	<b>2012-13 Assessment Rates</b>	
<b>Parcels with Trees</b>		
Single Family	\$60.26	(per Parcel)
R-2 Zone, in use as single family	\$60.26	(per Parcel)
Condominium/Townhouse	\$54.23	(per Unit, \$271.17 max. per Project)
Other Multi-family	\$48.21	(per Unit, \$241.04 max. per Project)
Commercial	\$60.26	(per 1/5 acre, \$301.30 max. per Project)
Industrial	\$60.26	(per 1/5 acre, \$301.30 max. per Project)
Parks, Educational	\$60.26	(per Parcel)
Miscellaneous, Other	\$0.00	(per Parcel)
<b>Parcels without Trees</b>		
Single Family	\$30.13	(per Parcel)
R-2 Zone, in use as single family	\$30.13	(per Parcel)
Condominium/Townhouse	\$27.12	(per Unit, \$135.59 max. per Project)
Other Multi-family	\$24.10	(per Unit, \$120.52 max. per Project)
Commercial	\$30.13	(per 1/5 acre, \$150.65 max.)
Industrial	\$30.13	(per 1/5 acre, \$150.65 max.)
Parks, Educational	\$30.13	(per Parcel)
Miscellaneous, Other	\$0.00	(per Parcel)

FIGURE 3 – SIDEWALK, CURB, GUTTER, PARKING STRIP ASSESSMENTS

<b>SIDEWALK, CURB, GUTTER, PARKING STRIP ASSESSMENTS</b>		
<b>Property Type</b>	<b>2012-13 Assessment Rate</b>	
<b>Parcels with Trees</b>		
Sidewalks, curbs, gutters	\$28.70	(per Parcel)
Parking strips and gutters	\$28.70	(per Parcel)
Curbs and/or gutters only	\$19.23	(per Parcel)
No improvements	\$9.47	(per Parcel)
Miscellaneous, Other	\$0.00	(per Parcel)
<b>Parcels without Trees</b>		
Parcels with or without improvements	\$9.47	(per Parcel)
Miscellaneous, Other	\$0.00	(per Parcel)

Note: All total combined tree and sidewalk assessment amounts are rounded to the lower even penny.

## **ASSESSMENT**

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WHEREAS, on January 24, 2012 the City Council of the City of Menlo Park, County of San Mateo, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972 and Article XIII D of the California Constitution (collectively "the Act"), adopted its Resolution Initiating Proceedings for the Levy of Assessments within the Landscaping Assessment District;

WHEREAS, said Resolution directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the assessment district and an assessment of the estimated costs of the improvements upon all assessable parcels within the assessment district, to which Resolution and the description of said proposed improvements therein contained, reference is hereby made for further particulars;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Act and the order of the City Council of said City of Menlo Park, hereby make the following assessment to cover the portion of the estimated cost of said improvements, and the costs and expenses incidental thereto to be paid by the assessment district.

The amount to be paid for said improvements and the expense incidental thereto, to be paid by the Landscaping Assessment District for the fiscal year 2012-13 is generally as follows:

FIGURE 4 – SUMMARY COST ESTIMATE

	<i>F.Y. 2012-13</i>
	<i>Budget</i>
Street Tree Program	\$541,513
Street Sweeping	\$167,209
Sidewalk Program	\$300,000
Incidental Expenses	\$78,259
<b>TOTAL BUDGET</b>	<b>\$1,086,981</b>
Plus:	
Projected Fund Balance	\$356,769
Less:	
City Contribution for General Benefits	(\$279,600)
County Contribution for General Benefits	(\$13,000)
Contribution from Carry-Over Fund Balances	(\$380,383)
<b>NET AMOUNT TO ASSESSMENTS</b>	<b>\$770,767</b>

As required by the Act, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Landscaping Assessment District. The distinctive number of each parcel or lot of land in the said Landscaping Assessment District is its Assessor Parcel Number appearing on the Assessment Roll.

And I do hereby assess and apportion said net amount of the cost and expenses of said improvements, including the costs and expenses incidental thereto, upon the parcels and lots of land within said Landscaping Assessment District, in accordance with the special benefits to be received by each parcel or lot, from the improvements, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessment is made upon the parcels or lots of land within the Landscaping Assessment District in proportion to the special benefits to be received by the parcels or lots of land, from said improvements.

The assessment is subject to an annual adjustment tied to the Engineering News Record (ENR) Construction Cost Index for the San Francisco Bay Area, with a maximum annual adjustment not to exceed 3%. Any change in the ENR in excess of 3% shall be cumulatively reserved as the "Unused ENR" and shall be used to increase the maximum authorized assessment rate in years in which the ENR is less than 3%. The maximum authorized assessment rate is equal to the maximum assessment rate in the first fiscal year the assessment was levied adjusted annually by the minimum of 1) 3% or 2) the change in the ENR plus any Unused ENR as described above.

The change in the ENR from December 2010 to December 2011 was 0.83% and the Unused ENR carried forward from the previous fiscal year is 23.44% for tree maintenance and 42.06% for sidewalk maintenance. (The unused ENR for sidewalk maintenance is greater than the unused ENR for tree maintenance because no increases have been applied for sidewalk maintenance since 1998.) Therefore, the maximum authorized assessment rate for fiscal year 2012-13 is increased above the maximum authorized rate for the previous fiscal year, to \$92.81 per single family equivalent benefit unit for tree maintenance and \$41.44 per single family equivalent benefit unit for sidewalk maintenance. The estimate of cost and budget in this Engineer's Report proposes assessments for fiscal year 2012-13 at the rate of \$60.26 per single family equivalent benefit unit for tree maintenance, which is less than the maximum authorized assessment rate and is the same rate that was assessed in the previous fiscal year. The proposed assessment rate for fiscal year 2012-13 for sidewalk maintenance is \$28.70 per single family equivalent benefit unit, which is also less than the maximum authorized assessment rate and is also the same rate that was assessed in the previous fiscal year.


Property owners in the Assessment District, in an assessment ballot proceeding, approved the initial fiscal year benefit assessment for special benefits to their property including the ENR adjustment schedule. As a result, the assessment may continue to be levied annually and may be adjusted by up to the maximum annual ENR adjustment without any additional assessment ballot proceeding. In the event that in future years the assessments are levied at a rate less than the maximum authorized assessment rate, the assessment rate in a subsequent year may be increased up to the maximum authorized assessment rate without any additional assessment ballot proceeding.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of San Mateo for the fiscal year 2012-13. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2012-13 for each parcel or lot of land within the said Landscaping Assessment District.

May 16, 2012

Engineer of Work

By   
John W. Bliss, License No. C52091



**FIGURE 5 – ENGINEER’S COST ESTIMATE, FISCAL YEAR 2012-13**

**A. Tree Maintenance**

Salaries & Benefits	\$284,589.00	
Operating Expense	\$29,724.00	
Fixed Assets & Capital Outlay	\$9,000.00	
Vehicle & Equipment Maintenance	\$18,200.00	
Professional Services (Tree Spraying, Tree Trimming, Misc.)	\$200,000.00	
		<hr/>
Subtotal - Tree Maintenance		\$541,513.00

**B. Debris Removal**

Salaries & Benefits	\$53,446.00	
Operating Expense	\$3,763.00	
Street Sweeping Contract	\$110,000.00	
		<hr/>
Subtotal - Debris Removal		\$167,209.00

**C. Sidewalk, Curb, Gutter, Parking Strip Repair/Replacement**

Construction Costs	\$222,600.00	
Design & Inspection	\$77,400.00	
		<hr/>
Subtotal - S/W,C,G, & PS Repair/Replace		\$300,000.00
		<hr/>
Subtotal Tree/Debris/Reforestation/Sidewalk		\$1,008,722.00

**D. Incidentals**

Indirect Costs & Administration	\$63,259.00	
County Collection Fees	\$15,000.00	
		<hr/>
Subtotal - Incidentals		\$78,259.00

<b>Total Cost</b>		<hr/> <b>\$1,086,981.00</b>
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Projected Fund Balance	\$356,769.26
Tree Maintenance Ending Fund Balance	(\$98,224.00)
Less General Fund Contribution	(\$159,600.00)
Less C/CAG Contribution - Street Sweeping	(\$13,000.00)
Sidewalk Fund Ending Balance	(\$282,159.00)
Less General Fund CIP Contribution to Sidewalk Fund	(\$120,000.00)
<b>Net to Assessment</b>	<b>\$770,767.26</b>

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Revenue

Single Family Equivalent Benefit Units - Trees	9,393.55	
Single Family Equivalent Benefit Units - Sidewalks	7,132.82	
	2012/13	2011/12
Assessment Rate for Tree Fund/ SFE	\$60.26	\$60.26
Assessment Rate for Sidewalk Fund/ SFE	\$28.70	\$28.70
Revenue for Tree Fund	\$566,055.32	
Revenue for Sidewalk Fund	\$204,711.93	
<b>Total Revenue *</b>	<b>\$770,767.26</b>	

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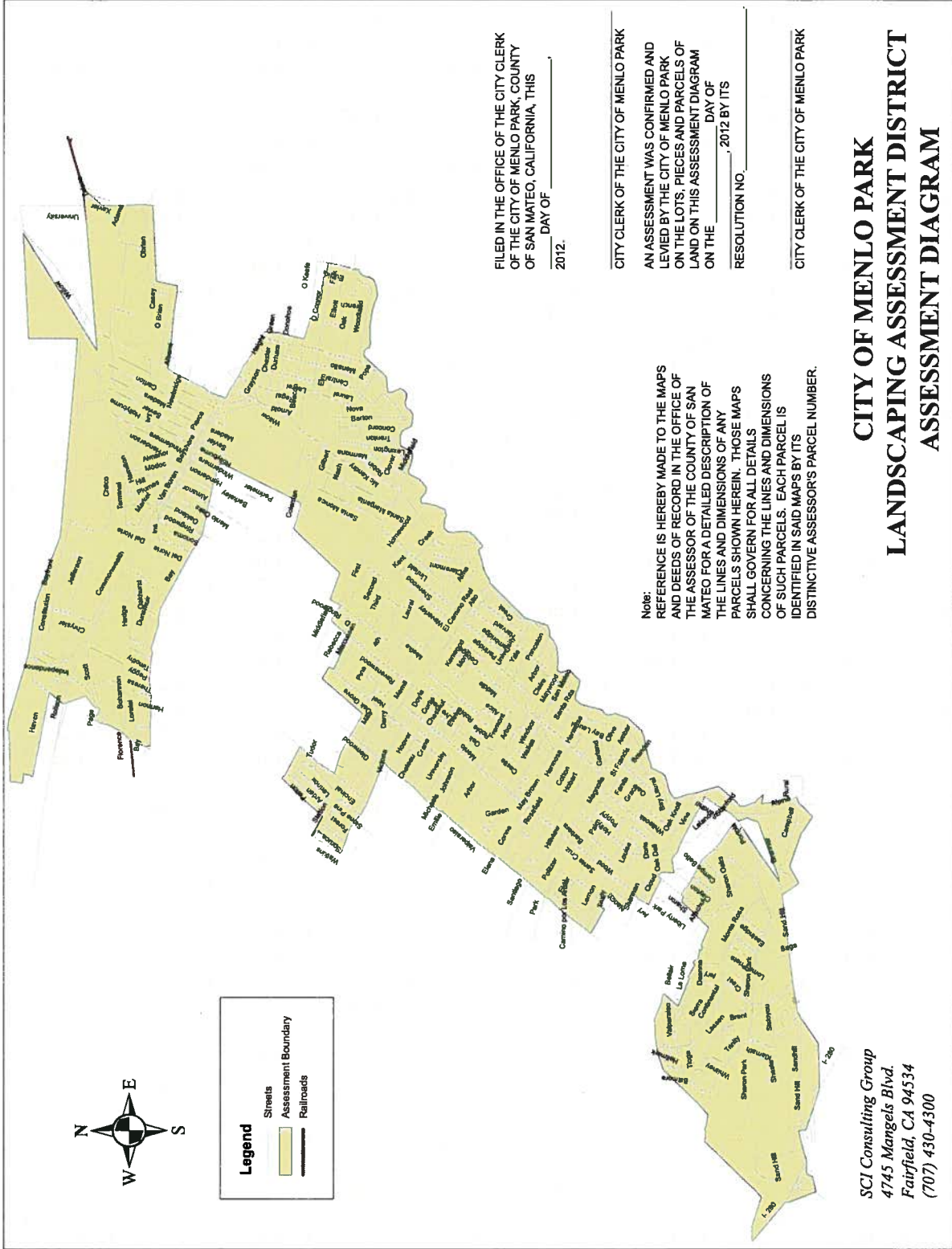
\* Total revenue is slightly less than SFEs times the assessment rate because all combined assessments are rounded down to the even penny.

## **ASSESSMENT DIAGRAM**

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The Landscaping Assessment District includes all properties within the boundaries of the City of Menlo Park.

The boundaries of the Landscaping Assessment District are displayed on the following Assessment Diagram.



**Appendix A – Assessment Roll, FY 2012-13**

Reference is hereby made to the Assessment Roll in and for the assessment proceedings on file in the office of the City Clerk of the City of Menlo Park, as the Assessment Roll is too voluminous to be bound with this Engineer's Report.

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## CITY COUNCIL SPECIAL AND REGULAR MEETING AGENDA

Tuesday, April 24, 2012 at 5:30 p.m.  
701 Laurel Street, Menlo Park, CA 94025  
City Council Chambers

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Mayor Keith called the Study Session to order at 5:30 p.m. with K. Fergusson arriving at 5:39 p.m.

### **SS1.** Discussion of Below Market Rate Housing Program

Staff presentation by Doug Frederick, Housing Manager ([PowerPoint](#))

Presentation by Kate Comfort Harr, Executive Director with Human Investment Projects (HIP) Housing ([PowerPoint](#))

### Public Comments

- Anne Moser spoke in favor of the project and stated that in February the Housing Commission was very excited to recommend the project to the Council.
- John deRussy stated that the project is a window opportunity and requested the Council to move forward with the project.

The item should come back before Council in May with additional information including:

- Additional information on alternatives
- Get feedback from other housing agencies through a Request for Information (RFI)
- Check with the County to invest more money

The Council took a recess at 7:22 p.m. and reconvened at 7:29 p.m.

Mayor Keith called the Regular Session to order at 7:29 p.m. with all members present.

### **ANNOUNCEMENTS**

Menlo Park residents and businesses are welcome and encouraged to attend one (or more) of the following regional meetings to provide input on how regulating single use bags would impact the environment before the ordinance is considered by council.

- May 2 at 6:00 p.m. – Campbell Library – 77 Harrison Avenue, Campbell
- May 3 at 2:00 p.m. – Barbara Lee Center – 40 North Milpitas Blvd., Room 140, Milpitas
- May 3 at 6:00 p.m. – Redwood City Library – 1044 Middlefield Road, Redwood City

For more information contact the Environmental Programs Division at City Hall.

## **A. PRESENTATIONS AND PROCLAMATIONS**

### **A1. Presentation: Citizen Commendation for Kathy Barron**

Chief Roberts presented a Citizen Commendation to Kathy Barron for apprehending a burglary suspect.

### **A2. Proclamation: West Nile Virus and Mosquito and Vector Control Awareness Week** **([Attachment](#))**

Mayor Keith presented the proclamation to Valentina Cogoni, who is the City's representative to the San Mateo County Mosquito and Vector Control District.

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

### **B1. Library Commission quarterly report on the status of their 2 Year Work Plan**

Commissioner Jacqueline Cebrian reported on the Library Commission Work Plan and the progress they are making.

### **B2. Parks & Recreation Commission quarterly reported on the status of their 2 Year Work Plan**

Vice Chair James Cebrian report on the Parks & Recreation Commission Work Plan and the progress they are making.

### **B3. Consider appointment to the San Mateo County Mosquito and Vector Control District for a term ending December 2013 ([Staff report #12-068](#))**

Staff presentation by Margaret Roberts, City Clerk

**ACTION:** Motion and second (Cline/Ohtaki) to reappoint Valentina Cogoni with a term ending December 31, 2013 and requesting a quarterly report from Ms. Cogoni passes unanimously.

## **C. PUBLIC COMMENT #1**

- Rose Bikerstaff thanked the Council for approving the Facebook Term Sheet and the sale of property to Beechwood School. The schools are so important to the community.
- Iris Contreras spoke regarding the Belle Haven Afterschool Program and the potential closing of the program and sending those attending the program to the Boys & Girls Club. She requested this item to be placed on a future agenda for discussion.
- Matt Henry thanked the Council for approving the sale of property that will allow the expansion of the Beechwood School as it is very important to the community.

## **D. CONSENT CALENDAR: None**

## E. PUBLIC HEARING

**E1.** Adopt the revised 5-Year Capital Improvement Plan for fiscal years 2012-13 through 2016-17 ([Staff report #12-067](#))

Staff presentation by Carol Augustine, Finance Director ([PowerPoint](#))

Chip Taylor, Director of Public Works provided information on Complete Streets Project that would need to be added as it will be a Metropolitan Transportation Commission requirement and the estimated cost is up to \$100,000.

The Public Hearing was opened at 8:10 p.m.

### Public Comments

- Adina Levin commented on the Palo Alto Bicycle/Pedestrian Plan and suggested the City look into this and appreciates the sequence change of some items.
- Fran Dehn stated that she understands deferring maintenance on Parking Plazas 7 and 8 for fiscal years 2015-16 and 2016-18 respectively, but would like some stop gap maintenance for the potholes in those two parking plazas.

**ACTION:** Motion and second (Fergusson/Cline) to close the Public Hearing at 8:16 p.m. passes unanimously.

**ACTION:** Motion and second (Cline/Ohtaki) to adopt the revised 5-Year Capital Improvement Plan for fiscal years 2012-13 through 2016-17 passes unanimously.

## F. REGULAR BUSINESS

**F1.** Review, discuss and affirm the City of Menlo Park Community Engagement Model ([Staff report #12-066](#))

Staff presentation by Cherise Brandell, Community Services Director ([PowerPoint](#))

### Public Comments

- Adina Levin stated that she would like to see the City look at a variety of tools and revisit the relationship with the Brown Act and on-line forums. She requested the City look into the compatibility of an on-line forum being properly noticed in order to be in compliance with the Brown Act. Ms. Levin also addressed (Slide 16 – open city hall) and is strongly in favor of on-line engagement as part of the spectrum of tools

**ACTION:** By consensus the Council affirmed the Community Engagement Model.

**F2.** Consider state and federal legislative items, including decisions to support or oppose any such legislation, and items listed under Written Communication or Information Item: None

**G. CITY MANAGER'S REPORT:** None



**H. WRITTEN COMMUNICATION:** None

**I. INFORMATIONAL ITEMS:** None

**J. COUNCILMEMBER REPORTS**

Council Members reported on meetings they attended and an upcoming Office of Emergency Services Drill.

**K. PUBLIC COMMENT #2:**

- Iris Contreras thanked Council Member Fergusson for bringing up community involvement regarding the Belle Haven Afterschool Program.

**L. ADJOURNMENT**

The meeting was adjourned at 9:39 p.m.

Margaret S. Roberts, MMC  
City Clerk

Minutes accepted at the Council meeting of



## CITY COUNCIL SPECIAL AND REGULAR MEETING MINUTES

Tuesday, May 8, 2012 at 4:45 p.m.  
701 Laurel Street, Menlo Park, CA 94025  
City Council Chambers

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The Mayor called the Closed Session to order at 4:50 p.m. with four members present.

**Note:** Council Member Cohen is recused from all three items due to the proximity of his property and therefore did not attend the Closed Session.

There were no members of the public present to speak. The Council went into Closed Session at 4:51 p.m.

**CL1.** Conference with legal counsel pursuant to Government Code Section 54956.9 regarding existing litigation; 2 cases:

(1) Town of Atherton, et al. v. California High Speed Rail Authority  
*Superior Court of California, County of Sacramento*  
*Case No. 34-2008-80000022 (Atherton 1)*

(2) Town of Atherton, et al. v. California High Speed Rail Authority  
*Superior Court of California, County of Sacramento*  
*Case No. 34-2010-80000679 (Atherton 2)*

**CL2.** Conference with legal counsel pursuant to Government Code Section 54956.9(c) regarding potential litigation: 1 case

The Mayor called the Study Session to order at 5:37 p.m. with all members present.

### REPORT FROM CLOSED SESSION

**ACTION:** There was no reportable action from Closed Session.

**SS1.** State Requirements for the Housing Element and what that means for Menlo Park

Presentation by Barbara E. Kautz with Goldfarb & Lipman LLP regarding the What How and Why of the Housing Element ([PowerPoint](#))

Presentation by Rich Napier with the City/County Association of Governments of San Mateo County providing an overview of SCS/RHNA (Sustainable Community Strategies/Regional Housing Needs Allocation) ([PowerPoint](#))

Presentation by Duane Bay with the County Department of Housing on housing assistance programs county wide ([PowerPoint](#))

### Public Comment

- Ahmad Sheikholeslami, Menlo Park City School District (MPCSD) asked the Council to be mindful of the impacts and ramifications to the school throughout the update of the Housing Element. MPCSD currently exceeds the projected student enrollment numbers in their Master Plan.

- John de Russey asked the Council to keep in mind the project on Willow Road as the City moves forward.
- Henry Riggs spoke regarding secondary units and that currently garages are not being used for their original purpose. He encouraged Council to look at the setbacks for secondary units and consider detached garages for low income housing.
- Nevada Merriman commended the Council for exploring the Housing Element topic.
- Chris Canter, Shelter Network, stated he applauds the process the City Council is taking. Shelter Network is looking for affordable housing or transitional housing, for those ready to leave the shelter.

The Council took a brief recess at 7:19.

The Mayor called the Regular Session to order at 7:33 p.m. with all members present.

## **ANNOUNCEMENTS**

- The Study Session portion of the meeting was taped and will be available on line.
- The Library will be temporarily closed for renovations from May 21 – June 19. ([Attachment](#))
- Measure L, the ballot initiative that reduced the pension for new non-sworn employees have been upheld by the Supreme Court. The Superior Court decision validated the collective bargaining process used by the City to successfully establish a second lower tier retirement for new employees in both safety and non-safety units. A more detailed press release will be issued in the coming days.

## **A. PRESENTATIONS AND PROCLAMATIONS**

### **A1.** Proclamation declaring Bike to Work Day May 10, 2012 ([Attachment](#))

Mayor Keith presented the proclamation to Gregory Klingsporn, Chair of the Bicycle Commission who provided Bike to Work Day bags to the City Council.

### **A2.** Presentation: LEED Certification for the Arrillaga Family Gymnasium

Matt Oscamou, Engineering Services Manager, presented to the City Council the LEED Certification for the Arrillaga Family Gymnasium.

### **A3.** Presentation: Police Department Social Media Outreach Program

Chief Roberts and Nicole Acker, Management Analyst, gave a presentation on a Social Media Outreach Program for the Police Department. ([PowerPoint](#))

### **A4.** Presentation: Public Works Week

Chip Taylor, Public Works Director, gave a presentation on what the department has accomplished over the past year. ([PowerPoint](#))

Mayor Keith presented a proclamation recognizing May 20-26, 2012 as Public Works Week to Rene Morales and Juan Perez. ([Proclamation](#))

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

### **B1.** Approve a revision to the Environmental Quality Commission's 2 Year Work Plan ([Attachment](#))

Chair Mitch Slomiak gave a quarterly report on the status of their 2 Year Work Plan and provided information on their revised Work Plan.

**B2.** Transportation Commission quarterly report on the status of their 2 Year Work Plan ([Attachment](#))

Chair Penelope Huang gave a quarterly report on the status of their 2 Year Work Plan.

**C. PUBLIC COMMENT #1**

- LaTreece Butler-Morton stated she is opposed to the potential closing of the Belle Haven Afterschool Program. The program provides age appropriate services being throughout the year as well as winter and summer programs.
- Patricia Watkins stated that the community feels disenfranchised as there have not been any public outreach to the community. She asked the Council to give the Belle Haven children, parents and staff the opportunity and courtesy of one year to explore options for closing the gap between revenues and expenditures including direct and indirect costs as was given to the Menlo Children's Center.
- Yessica Hernandez stated that when she was younger she attended the Belle Haven Afterschool Program and her siblings currently attend. She requested the Council keep the Belle Haven Afterschool Program open.
- Isis Contreras thanked Council Members who reached out to her since the previous Council meeting. There is community-wide support for the Belle Haven Afterschool Program and the summer and winter camps as they are important to the families. She urged Council that there be some type of community engagement with the participants.
- Bryce, Isaiah, Gianni, Asia and Andre, participants in the Belle Haven Afterschool Program, asked the Council not to close the program.

**D. CONSENT CALENDAR**

**D1.** Accept Council minutes for the meeting of April 17, 2012 ([Attachment](#))

**ACTION:** Motion and second (Cline/Cohen) to accept the minutes for the meeting of April 17, 2012 passes unanimously.

**E. PUBLIC HEARING:** None

**F. REGULAR BUSINESS**

**F1.** Hear protest of the determination that Amland Corporation is the responsible low bidder for the Santa Cruz Avenue/Elder Avenue Traffic Signal Installation Project and consider award of a contract to Amland Corporation in the amount of \$233,808 for the Santa Cruz Avenue/Elder Avenue Traffic Signal Installation Project and authorize a total budget of \$264,451 for construction, contingencies, testing, inspection, and construction administration ([Staff report #12-072](#))

Staff presentation by Matt Oscamou, Engineering Services Manager

**NOTE:** Council Member Ohtaki recused himself due to property proximity and left the Council Chambers at 8:32 p.m.

**ACTION:** Motion and second (Fergusson/Cline) to deny the bid protest to award the contract to Amland Corporation, the responsible low bidder, for the Santa Cruz Avenue/Elder Avenue Traffic Signal Installation Project and consider award of a contract to Amland Corporation in the amount of \$233,808 for the Santa Cruz Avenue/Elder Avenue Traffic Signal Installation Project and authorize a total budget of \$264,451 for construction, contingencies, testing, inspection, and construction administration passes 4-0-1 (Ohtaki recused).

**NOTE:** Council Member Ohtaki returned to the meeting at 8:37 p.m.

**F2.** 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**

There was no staff presentation on the informational items, staff was available for questions.

**I1.** Quarterly financial review of General Fund operations as of March 31, 2012  
([Staff report #12-071](#))

**I2.** Review of City's Investment Portfolio as of March 31, 2012 ([Staff report #12-070](#))

**I3.** Quarterly update on Council goals and deliverables ([Staff report #12-069](#))

**J. COUNCILMEMBER REPORTS**

**K. PUBLIC COMMENT #2:** None

**L. ADJOURNMENT**

The meeting was adjourned at 8:39 p.m.

Margaret S. Roberts, MMC

City Clerk

Minutes accepted at the Council meeting of



## ADMINISTRATIVE SERVICES

Council Meeting Date: May 22, 2012  
Staff Report #: 12-082

Agenda Item: E-1

**PUBLIC HEARING: Review of the City Manager's Proposed 2012-13 Budget and Capital Improvement Program for the City of Menlo Park; Consideration of the Revised Long-Term Financial Forecast; and Discussion of the Continuation of the Current Reduced Rate of Utility Users Tax Beyond September 30, 2012**

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### RECOMMENDATION

Staff recommends that the City Council discuss and provide direction on:

- the City Manager's proposed 2012-13 Budget and Capital Improvement Program and revised Long-Term Financial Forecast for the City of Menlo Park; and
- continuing the temporary reduction of the Utility Users Tax (UUT) rate beyond the 12-month period ending September 30, 2012, per section 3.14.130 of the Municipal Code.

### BACKGROUND

Unprecedented changes in the economic environment experienced in the recent recession have greatly changed the process by which the City Manager's Proposed Budget has been developed. Prior to the national recession which began in December 2007, actual revenues consistently exceeded anticipated budgets, so that minor budget deficits were totally resolved by mid-year. However, mid-year analyses of fiscal years 2008-09, 2009-10 and 2010-11 necessitated downward adjustments to the budgets to reflect the decreasing revenues wrought by the severe downturn in the economy. Specifically, since 2007-08, declines in sales tax revenues of \$1.7 million (22.5 percent) and a decrease in investment earnings of \$1.8 million (63.25 percent) made it extremely difficult to provide for the General Fund operating needs that support the level of services the City has provided in the past.

To offset continued revenue reductions apparent in each mid-year analysis, staff recommendations included temporary net reductions to operating budgets, small use of General Fund reserves, and other short-term strategies such as reducing the General Fund transfer for infrastructure maintenance. Following the adoption of the 2009-10 fiscal year budget, however, it was clear that these strategies were not sustainable in the long term. The City Manager directed a comprehensive review of the organization, called **2010 and Beyond**, in order to analyze all operations of the organization from a long-term point of view and align the City's resources with work load/service expectations. As revenues declined further in

2010-11, short-term strategies continued to be utilized in combination with these larger restructuring efforts. Cost reduction strategies have included the elimination of 15 FTEs (full time equivalent staff positions), reduced personnel costs due to extended vacancies in staff positions, elimination of salary increases (beyond contractual obligations) and bonuses to the executive staff, higher employee contributions to retirement and health benefit plans, decreased benefits for new employees, and reduced overtime budgets throughout the organization. With the painfully slow economic recovery of the past two years, staff has continued this ongoing review and analysis of the organization, and has identified other strategies to move the City toward a sustainable budget for the long-term.

Amid this slow recovery, the State dealt a severe blow to local redevelopment agencies. On December 29, 2011, the California Supreme Court delivered its decision upholding ABx1 26 (the “Dissolution Act”), which requires that all California redevelopment agencies, including the Community Development Agency (CDA) of the City of Menlo Park, be dissolved as of February 1, 2012. Acting as Successor Agency to the former RDA, the City is now working with a separate Oversight Board (comprised of seven representatives of taxing agencies in the area) to pay off the former Agency’s existing debts, dispose of the former Agency’s properties and assets and return revenues to the local government entities that receive property taxes. The 2011-12 budget in place for Menlo Park’s redevelopment activities (approximately \$2.8 million), including funding for affordable housing, the Narcotics Enforcement Task Force (NET) and a \$300,000 transfer for General Fund overhead expenses, was abruptly ended as of February 1<sup>st</sup>. The City needed to determine which activities previously funded by the CDA would be continued, and how they would be funded. To the extent that alternative funding was to be provided from the General Fund, other City services would need to be adjusted to prevent deficit spending.

Noting that services previously funded from redevelopment revenue would, in the future, need to be funded from other sources or discontinued in order for the City to achieve a sustainable budget, staff recommended a mix of alternative funding sources and cost reductions that would mitigate the impact to the City’s General Fund for the remainder of the fiscal year. On January 30<sup>th</sup>, a study session was held to discuss preferred approaches for addressing the loss of redevelopment funding for the 2012-13 operations and capital budgets. The City’s Housing Division, formerly funded largely from redevelopment revenues, was eliminated, resulting in a 3.0 FTE reduction. Staff was also directed to pursue these specific approaches to help resolve the remaining budgetary challenges:

- ✓ New or Increased Revenue Sources
  - Facebook development agreement
  - Increased Transient Occupancy Tax (TOT) rate
  
- ✓ Alternative Service Delivery
  - Shared Service for Belle Haven After School Program
  - Contract for median maintenance
  - Shared fleet maintenance services
  - Paperless agendas

- ✓ Cost Reduction Measures
  - Delay in vehicle purchases
- ✓ Alternative Funding Sources
  - Road repair services funded partially from Construction Impact Fee Fund
  - CIP transfer partially funded with Gas Tax Funds

The City Manager's Proposed Budget reflects Council direction from the March 13<sup>th</sup> review of 2012-13 budget options, and includes a mix of short- and long-term strategies chosen to maintain key services to the community, existing infrastructure (to avoid higher costs in the future), positive organizational changes and strategies for reducing personnel costs in subsequent fiscal years, and utilization of new revenue sources. In addition, 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 the City's ability to meet obligations beyond the current budget cycle, providing important context to the annual budget process. The revised long-term forecast (Attachment B) in this report reflects the maintenance of existing programs at the current level of service. In addition, the forecast anticipates continued use of short-term strategies to allow for the cost reductions of longer-term restructuring strategies to take hold within the organization.

## **ANALYSIS**

The City Manager's Proposed Budget (and capital improvement program) for the City of Menlo Park for fiscal year 2012-13 is shown as Attachment A to this staff report. In the compilation of the proposed 2012-13 resource allocation plan, many factors were taken into consideration: the impacts of prior year budget reductions; the City's anticipated fiscal position at June 30, 2012; the current year economic environment; the availability and flexibility of the City's Utility Users Tax; the loss of redevelopment funding; a number of large capital projects under way; the State's structural budget crisis; any unmet operational needs; risk management issues; and the long-term effect of the City's revenue environment and expenditure decisions. Council will no doubt deliberate on many other challenges that will also impact the City's long-term financial future in considering this proposed budget.

Preliminary options for the City's General Fund budget, which were reviewed by the Council at the March 13<sup>th</sup> Council meeting, provided a foundation for the application of various budget strategies developed over the course of the 2011-12 fiscal year. As in previous years, most all of the strategies were burdened with some degree of service impact or reduced organizational flexibility, and the cost-effectiveness of each strategy had to be closely examined. In particular, growth in public facilities and pent-up demand for development services in a recovering economy continue to be pressure points for the organization.

Recognizing that producing a "balanced" budget for the year does not necessarily equate to a "sustainable" budget for the long term, Council continues to state a preference for making necessary adjustments to the City's expenditure plan within the adopted budget, rather than



making expenditure reductions at mid-year. With this in mind, staff built a budget including sustainable strategies as well as short-term cost reductions which are not sustainable but would not have an immediate or significant impact on the level of services delivered to the public. However, a sustainable budget is one in which the long-term (10 year) forecasted revenues are adequate to support the long-term forecasted expenditures. So while this past approach may have provided the required balance of revenues and expenses, staff is concerned that the continuance of such strategies may exacerbate some of the underlying “stress points” of the organization. Specifically, the proposed 2012-13 budget did not include adequate provisions for emerging needs, current challenges and potential opportunities. These are discussed briefly towards the end of this report (starting on page 21). However, a small budget surplus can provide some relief to the City’s more pressing needs as determined by the Council.

**Overview**

**Strategies Used**

The City Manager’s Proposed Budget for 2012-13 (Attachment A) reflects the continuation of past cost reduction strategies, plus implementation of further budget-balancing approaches. As summarized below the chart, the following strategies were generally supported by Council, and were used to continue the process of bringing service expectations and revenues into alignment:

<b><u>Strategies Used</u></b>	<b><u>Net Cost/ Savings</u></b>
Increase Transient Occupancy Tax (TOT)	\$280,000
Cost recovery pursuit in all departments	\$177,000
Controlling labor costs through no raises for 2012-13	
Delay Vehicle Purchases	\$100,000
Contributions from other Funds for Shuttle Services	\$72,000
Transfer asphalt purchases to other funding sources	\$35,000
Alternative service delivery	
~Shared services for vehicle maintenance	
~Merging programs with the Boys and Girls club	\$109,000
~Median maintenance	
~Custodial services	
Paperless agendas	\$10,000
Continued use of short-term strategies	

- ✓ **Increase the TOT** – At both the January 30<sup>th</sup> RDA Dissolution Study Session and the 2012-13 Budget discussion on March 13<sup>th</sup>, Council members appeared to support placing a measure on the November 6, 2012 ballot to increase Menlo Park’s Transient Occupancy Tax (TOT or Hotel Tax) rate from 10% to 12%. Surrounding communities, including Palo Alto and Redwood City, which constitute the primary competitors to Menlo Park’s hotel market, both already have increased their TOT to 12%. Each 1% increase raises the budget for this revenue by \$280,000. A 2% increase would add over \$560,000 to the General Fund’s revenues annually. The 12-13 budget reflects an additional increase of \$280,000 in anticipation of the TOT measure passing in November and increasing the TOT

rate as of January 1, 2013 (effective for half the fiscal year). The County has a similar measure slated for the June 6<sup>th</sup> ballot.


- ✓ **Continue pursuit of appropriate cost recovery in all departments** - As stated in the User Fee Cost Recovery/Subsidization Policy, total cost recovery is not appropriate for many of the services offered by the City. However, to the extent that the costs of a service are not covered by the fee charged, the service is subsidized by general tax revenues. The policy provides guidelines as to the extent to which the services may be subsidized, minimizing the unintentional subsidization of certain services by the General Fund, and allowing general tax dollars to be available for greater public benefit. The fee changes that were approved with the most recent Master Fee Schedule update on March 27<sup>th</sup> will serve to increase General Fund revenues by approximately \$177,000 in fiscal year 2012-13.
- ✓ **Control labor costs** – Staff continues to focus on controlling future costs while maintaining a competitive compensation package that will attract and retain talent in the organization. The City Manager’s Proposed Budget for 2012-13 includes cost savings from concessions approved last fiscal year by all labor groups, including no raises for executive staff or any labor group. This represents the fifth consecutive year without a cost-of-living increase for all non-safety employees. Although these savings contribute to the balanced budget being presented with this report, staff believes it will not be possible to maintain a competitive compensation package if cost of living increases are not included in future labor contracts.
- ✓ **Delay vehicle purchases** – The City Manager’s proposed budget includes a reduction in **the internal charge for replacement of police vehicles by \$100,000 in fiscal year 2012-13**. (The average annual vehicle replacement program budget is approximately \$250,000 for all departments.) Although this reduction is not sustainable in the long term, the strategy is feasible in the 2012-13 fiscal year due to an increase in current year purchases: In July 2011, the City Council approved a contract to purchase two police patrol cars, in anticipation of discontinuation of the model. The purchase would provide a sufficient number of vehicles for public safety operations until other police vehicles could be evaluated. The delay in purchasing police vehicles in 2012-13 should not affect police operations unless an abnormal year of usage and /or damage to police vehicles occurs, requiring the need for immediate replacement.
- ✓ **Shuttle services** – With the dissolution of the RDA, staff had anticipated that \$72,000 of contributions from other funds would be needed to maintain the City’s mid-day shuttle service that links the M-2 with the Civic Center campus and downtown businesses. Additional grant funding has been received from the Metropolitan Transportation Commission (MTC) that allows this service to continue without General Fund subsidy.
- ✓ **Transfer of asphalt purchases to other funding source** – Staff has included a \$35,000 per year savings to the General Fund through a transfer of the purchase of asphalt to the Construction Impact Fee Fund for appropriate resurfacing and street construction projects.


- ✓ **Alternative service delivery** – During both last year’s budget discussions as well as this year’s meetings on January 30<sup>th</sup> and March 13<sup>th</sup>, Council has continued to request review of alternative service delivery strategies, including shared services agreements and contracting out. Staff has moved forward with shared services opportunities or contracts in the following areas:
  - Vehicle maintenance: The Public Works Department has recently begun shared services contracts with the Menlo Park School District to maintain their fleet. If this contract results in additional revenue over costs, adjustments will be made at mid-year.
  - Belle Haven After School: The Belle Haven After School program has seen declining enrollment, and families who are no longer using the service indicate that the cost, versus the free program at the Boys and Girls Club of the Peninsula (BGCP), as one reason. Staff approached BGCP in March to discuss the possibility of merging programs at the start of the 12-13 school year and have drafted a MOU that would allow up to 40 children from the City’s program (generally Beechwood students and Tinsley program participants) to attend the BGCP Clubhouse on Pierce Road for an annual contribution by the City of \$60,000. Under this strategy, the City would operate the Belle Haven Summer Camp program for this coming summer only, generating a savings of \$109,000 for the 2012-13 fiscal year. Complete merger of the after school program and summer camp program with similar programs provided by the BGCP in 2013-14 would generate \$192,000 in savings, with the 1.75 FTEs impacted moving to vacant positions. \$71,000 in overhead currently charged to the program would be shifted to other service areas.
  - Median maintenance: The level of service for medians varies based upon the location and type of plants being maintained. Staff have developed an RFP for this portion of “Parks” maintenance services that will allow evaluation of quality, costs and benefits from contracting out the remaining Parks activities. Staff plan to go out with an RFP in July with results to Council in early fall.
  - Custodial Services: The City provides custodial services for 13 buildings totaling approximately 200,000 square feet. The level of service varies for each building based upon hours of operation and uses. Staff is satisfied with the current contractor and proposes to continue to transition to contract services for all buildings by adding to the current contract as employee turnover occurs.
  
- ✓ **Paperless agendas** - Staff has included in the proposed budget \$10,000 per year savings to the General Fund through eliminating most paper copies of Council meeting agenda packets, for paper costs alone. Transitioning to an on-line environment and retooling the staff time currently used to print, assemble and distribute the agenda packet should free up staff time which can be used for other purposes. Additional savings may be generated as we transition to less paper copies of Commission packets and planning document mailings as well.
  
- ✓ **Continued use of short-term strategies** – Staff continues to rely on short-term budget cuts that have the least significant impact on the provision of departmental services to keep


expenses in line. For example, for the fifth year in a row, library materials budgets have been restrained – not a sustainable strategy for a program intended to provide updated materials in a number of different formats to the public. In all departments, supplies and training budgets continue to be less than adequate during a time when preservation of technical skills within the organization is increasingly critical. Such strategies are neither sustainable nor conducive to a healthy organization that strives to deliver quality services on a consistent basis. As these short-term strategies are being used for consecutive years, the time is approaching when needs will be critical and these strategies will no longer be responsible choices.


#### **Additional strategies considered but not included at this time**

Several other strategies discussed at the March 13<sup>th</sup> Council meeting were considered during the budget process, but are not included in the City Manager’s Proposed Budget. Council may wish to consider these strategies in the context of the ongoing unmet needs described later in this report.

 ***Eliminate the NET team*** – The Police Department’s Narcotics Enforcement Task Force focuses on gang and drug activity in the Belle Haven area and was formerly funded through the Redevelopment Agency at an annual cost of \$870,000 for four FTEs. Continuing these services requires a new, commensurate, draw on the General Fund but is considered necessary to maintain community quality of life.


 ***Other service reductions*** – Unlike recreation services, the City’s library and social services, including child care facilities and the Senior Center, represent the City’s most “discretionary” subsidized services. As such, reductions to these services were included as possible budget reduction strategies. Recreation programs are largely cost recovery and so do not represent budget savings if eliminated. Council elected not to pursue service reductions for the coming budget year given anticipated revenue sources from the increased TOT and Facebook development agreement.


 ***Eliminate the CIP transfer for one year*** - This budget option was not selected by Council at the March 13<sup>th</sup> Council meeting nor does staff support it, as preserving the General Fund transfer to fund infrastructure maintenance has long been upheld as a key component in a sustainable budget for the City. Reducing this General Fund transfer does have the benefit of expediency. However, the actual deferral of infrastructure maintenance projects results in a more costly tactic than providing an uninterrupted effort to maintain the City’s assets in their current condition. The mid-year analysis presented to the Council on February 28<sup>th</sup> included a discussion of the additional long-term burden placed on the General CIP Fund by the elimination of redevelopment resources from the mix of funding that makes up the City’s Capital Improvement Plan. Although the General CIP Fund balance remains healthy at this point, staff continues to recommend that the transfer remain intact, reflecting an appropriate annual investment in the City’s infrastructure assets.

 ***Return the UUT to authorized levels*** - The Utility Users Tax (UUT), which was passed in November 2006 to provide for the long-term sustainability of the General Fund budget, has been an integral part of budget decisions throughout the recent economic downturn. As

part of the annual budget process, the Council reviews UUT revenues to determine whether an adjustment of the rate (within the limits of the original ordinance) is necessary to maintain the financial health of the City throughout the subsequent fiscal year. Although staff endeavors to budget as realistically as possible, the adequacy of the various revenues that provide the funding required for General Fund operations cannot always be anticipated during the budget process. The ability to return the UUT to originally authorized levels is therefore an appropriate long-term “safety valve” as an ongoing revenue source, dedicated to the maintenance of General Fund services, if needed. However, due to the administrative implications of numerous rate changes and the general confusion and uncertainty surrounding such changes, frequent variation in the UUT rate is not recommended.

In developing the Proposed Budget for 2012-13, staff does recommend that the Utility User Tax rate be maintained at the reduced rate for the fiscal year period. The dissolution of the City’s RDA as of January 31<sup>st</sup> resulted in a significant hit to the General Fund, as the City endeavors to maintain services previously funded by redevelopment revenues. However, other budget reduction strategies and new revenues sufficed to provide a slight surplus for the year, such that no draw on General Fund reserves was anticipated. Mid-year budget adjustments, including elimination of the Housing Division, and other adjustments reflecting increased revenues and a shifting of expenditures to other funds mitigated the impact somewhat for 2011-12, and full utilization of revenues from the Facebook development agreement will be needed to sustain services in future years.

 **Delay replacement of vacant Business Development positions** – Two vacant positions (1.5 FTEs) in the Business Development division, including the Business Development Manager, are under review by the City Manager for possible reconfiguration; however, the funding for these positions *is included* in the proposed budget. The budget will be used to retain an unfunded part-time worker and/or various contractual agreements until a final determination is made. These positions are considered vital for meeting two of the Council’s priority goals: a vibrant and resilient economy supporting a sustainable budget; and future focused planning and visioning supporting a high quality of life.

 **Use Reserves** – As a result of prudent fiscal management, the City is fortunate to have a sizable reserve. This reserve provides a safety net for emergencies, contingencies and other extraordinary situations; funding for significant, non-recurring capital expenditures; and enhanced investment revenue to support City programs and Menlo Park’s stellar credit rating. The reserve is not intended as a source of regular funding for ongoing operations in the long term. However, the existence of adequate General Fund reserve levels has provided the City with the opportunity to take a long-term approach to structural balance. Large, non-recurring items have been eliminated from the General Fund spending plan to provide a more reliable long-term forecast. Overall, the minimal use of reserves in the midst of a significant economic downturn reflects the maintenance of prudent fiscal policies as the City works toward a sustainable budget over the long term. But, because long term planning projects are not fully funded, to the extent the General Fund does not provide

funding, reserves are utilized as was previously the practice with “below the line” comprehensive planning costs.

### **Impact from State Funding Cuts**

Since coming into office in January 2011, Governor Jerry Brown has been focused on resolving the massive California state budget deficit. The dissolution of redevelopment agencies was an attempt to ease the State’s obligation to schools, but last week he announced that the general fund deficit has mushroomed from \$9.2 billion to \$15.7 billion, in part because tax collections have not come in as high as expected and lawsuits and federal requirements that have blocked billions of dollars in state cuts. Most of the widening gap comes from acknowledging that his previous forecast was too optimistic, a concern that economists voiced last summer. A revised spending plan will be proposed later in the month, but the new blueprint for the fiscal year that starts July 1 hinges in large part on voters approving higher taxes in the fall. Under Brown’s tax measure, California would temporarily raise the state’s sales tax by a quarter-cent and increase the income tax on people who make \$250,000 or more. In January, Democratic leaders had vowed to fight proposed cuts in the \$92.5 billion budget because they believe they would endanger the State’s already fragile social safety net.

Last year the governor was unsuccessful in his attempt to seek voter approval for the extension of certain tax increases that ended in June 2011. The Legislature did enact \$12.2 billion in state budget cuts, but now it is apparent that more action, either further cuts or revenue increases, is needed to close the state budget gap for the coming year. While it is difficult for the City to prepare its budget in the midst of this very fluid fiscal situation, some of the impacts have been provided for in the City Manager’s Proposed Budget:

**State Library Funding** - Transaction Based Reimbursements (TBR) vary in amount every year, but this source of funding (estimated to be \$43,500 for 2011-12) will be eliminated for the coming year. The funding is considered part of the General Fund that pays for library operations. Literacy Program funds from the state amount to approximately \$42,000 annually and account for less than 1/3 of the funding that covers the daily operations of the adult and family literacy programs; these funds will also be discontinued in 2012-13.

**Preschool funding** – Although hard facts about the outcome of the State budget situation on preschool funding sources are difficult to come by, recent word from State Preschool advocates indicates local Child Development Centers (including Menlo Park’s in Belle Haven) should expect a roughly 10% cut this year (this follows a 15% cut last year). A 10% cut would represent a loss of approximately \$71,000. Staff at the CDC, who will begin enrolling from an income-qualified wait list in June, anticipate selecting only 25 children to fill 53 available subsidized slots, which would take the program to three full classrooms (down from four in 2011-12) but allow the program to sustain up to a 30% cut in State funding without increasing the City’s subsidy. Once a final number is received from the State (anticipated in late June) staff can fill slots to match the amount expected from the State and within the City’s budgeted allocation.



**State Mandate Suspension** – Continuing the practice of many recent years, the Legislature has once again suspended a long list of state mandates, thereby eliminating the need for tens of millions of mandate reimbursement funding from the State’s general fund. No state funding for these activities is anticipated. State mandate cost reimbursements have dwindled to less than \$20,000 per year in the past few years.

**General Fund Summary**

The following table shows the City’s General Fund revenues and expenditures in fiscal years 2009-10 and 2010-11 as well as both the adopted and adjusted budgets for 2011-12. (Note that the 2011-12 adjusted budget includes \$419,900 of prior year encumbrances.) The last column of the table reflects a summary of the General Fund budget in the City Manager’s proposed budget for 2012-13.

<b>General Fund Summary</b>	2009-10 Actual	2010-11 Actual	2011-12 Adopted Budget	2011-12 Adjusted Budget	2012-13 Proposed Budget
<b>Revenues:</b>					
Property Taxes	12,603,742	12,811,324	13,021,000	13,021,000	13,658,000
Sales Tax	5,499,244	5,988,055	6,203,000	6,203,000	6,330,000
Transient Occupancy Tax	2,074,486	2,453,981	2,580,000	2,920,000	3,326,000
Utility Users Tax	1,148,454	1,122,940	1,249,000	1,135,900	1,180,500
Franchise Fees	1,508,666	1,677,016	1,743,000	1,768,000	1,873,500
Licenses & Permits	2,738,638	3,239,561	3,307,140	3,371,465	4,266,464
Intergovernmental	1,811,140	1,946,156	1,227,631	1,140,552	893,930
Fines	1,028,825	953,195	970,000	980,000	1,085,200
Interest and Rent Income	849,023	575,758	925,438	681,188	770,018
Charges for Services	5,210,044	5,246,251	5,425,265	6,030,515	6,326,051
Transfers & Other	<u>744,583</u>	<u>730,506</u>	<u>707,125</u>	<u>589,559</u>	<u>418,123</u>
<b>Total Revenue</b>	<b>35,216,845</b>	<b>36,744,743</b>	<b>37,358,599</b>	<b>37,841,179</b>	<b>40,127,786</b>
<b>Expenditures:</b>					
Personnel	26,960,643	26,845,801	26,929,726	27,380,264	28,496,287
Operating	4,726,739	4,614,493	5,292,416	5,359,878	5,668,780
Contract Services	2,677,924	2,250,245	2,758,657	3,547,700	3,202,401
Transfers Out	<u>2,132,656</u>	<u>2,267,950</u>	<u>2,377,800</u>	<u>2,377,800</u>	<u>2,464,328</u>
<b>Total Expenditures</b>	<b>36,497,962</b>	<b>35,978,489</b>	<b>37,358,599</b>	<b>38,665,642</b>	<b>39,831,796</b>
<b>Net Operating Revenue</b>	<b>(1,281,117)</b>	<b>766,254</b>	<b>0</b>	<b>(824,463)</b>	<b>295,990</b>
Add: Downtown/ECR Specific Plan Expenses				(225,980)	
Total draw on General Fund Reserves				(1,050,443)	

**General Fund Revenues** – Many adjustments have been made to the 2012-13 General Fund revenues as they were preliminarily estimated with the 10-Year Forecast presented with the Mid-year Report. The two largest adjustments for 2012-13 are the inclusion of Facebook revenues (\$800,000) and an assumed increase in the Transient Occupancy Tax (TOT) rate from 10 to 12 percent (\$280,000). Property taxes were increased slightly, and all the revenue

categories were re-examined in the context of an economy that continues to grow, but at a very slow pace. In particular, revenues from investment earnings from the City’s portfolio were reduced further as interest rates continue to hold at historical lows.

Revenues for the year have been projected employing the most recent data available. All told, fiscal year 2012-13 General Fund revenues are expected to increase by over \$2 million (5.2 percent) when compared to current fiscal year estimates, due largely to the Facebook revenues, increased TOT, and other increases in anticipated tax revenues. Most other revenues are expected to stabilize, except for Intergovernmental revenues, which will decline with reductions in State funding and the expiration of the 5-year dispatch contract with San Carlos.

The factors pertaining to each of the City’s General Fund revenue categories are discussed in **Appendix A** of this report.

**General Fund Expenditures** – Despite the implementation of the various cost-cutting strategies discussed on March 13<sup>th</sup> and detailed in this report, General Fund expenditures are anticipated to increase slightly (\$18,000) when compared to the Long Term Forecast presented at mid-year. As such, the proposed expenditure budget for fiscal year 2012-13 (without transfers) is \$853,000 higher than the current fiscal year’s adjusted budget. The total for transfers out in the 2012-13 proposed budget is approximately \$87,000 higher than in the 2011-12 adopted budget.

<b>General Fund Expenditures Summary by Department</b>	<b>2009-10 Actual</b>	<b>2010-11 Actual*</b>	<b>2011-12 Adopted Budget</b>	<b>2011-12 Adjusted Budget</b>	<b>2012-13 Proposed Budget</b>
Community Development	2,726,073	2,503,579	2,672,129	3,507,602	2,946,137
Library	1,963,899	1,914,899	2,033,990	2,033,990	2,042,465
Community Services	6,228,200	6,169,154	6,525,522	6,651,452	6,936,209
Administrative Services	4,954,040	4,677,761	4,867,556	5,169,128	5,496,209
Public Works	4,961,451	4,517,248	4,918,802	4,993,031	5,239,516
Police	13,531,643	13,927,897	13,962,800	14,158,619	14,706,931
Transfers Out	<u>2,132,656</u>	<u>2,267,950</u>	<u>2,377,800</u>	<u>2,377,800</u>	<u>2,464,328</u>
<b>Total Expenditures</b>	<b>36,497,962</b>	<b>35,978,488</b>	<b>37,358,599</b>	<b>38,891,622</b>	<b>39,831,795</b>
*Excludes payoff of Police Side Fund					

Despite a City-wide reduction of 7 FTE when compared to the current year’s adopted budget, 2012-13 General Fund staffing increased by almost 3 FTE, as the cost of positions previously funded by the redevelopment agency were moved to the General Fund budget. Keeping personnel costs at bay was also challenging in that the prior year adjusted budget included savings from the many vacancies held open as further organizational strategies were considered. The proposed budget for 2012-13 provides full funding for all permanent positions, with no allowance for possible vacancies. In addition, the absorption of activities previously funded from redevelopment revenues – including four FTEs for the narcotics task force – served to increase personnel costs for the General Fund by over \$1.1 million. For the



fifth consecutive year, no salary/wage increases were assumed in the proposed budget other than minor adjustments required through contractual obligations. In addition, this is the fourth year in which FTE reductions have been achieved, albeit to a lesser extent in 2012-13 than in the prior years. This is because the organization is absorbing previous FTE reductions and adjusting to the efficiencies obtained through various restructuring strategies. Personnel resources are being redirected to service areas demonstrating the most organizational stress, and to optimize use of new, expanded facilities. However, a continued freeze on wages is not a sustainable solution, as the City needs a competitive compensation package in order to be able to attract and retain quality employees.

Overall, the total budget for General Fund expenditures is 6.6 percent higher than when compared to the 2011-12 Adopted Budget. Note that the proposed expenditure budget provides funding necessary for all anticipated operations, including the full normal (annual) cost of the City's retiree medical benefit plan and other allocated personnel costs, the full actuarial cost of risk management programs, ongoing Council goals and priorities, and full funding for the maintenance of existing City infrastructure. Note, however, that long-term comprehensive planning projects have been moved to a separate fund to facilitate the planning and funding of these activities. (See "Comprehensive Planning Project Fund" in the **Other Funds** discussion later in this report.) Details of the new 2012-13 departmental expenditure projections are discussed in *Appendix B* of this report.

**Fund Balance/Reserves** – As a result of prudent fiscal management, the City is fortunate to have a healthy reserve. The General Fund's total balance as of June 30, 2012 is expected to be approximately \$21 million. Although approximately \$2.3 million of this fund balance is nonspendable, the unrestricted fund balance ("reserves") provides a safety net for emergencies and other operational contingencies, funding for significant, non-recurring capital expenditures and additional investment revenue to support City programs and Menlo Park's stellar credit rating. The City's Fund Balance Policy, adopted in June last year, states that the total goal range for the City's unrestricted fund balance (reserves) is 43-55 percent of General Fund expenditures. With General Fund reserves at approximately 47 percent of annual revenues and expenditures, the City is well positioned to weather the economic uncertainties sure to be a factor in future budgets. The policy also states that "funding of General Fund balance targets will come generally from one-time revenues, one-time expenditure savings, excess fund balance (e.g., unused or reversed assignment or commitments), and revenues in excess of projected expenditures."

The existence of adequate General Fund reserve levels has allowed the City to take a sustainable approach in returning to structural balance. The City has avoided incurring unfunded liabilities and has, in recent years, eliminated large, non-recurring items from the General Fund spending plan to provide a more reliable long-term forecast. For example, payoff of the safety pension side fund at the end of the 2010-11 fiscal year will help the City contain the ongoing costs associated with pension obligations.

Again, it is important to note that a *balanced* budget is not equivalent to a *sustainable* budget. In order to have an operating budget that is balanced, with revenues equaling expenditures each fiscal year, the level of municipal services provided would greatly fluctuate from year to

year with economic conditions. The proposed budget for 2012-13 retains the use of short-term strategies appropriate only for temporary economic downturns of limited duration. One measure of a sustainable budget is one in which reserves are maintained over the long term, with revenues sufficient to cover expenditures over a period of years encompassing many economic cycles.

**Sustainability** – Sustainability cannot be gauged without making some assumptions about the long term. While the City continues to seek sustainable solutions that will yield an operating budget suitable to the new economy, some short-term cost reductions will be utilized that may be unsustainable. In addition, certain operating costs may increase or decrease absent any corresponding change in revenues. (For example, the City’s facilities continue to expand, indicating higher operational and maintenance costs in the future.) For these reasons, caution is warranted when building the long-term forecast (Attachment B) using the 2012-13 proposed budget as a baseline. The long-term future holds many uncertainties.

A balanced budget can easily conceal stress points in the organization caused by over-utilization of short-term strategies. As we move forward in the new fiscal year, staff will continue to focus on reviewing areas for long-term restructuring and other effective approaches to developing a sustainable budget providing for the appropriate delivery of services. However, unless the package of services that the organization is expected to provide remains stable, such efforts will yield diminishing returns.

**Use of Budgetary Surplus** – Although recent year’s budgets have identified unmet needs and deferred opportunities that could not be funded while maintaining a balanced budget, this year’s proposed surplus, though small, provides Council with a chance to consider adding back services that have been trimmed in recent years or provides the ability to add services to respond to important unmet needs. The \$296,000 surplus identified in this year’s budget could be used for the following immediate needs, among others:

<b>Reinstate recent service reductions</b>	<b>Approximate cost if reinstated</b>	<b>Impacts</b>	<b>Dept.</b>
Maintain Belle Haven After School Program	\$109,000	1.75 FTEs currently serving 35 children with After School programming in Belle Haven	CSD

Reinstate Teacher at Belle Haven CDC	\$75,000	1 FTE provided additional administrative support and classroom coverage to maintain ratios when needed.	CSD
Reinstate Library materials budget	\$14,000	Books, Periodicals, Juvenile AV materials reduced with loss of State revenue	LIB
Reinstate Library hours	\$10,000	Closure of the Main Library on nine low-use days (generally following holidays)	LIB
Reinstate Onetta Harris Community Center Hours	\$65,000	.75 FTE was eliminated in 10-11 and hours were reduced from 8am – 8pm to noon to 8pm during week days.	CSD
Reinstate .5 FTE for Business Development	\$58,500	BD Specialist position reduced to ½ FTE. Full-time position to provide more flexibility for rebuilding the BD program.	ADMIN
<b>Unmet needs and opportunities</b>	<b>Approximate net cost</b>	<b>Impacts</b>	<b>Dept.</b>
Dedicated staff for Emergency Preparedness programming	\$150,000	Add 1 FTE to support CERT and other Emergency-Prep functions	PD
Professional business plan and program support for Performing Arts Center	\$55,000	Contractor for event management and business planning to identify appropriate programming	CSD
Compensation	\$125,000	Allowance for staff retention/merit program	ADMIN
Community Outreach	\$100,000	Contract or additional staff to increase City's outreach through media relations, social media and other marketing efforts	CSD
Staffing for expanded facilities	\$100,000	Increased maintenance and availability of new recreation facilities	PW/CSD
Belle Haven Visioning Process	\$75,000	Planning effort to identify long term neighborhood needs and service priorities	CSD

**City Manager's Proposed Budget for the General Fund** – Staff recommends that the Council fund the 2012-13 budget, which reflects a surplus of over \$295,000 of current revenues over expenditures. As proposed, the budget projects an increase in General Fund revenue of 7.4 percent and calls for an increase of 6.6 percent in General Fund expenditures when compared to the 2011-12 Adopted Budget.

Although the worst impacts of the economic downturn appear to be past, the dissolution of the City's redevelopment agency has required continued, diligent efforts to identify and quantify all reasonable net cost reduction opportunities to incorporate into the 2012-13 budget. Such efforts include organizational restructuring and efficiencies as well as labor concessions that hold the line on employee costs, use of other funds where appropriate and sustainable (for at least several years), revenue increases that support services, and a TOT rate increase that provides general funding to help mitigate the additional resource needs. In addition, the budget for long-term comprehensive planning projects has been moved out of the General Fund to facilitate funding *over the long term*, as opposed to creating a huge budget gap in any one fiscal year. However, it should be noted that these comprehensive planning projects, which are considered appropriate General Fund activities, are not fully funded in the current or 2012-13 fiscal year.

Staff feels that the proposed budget reflects prudent strategies aimed at achieving immediate (short-term) cost reductions, minimizing visible service impacts, preserving funding for infrastructure maintenance, safeguarding the fiscal health and appropriate utilization of the City's other funds, working towards Council goals and limiting deferral of ongoing operating expenses. As in prior years, every effort was made to focus on those strategies which provided the largest and most certain cost savings with the least amount of negative impact to services.

The proposed General Fund surplus is a result of these efforts. As previously discussed, Council may wish to fund comprehensive projects to a greater extent; begin to reverse cost deferrals included in this or previous year's budgets; ease restrictions imposed on facility hours of operation, travel and training activities; and/or provide an improved budget for emergency preparedness, technology upgrades, or other areas where short-term strategies were formerly imposed for the sake of budget reduction.

Also, staff recommends that the Utility Users Tax rate be maintained at the current reduced rate for an additional 12-month period. Although staff has endeavored to budget as realistically as possible, the 2012-13 Mid-year Report will analyze the adequacy of the various revenues that provide the funding required for General Fund operations as outlined in this proposed budget.

### **Other Funds**

The City has over forty active funds, most of which are included in the annual budgeting process. Estimated year-end fund balances require careful tracking with each year's fiscal budget. Over time, dwindling fund balances may indicate a future reliance on General Fund appropriations in order to continue services, programs or projects that were intended to be self-sufficient or funded through other means. A summary of Fund Balances over time is shown in Attachment C.

Many of the City's funds are designated largely for capital projects. In the past, the City Council has annually approved funding levels for specific capital improvement projects through its project priority process. Beginning in fiscal year 2010-11, the capital planning process was

formalized in the development of a 5-Year Capital Improvement Plan (CIP). The use of a 5-Year CIP is intended to strengthen and stabilize future funding plans and scheduling, addressing Council's goal of improving long-term planning. The City's various commissions receive a draft of the proposed CIP in late November to consider and allow for community feedback in accordance with the prioritization criteria and procedures described in Section II of the 5-Year Capital Improvement Plan document. The 2012-17 CIP was approved by the Council on April 24<sup>th</sup>, and funding for the approved projects for next fiscal year are included in the attached 2012-13 City Manager's Proposed Budget.

**General Comprehensive Planning Fund** – This fund was added last year to the City's accounting structure. The intent of establishing the fund was to provide adequate funding for the development of comprehensive planning projects as they are approved by the Council. Since a part of the General Fund balance is the result of development revenues, comprehensive planning documents are generally recognized as appropriate for General Fund support. However, these projects can be costly and take several years to complete. Similar to capital improvement projects, comprehensive planning projects are simply not suited for operational budgets. Large appropriations for these projects tend to skew the budgets for the fiscal year in which they are initiated, making year-to-year fiscal comparisons and operational analyses difficult. Such projects are typically funded from General Fund reserves, yet the cost should be kept separate from "normal" operating expenses. In accounting for the Downtown/ECR Specific Plan, project costs were shown "below the line" so as not to inflate General Fund operational program budgets. The General Comprehensive Planning Fund was created to minimize the need for "below the line" presentation of the General Fund. Because of the backlog of General Plan updates and broad scope of comprehensive planning projects in general, the City faces significant operating outflows for comprehensive planning documents in the next few years. A separate fund for the explicit intent of financing comprehensive planning projects should serve this purpose and will also avoid the reporting of the associated project expenses with the costs of on-going programs and activities. In reality, the new fund will be reported as a "subfund" of the General Fund for financial reporting purposes. But as a source of funds for long-range projects, prior year appropriations will be carried forward to subsequent fiscal years.

A source of on-going annual revenues to the General Comprehensive Planning Fund has not yet been determined. Staff recommended (as included in this proposed budget for 2012-13) that the General Fund provide a funding transfer of \$250,000 to the new fund. This transfer will provide only partial funding, as the most recent 5-year CIP reflects average expenditures of over \$500,000 annually on comprehensive planning projects. Current plans to jump-start work on the Housing Element before the 2011-12 fiscal year end will exacerbate the new fund's shortfall. Staff will be recommending a Specific Plan Preparation fee that will serve to offset the cost of that project, fueling other comprehensive planning projects going forward. The analysis and next steps for the fee implementation will be brought to the Council with the approval of the Specific Plan on June 5<sup>th</sup>.

**Capital Improvement Projects (CIP) Fund** – Maintenance of the City's infrastructure (streets, parking plazas, storm drains, sidewalks, buildings, parks and bridges) remains a high priority for Menlo Park. Funding for infrastructure maintenance is planned for each year as a fund

transfer from the General Fund to the General Fund Capital Improvement Projects (CIP) Fund. As noted, the recommended transfer to the General Fund CIP in 2012-13 has been increased by \$86,500 (4 percent), as this transfer amount has remained unchanged since the 2008-09 adopted budget. (An inflationary increase was anticipated for future budgets, but not pursued since that year, in an attempt to ease the burden to the General Fund to the degree possible.) Note that this operating transfer had been reduced as part of the mid-year strategies to reduce the General Fund deficit in two of the past three fiscal years. The impact of the reduced transfer was somewhat mitigated by the receipt of federal stimulus funding for the resurfacing of certain federal aid routes, which will serve to forward the City's pavement management program in the long term. It should also be noted that the General Fund CIP only funds a portion of infrastructure maintenance needs. Several other funding sources are used particularly for street maintenance, such as the City's Building Construction Impact Fee, State gasoline taxes, and Federal grants.

Infrastructure maintenance represents only a portion of the General CIP Fund capital project listing for the year (shown below). Through the 5-Year CIP process, the City also makes funding decisions about land use studies, information systems upgrades, and new or replacement facilities (including infrastructure) that are not covered by the maintenance budget. While the City has done extensive planning for infrastructure maintenance, long-term needs in these other areas are less certain, and do not yet have a complete, dedicated, long-term funding source. In discussions regarding the development of a reserve policy for the General Fund, a separation of infrastructure maintenance funding from other capital projects was considered in order to prevent the deferral of essential maintenance for existing assets and preserve the consistency of this annual funding. Such a strategy has not yet been implemented. However, work continues on identifying and providing separate funding for long-term comprehensive planning and major technology upgrade projects.

The proposed budget for infrastructure maintenance and improvements from the General Fund CIP for the 2012-13 fiscal year totals \$2,397,000. Note that this expenditure is slightly more than the proposed transfer into the fund of \$2,249,728, even though the 2012-13 capital budget does not include the large, bi-annual street resurfacing project. The General Fund CIP has a healthy fund balance - projected to be over \$5 million at the end of the 2011-12 fiscal year - with which to absorb year-to-year fluctuation, but will eventually be diminished if other funding sources are not found for non-infrastructure projects.

<b>General Fund Capital Improvement Projects (CIP)</b>	<b>2011-12 Remaining Balance (Est)</b>	<b>2012-13 Proposed Budget</b>
10-001 - Radio Replacement	0	130,000
10-002 - Police Parking Lot Security	0	40,000
13-017 - City Facilities Telephone System Upgrade	0	295,000
20-010 - Street Resurfacing Project	2,403,623	0
20-011 - Sidewalk Repair Program	140,635	120,000
20-030 - El Camino Real Tree Planting	0	200,000
20-037 - Sidewalk Project	83,592	0
20-038 - Storm Drain Improvements and Cleaning	78,365	160,000
20-039 - Sidewalk Accessibility	173,399	0
20-045 - Sidewalks on Santa Cruz Ave Study	635,946	0
20-046 - Storm Drainage Fee Study	64,607	0
20-049 - Middlefield Road Storm Drain	140,432	0
20-053 - Atherton Channel Flood Abatement	493,214	0
20-054 - Downtown Irrigation Replacement	99,753	170,000
20-055 - Downtown Landscaping Improvements	24,431	0
20-056 - Chrysler Pump Station Discharge Pipe Replacement	88,615	0
20-059 - Downtown Parking Utility Underground	0	100,000
20-060 - Sustainable/Green Building Standards Cost/Benefit Analysis	0	30,000
20-061 - Chrysler Pump Station Improvements	0	80,000
210T10 - High Speed Rail Coordination	18,997	50,000
25-028 - Park Improvements (Minor)	160,106	120,000
25-032 - BH Child Development Center Playground Improvements	0	75,000
25-034 - OHCC Gym Floor	30,000	0
25-036 - Seminary Oaks Park Pathway Replacement	140,000	0
25-037 - Bedwell Park Tree Planting	350,000	0
27-033 - City Buildings (Minor)	195,073	275,000
27-039 - Gate House Fence Repair	22,700	0
27-040 - Administration Building Emergency Generator	19,453	200,000
27-041 - Water Conversation Upgrades for City Facilities	35,000	0
27-042 - Little House Roof Replacement	5,000	0
27-043 - Energy Audit of City Administration	0	40,000
27-044 - Council Chambers Mics/Voting Equipment	0	60,000
27-045 - Council Chambers Audio/Video	0	75,000
30-010 - Burgess Pool Pump Ladder	0	28,000
40-007 - Main Library Carpet Replacement	57,582	0
40-008 - Library RFID Conversion Project	0	29,000
40-009 - Automated Library Materials Return	0	120,000
70-069 - Downtown Bike Rack Installations	6,626	0
<b>All Projects</b>	<b>5,467,149</b>	<b>2,397,000</b>

In addition to these capital improvements, \$50,000 of funding for the High Speed Rail (HSR) Coordination project is provided through the General CIP Fund in 2012-13 and in subsequent years. The amount is set aside for technical assistance and legislative advocacy efforts to ensure that the City's interests are being addressed in the planning of California's high speed rail project.

**Highway Users Tax Fund** – Also known as the Gas Tax, the Highway Users Tax has been a fairly stable revenue source for the City in prior years. Although revenues from this source decreased approximately 9.6 percent with the economic downturn, these revenues have largely recovered and appear to be healthy today. In addition, beginning in fiscal year 2010-11, revenues allocated from the State's fuel tax swap have replaced Proposition 42 (Traffic Congestion Relief) state sales tax on gasoline, which was previously reported in a separate fund. This added annual revenues of over \$250,000 to the Gas Tax Fund, with \$880,000 anticipated in 2012-13. Use of gas tax funds is restricted by Article XIX of the California State Constitution and by Streets and Highways Code Section 2101. Generally, these revenues can be expended for the research, planning, construction, improvement, maintenance and operation of public streets and highways, and the planning and construction of public mass transit guideways. The fund is a major contributor to the City's bi-annual street resurfacing project. The gas tax was last increased from 9 cents per gallon to 18 cents per gallon during the early 1990s. Since that time, inflation adjusted gas tax revenues have declined steadily, despite the fact that travel and the cost of street maintenance have increased significantly.

As a budget strategy which met with general approval at the March 13<sup>th</sup> meeting, the General Fund obligation for infrastructure maintenance, reflected in the annual transfer to the General Fund CIP, was reduced by \$250,000 and replaced with a transfer in that same amount from the Gas Tax Fund. Such a strategy is not sustainable in the long run in that it eventually serves to deplete gas tax reserves. However, the fund balance is currently healthy (over \$2 million), so that the transfer can be maintained for many years without undue concern.

**County Transportation Tax** – Also known as "Measure A" funds, these revenues from the City's portion of the County-wide ½ cent sales tax are used to support transportation projects. The revenues increase or decrease with San Mateo County sales tax collections; \$650,000 is projected from this revenue source in 2012-13. Annual revenues of the fund, which declined with regular sales taxes during the recent recession, have continued to support shuttle and other transportation programs, annual maintenance expenses, and only limited project expenses. Initially, Measure A funds were to be tapped for the shuttle bus (Midday line) expenses previously funded from redevelopment revenues. However, MTA grants have been obtained to cover these expenses.

**Traffic Impact Fees Fund** – The traffic impact fee is levied to fund improvements or programs to mitigate City traffic problems that result either directly or indirectly from development projects. Although the fund reported very low revenues in the past few years, the receipt of impact fees from Oracle (based on the original Sun Microsystems site development agreement) has helped bolster the fund balance and initiate work on appropriate projects in 2011-12, with future projects as reflected in the 5-Year CIP. Amounts payable to the City to



address impacts from the Stanford University Medical Center project will also be accounted for in this fund.

**Storm Water Quality Management Fund** – This fund’s balance has declined steadily from a balance of \$965,000 in 2001-02 to an estimated fund balance of less than \$106,000 as of June 30, 2012. The Municipal Regional Permit (MRP), developed in 2008-09, added numerous new requirements for storm water management programs in the Bay Area. Revenues of the fund are derived from special assessment taxes of approximately \$300,000 annually. The fund balance will be further reduced in the 2012-13 fiscal year, and future budgetary support of storm water programs will either have to be limited to the annual tax revenues, or borne by the General Fund until a new funding source is pursued. A portion of the cost of participation in the San Francisquito Creek Joint Powers Authority (SFCJPA) was previously funded by the Storm Water Fund (\$60,000); this expense has been included in the General Fund budget for 2012-13.

Revenues in this fund were first augmented in 2011-12 by Measure M, the ballot measure passed in November 2010 that adds an additional \$10 to motor vehicles registered in San Mateo County. The funding is allocated to cities for congestion mitigation and water pollution prevention programs, including street sweeping. To reduce expenses in the Stormwater Fund, Measure M funding (estimated to be approximately \$55,000 in 2012-13), along with expenditures of the City’s street sweeping program, have been moved to the General Fund.

**Bedwell-Bayfront Park Fund** – This 160 acre park, located at Marsh Road and Highway 84, was used as a solid waste landfill from 1957 to 1984. In 1968, the City took ownership and responsibility for the landfill and its eventual post-closure maintenance. Bayfront Park was built over the landfill in phases, starting in 1982 and completed in 1995. At that time, fees collected up to the point of the landfill closure created a “sinking fund” that has been used to fund current Bedwell-Bayfront Park maintenance costs. (The landfill’s post-closure costs are now funded from a surcharge on fees charged for solid waste collection and disposal.)

The fund balance of the Bedwell-Bayfront Park Maintenance Fund is estimated to be slightly less than \$700,000 at June 30, 2012. Interest on the remaining fund balance is the only revenue source for this fund. Revenues have declined as investment yields and the fund’s cash balance have dropped more rapidly in the past four years. The eventual depletion of the park’s maintenance fund balance, at a rate of over \$100,000 a year, continues to be a concern. Ultimately, the roads that access the area and pathways that traverse the park will require major repairs. To the extent that the pathways, perimeter road and main road are needed for landfill maintenance and gas recovery operations, these improvements will be shared by the Landfill Fund. However, capital expenses to the Park Maintenance fund will only accelerate the decline of that fund’s reserve. Once the Park’s “sinking fund” has been expended, other funding sources will need to be identified for the Park’s continued operations.

**Peninsula Partnership Grant Fund** – This fund was created to account for the local grants used to improve the quality of life for children and their families in the Belle Haven neighborhood through the Community School effort. Last year the City’s contribution from the General Fund was decreased through use of Redevelopment Funding for neighborhood

violence prevention work done by the Community School Manager. With the loss of RDA funding, outside grants and the General Fund will need to make up the difference. For the coming fiscal year, grant funds, representing about 50 percent of the total costs of the program, have been received from the Grove Foundation (\$20,000), Ravenswood School District (\$30,000), and San Francisco Foundation (\$10,000). Additional requests from the Bohannon Foundation, the Silicon Valley Community Foundation and the MA Foundation are hoped to generate an additional \$30,000 leaving the City responsible for 25% of the total funding needed.

### **10-Year Forecast Update**

The updated 10-Year General Fund Forecast that accompanies this report as Attachment B was developed using the 2012-13 proposed budget as a starting point for estimating revenues and expenses of future operating budgets. The 10-Year Forecast was prepared utilizing the MuniCast system, a series of 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. The casual reader will not be able to determine these forecast assumptions by simply calculating a growth ratio, as they are presented by categories rather than by individual line items. 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.

Budgetary risks intensify as revenues and expenses are projected into future years. The possibility of another downturn in the economy could have a constricting effect on both short-term local revenues and decisions affecting the City’s fiscal health in the long term. 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 overall compensation achieved through labor concessions. The rising costs of utilities, infrastructure maintenance and operation of additional facilities will also need to be funded. Conversely, improved revenues from the Facebook development agreement are included in the current 10-year forecast, and implementation of the Downtown/El Camino Real Specific Plan may also result in enhanced General Fund revenues in the near future. Staff has endeavored to provide the most realistic budgetary projections possible using the most recent data available. Analysis of the long-term health of the General Fund and the City as a whole will continue throughout the new fiscal year, shaped by future economic development and community needs.

### **Outstanding Needs & Opportunities**

***Emergency Prep*** – When the City’s emergency operations planning and preparation became a staff and Council priority, the City Manager and Police Department developed a creative solution to address the lack of staffing for this important function (a Commander’s position

dedicated to E-Prep was eliminated in 2007). The Special Operations Commander and the Housing Manager convened a cross departmental team and have been successful in updating the City's Emergency Operations Plan and providing staff training. However, the elimination of the Housing Division and the pending layoff of the Housing Manager make this solution unsustainable for the long term, especially given Council's desire to strengthen community-based emergency preparation programs.

**IT Projects** - As mentioned in the March presentation of the 5-Year CIP, significant technology upgrades represent a category of capital outlay for which a designated long term funding source or strategy has not been identified. When the City began the practice of transferring General Fund dollars into the General Fund CIP in 2006, the appropriate amount of the transfer was based upon estimates of annual infrastructure maintenance needs with infrastructure defined as City buildings, roads, parks and physical assets. Similar to the Comprehensive Planning projects discussed above, these projects were not considered within the General Fund CIP transfer amount, yet are being funded in large part through this source. Staff is currently considering several options for addressing this funding imbalance, and will bring forward a proposal in the near future that may create a separate funding allocation for technology projects, or require an addition to the \$2.2 million currently transferred for infrastructure. The CIP currently contains over \$600,000 in technology-related upgrades and staff continually identifies additional efficiencies that could be gained with technology upgrades. The implementation of new information systems must also be planned well in advance, as the cost and manpower for new, integrated systems (such as financial data bases) can be extremely high, and should be not be funded out of any one fiscal year.

**New Recreation Facilities** - Through the generosity of the Arrillaga Family, the Menlo Park community has benefited from the addition of three unanticipated new or "almost new" recreation facilities in the last two years, with the opening of the new Arrillaga Family Gymnastics Center this month. These additional facilities help meet growing demand for recreation programming in Menlo Park, however, the soft freeze on hiring and Council direction for a balanced budget make maximizing cost recovery at these facilities challenging.

For example, the addition of the Arrillaga Family Gymnasium, which is twice the size of the previous facility, is open 17 hours per day (M-F) with additional demand for weekend hours up to 14 hours per day. Previously, the City's gymnasium was managed jointly with Gymnastics, however, as separate facilities, the gym and Gymnastics Center now provide for their own deposits, registrations, refunds and facility attendants. All of these factors increase operating expenses and demands on existing staff.

The Arrillaga Family Recreation Center, with its modified room sizes and configurations, also allows for expansion of hours, programs and rentals (which have increased greatly). The current staff structure at this facility utilizes less permanent full time staff than other facilities with similar hours and capacity. Full time staff at the Center also have the additional responsibility for production of the Activity Guide for all Recreation and Social Services programs. As demand increases for programming at the new Gymnastics Center, staff will be further stressed to meet demand and utilize the facility to full capacity without increasing staff costs.

**Accept ownership of Flood Park** – Last year at this time, County budget woes resulted in the County considering options for closure of several County parks, including Flood Park in Menlo Park. With this possibility in mind, City staff moved forward with an evaluation of the current condition of the park’s facilities and infrastructure, including an estimate of the capital investment required to bring the facility up to City standards. Following the announcement of the dissolution of Redevelopment Agencies in January, however, Council grew more concerned about the City’s ability to take on this additional financial burden for an amenity that was already accessible to the community while, at the same time, sentiment at the County about their ability to maintain parks into the future appeared to be shifting toward a more positive outlook. Based on recent communication with County staff, it now appears that the County budget proposal include adequate funding to keep Flood Park operating as a County facility into the near future. City staff will continue to stay in close contact with County staff and should it appear that the Park is in danger of decreased maintenance of closure, the issue will be brought to Council for discussion.

**Performing Arts Center** – The City’s full utilization of the allotted 55 annual program days at the Menlo-Atherton Performing Arts Center cannot occur under current staffing levels and budget allocations. As no additional staff resources were added and no new budget included when the PAC opened, staff have found filling these dates challenging. The original vision for the City’s use of the PAC included events such as lecture series, city program recitals, youth sports education workshops, gymnastics demonstrations, and theater camps. However, many of these types of events were quickly deemed unfeasible once the building was finalized and the direct costs for using the facility were realized. The average costs for a basic single day rental for the City range from \$500-\$1000. Often these direct costs are too high for local community groups. The size of theater, with 492 seats, has also proven to be too large for these types of events as well. Although staff have been working on finding other solutions that would be more appropriate options for this community resource, a comprehensive business plan, developed in partnership with the High School and a professional theater management company, is the desired next step at a cost of approximately \$100,000.

### **Utility User Tax Rate Considerations**

The impact of the Utility Users Tax (UUT), which was passed in November 2006 to provide for the long-term sustainability of the General Fund budget, is evident in the updated 10-year forecast. If the tax were to be assessed at the higher rates provided for in the UUT ordinance, projected revenues would be nearly \$2.3 million higher on an annual basis. It is also clear that elimination of the tax would disrupt the delicate balance shown in the long-term forecast. Based on the potential impact of an ongoing deficit on the City’s fiscal position, staff recommends that the City Council make the required finding that the Utility Users Tax is necessary for the financial health of the City at its June 12<sup>th</sup> meeting (upon adoption of the 2012-13 fiscal year budget).

Although it is appropriate for Council to consider modulating the tax in response to major economic changes, frequent variation in the rate is not recommended. All utility service providers must be given a sixty-day written notice of rate and other changes that result from

adjusting the rate. In addition, the \$12,000 annual cap on the UUT assessed for combined electric, gas and water usage presents unique administrative challenges to staff, commercial utilities consumers and utility suppliers:

- Large commercial utility consumers must determine whether it is advantageous to apply for the UUT cap. (An increase in the UUT rate increases the number of utility customers who would benefit from the fixed \$12,000 per year cap.)
- Service providers must be notified of customers exempt from the tax due to application of the cap. To avoid duplicate assessments, which would require refunds from the City, the City should provide such notification of exemptions 60 days in advance.
- Depending on the effective date of the rate change, the annual cap would need to be applied and billed on a pro-rata basis.

Due to the administrative implications of numerous rate changes and the general confusion and uncertainty surrounding such changes, staff recommends the current (reduced) UUT rate of one percent, assessed on all utilities, be extended. Temporary tax rate reductions for a period of up to twelve months can be implemented with the specific finding provided in the UUT ordinance: “The temporary tax reduction shall not adversely affect the City’s ability to meet its financial obligations as contemplated in its current or its proposed budget.” Staff contends that, though challenging, the Council and staff have been able to adequately restrain and manage General Fund costs thus far. Because the budget for the 2012-13 fiscal year as proposed requires no draw on General Fund reserves, such an adverse effect is not of immediate concern.

By taking a measured approach to budgetary balance, the City will be in a better position to establish the level of tax needed for ongoing fiscal stability. At the current 1 percent tax rate, the City anticipates \$1.18 million in UUT revenues for the 2012-13 fiscal year. If the tax were to be assessed at the rates provided for in the UUT ordinance, projected revenues would be nearly \$2.2 million higher on an annual basis, approximately \$1 million per one percent increase. Whether and to what extent the tax rate should be increased or decreased will be better known with further data on:

- the performance of the City’s other revenues in uncertain economic times,
- the adequacy of the General Fund expenditure budget to support current expected levels of service,
- the capacity of the City’s other funds to meet capital and further needs not provided for in the General Fund operating budget, and
- the emergence of future revenue opportunities or expenditure demands not captured in the current long-term forecast

## **Budget Result Measures**

Menlo Park has used the current program-based, results-oriented budget since 2001-02. Although identified and organized by “lead department,” City services are carefully defined within succinct programs and are charged with specific, quantifiable results for which the City monitors progress in meeting citizen expectations. The status of each desired result is reported, measuring the extent to which each was attained in the preceding fiscal year. In many cases, result measures have been improved based on experience gained and a better understanding of performance measurement techniques. Service measurements benefit greatly from the bi-annual community survey (most recently conducted in November 2010), which provides a benchmark comparison standard for resident perception of the quality of many services. Menlo Park chose to set its standard at “higher than the benchmark” of comparable cities to meet targeted results. Services with measurable results were “Exceeded,” “Met,” “Not met,” or “Data not (was) available”. Due to delays in receiving returns from a number of surveys used to assess performance measures, including the Commission survey, many of the result measures had not been tabulated as of the printing of this draft proposed budget document. These measures will be more complete and tabulated for inclusion in the budget transmittal letter, which will be presented to Council with the final budget document in June.

Although the status of the service results as a whole has not varied in prior years, staff has been concerned with the growing number of results that could not be appropriately measured. The City’s service orientation often requires extensive use of both internal and external surveys to gauge “satisfaction” to the population being served. Although desired results are designed to reflect established City priorities and staff endeavors to achieve high levels of service, measurement of these results may not occupy the same level of priority. In fact, when staff resources are spread thin, measurements of service results tend to be less of a priority than the actual realization of the desired results.

At the beginning of each fiscal year staff teams met to evaluate the performance results as presented in the budget document and to consider updates to the results and measures as necessary for continued clarity, relevance, and significance to the public as well as usefulness for internal decision-making. The merits of tracking each result are reviewed, and staff weighs alternative measurement practices for specific results that permit appropriate data collection for next year’s budget document.

Cost and/or personnel reductions continue to affect the ability of many programs to achieve the results initially set. Though challenging, all City departments endeavor to build on past efficiencies and will respond to the City’s evolving priorities and new Council goals/initiatives which may require new result measures and refinement of existing measures to gauge the success of each City service.

## **The Budget Document**

“Attachment A” is the complete draft budget document as proposed by the City Manager for 2012-13. The budget is a spending plan reflecting the City’s policies, goals and priorities as a whole.

The Budget document contains expense and funding information for all City funds. The Table of Contents is helpful in orienting the reader to each section. Each program service is listed along with actual 2010-11 spending, the current year (2011-12) adjusted budgets and estimates, and the proposal for the 2012-13 fiscal year. The funding source for each service is shown. In the back of the document is information about the City’s estimated fund balances and the planned Capital Improvements projects for 2012-13. The budget transmittal letter will be included with the 2012-13 Budget prior to its presentation for adoption on June 12<sup>th</sup>.

Note that extraordinary redevelopment accounting issues in the past two fiscal years tend to skew the program budget comparisons shown in the Proposed Budget Document. The restructuring of Redevelopment Agency Programs in the middle of 2010-11 created separate Special Revenue and Capital Improvement funds to reflect the new Public Improvement Grant and Cooperation Agreement and the Redevelopment Services Agreement between the City and the Agency. In addition, the Housing Authority was established as a separate fund. Non housing operations were categorized as Administrative Services programs (due largely to the focus on Business Development in the redevelopment area in recent years), and the City’s Housing Division were included as Community Services programs. The account structures were then suspended late in 2011, as the State deemed these interagency agreements invalid, and steps to reverse any previous fund transfers and dissolve the redevelopment agency were put in place. The City’s budgets were adjusted to provide funding for redevelopment activities from other funding sources for the remainder of the 2011-12 fiscal year, and funding sources for the full 2012-13 fiscal year needed to be identified for continuing non-housing redevelopment activities.

## **Summary**

This budget is built on the basics: addressing the City’s financial priorities in conjunction with Council goals, and providing basic services as well as those programs that make Menlo Park unique. Despite the absorption of redevelopment activities, the General Fund budget was balanced through a combination of revenue increases, aggressive spending constraints, a variety of strategies including the restructuring of personnel, and the implementation of operational efficiencies. The budget continues the use of certain short term budgetary choices that are clearly unsustainable, and a sufficient number of unmet resource needs were identified to justify concerns in the long term. However, a surplus of \$296,000 should supply some flexibility to begin to address these concerns as they are prioritized by the Council.

It should be noted that certain revenues will be received by the City in the upcoming fiscal year that are one-time in nature: the sale of property to Beechwood School, the allocation of unencumbered fund balance from the RDA dissolution, and the general-purpose funds from the Facebook development agreement should together add approximately \$3.5 million to the

General Fund coffers. At a later date, staff will be looking for policy guidance as to the most optimal use of these one-time monies.

If State impacts, further deterioration of the economy, or resurgence of unmet needs renders this proposed budget insufficient, options for achieving balance in subsequent fiscal years remain: (1) implement additional revenue through an increase in the UUT or other revenue sources; (2) cut expenditures and/or services to match revenues; or (3) a combination of these strategies. In regards to the UUT, Staff recommends the Council allow the rate to remain at its current reduced level of 1 percent on all utilities by adopting a consecutive temporary tax percentage reduction as provided in section 3.13.130.

Although constrained by the continued use of short-term strategies, Staff feels the proposed 2012-13 budget continues the move toward a sustainable budget for Menlo Park. 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; adequate funding is provided annually for existing infrastructure maintenance; and the unrestricted General Fund balance is stable at an acceptable percent of General Fund expenses. Considering the challenges of the current economy, the proposed budget attempts to balance these long term needs with a realistic forecast of revenues, while maintaining a focus on Council's goals for a vibrant economy, long-term comprehensive and fiscal planning, and regional cooperation.

***Next Steps in the Budget Process*** – The City Manager's Proposed Budget for the 2012-13 fiscal year was prepared through a process and supporting systems that will enable staff to incorporate Council-requested adjustments, re-run the budget numbers and finalize the document more easily. Once finalized, staff will summarize changes and provide any additional information or discussion requested by the Council in the final budget staff report, calculate the Appropriations Limit (required by State law), and prepare the necessary resolutions for budget adoption.

The final proposed 2012-13 Budget document will be available on-line and in Council packets for the June 12<sup>th</sup> regular Council meeting. A resolution regarding continuance of reduced UUT rates or reinstatement of the original tax percentages as of October 1, 2012 will also be prepared according to Council direction for adoption on June 12<sup>th</sup>.

## **IMPACT ON CITY RESOURCES**

The budget for the 2012-13 fiscal year provides for projected revenues which exceed anticipated expenditures in the General Fund by approximately \$296,000. Although the continuation of past budget reduction strategies cause concern, and certain unmet needs have been identified, this proposed budget does provide some flexibility to address these outstanding issues. The General Fund transfer out to the City's CIP Fund for infrastructure improvement has been increased for inflation, and the Utility Users Tax rates are assumed to remain at the current level of one percent for all utilities.



Estimated increases or decreases to other fund balances are shown on pages 175 through 180 of the proposed Budget Report (Attachment A). Every effort has been made to identify all of the necessary and approved costs to be incurred in the fiscal period. The long-term forecast has been updated to assist decision makers in financial strategies for the long term.

## **POLICY ISSUES**

Presentation of the City Manager's proposed budget is consistent with the City's budgeting process and represents no changes in City policy.

## **ENVIRONMENTAL REVIEW**

Environmental Review is not required.

Alex McIntyre, City Manger

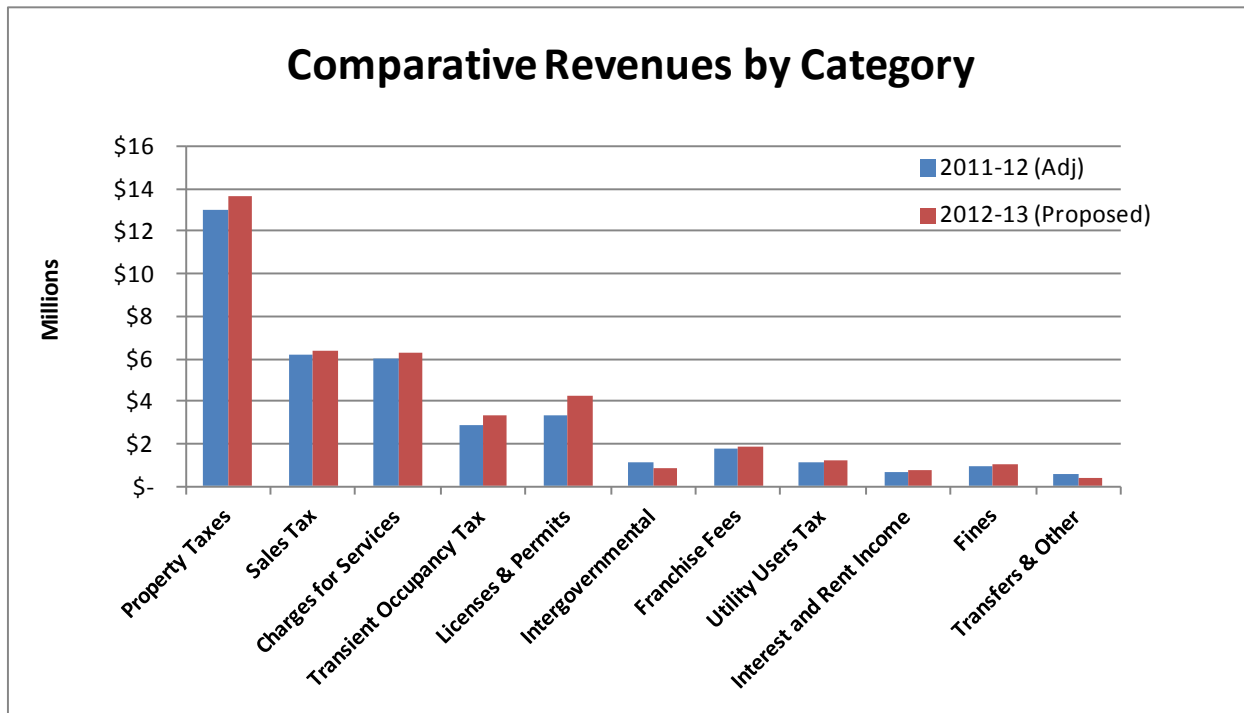
Carol Augustine, Finance Director

**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:**

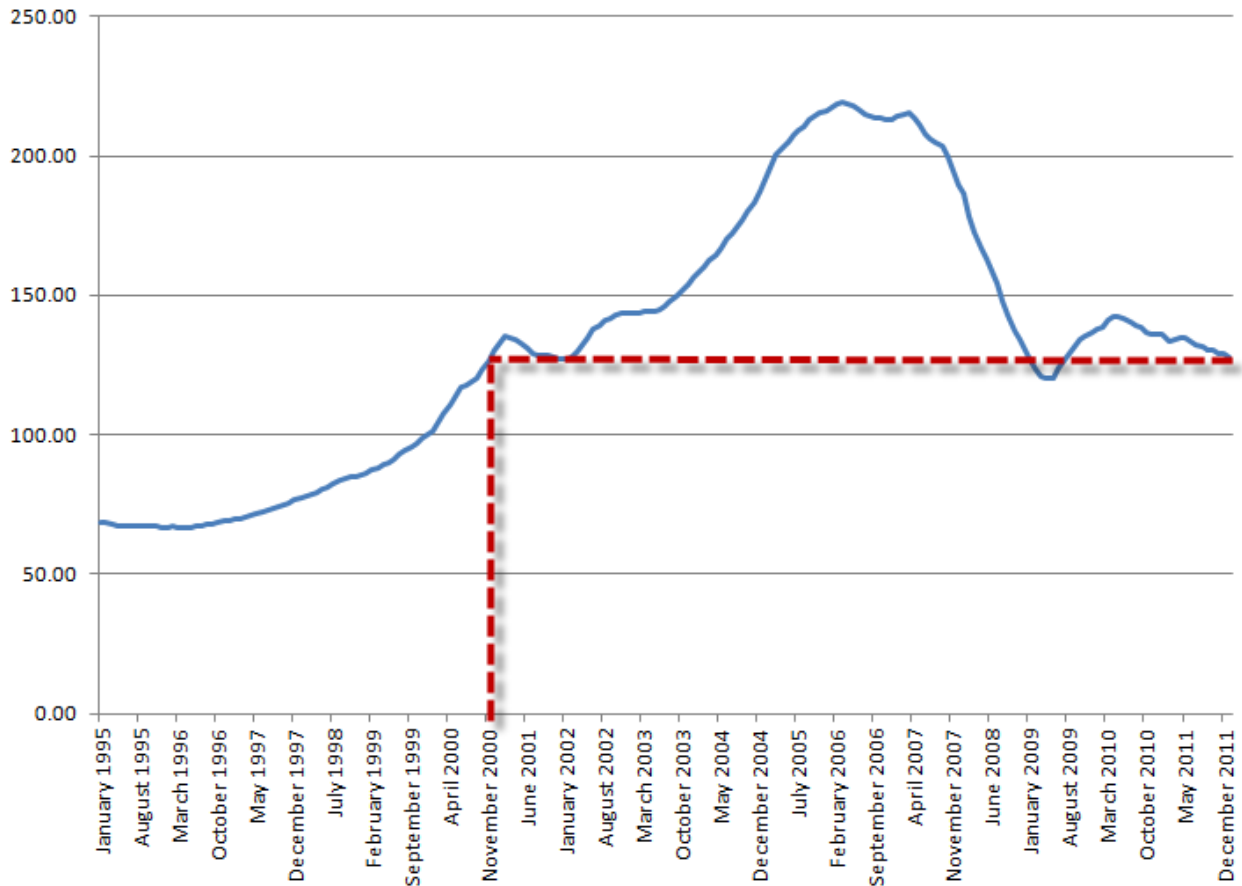
- A. City Manager's 2012-13 Proposed Budget Report (DRAFT)
- B. Revised 10-year Forecast
- C. Schedule of Fund Balances, 2001-2012

## 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 early in the century, but did not fare as well in the late 2000’s recession. After three years of declines in home prices, the area’s housing markets are still unsettled, and despite the surplus of bank capital and historically low mortgage rates, tight credit conditions persist. In the nation as a whole, historically high unemployment rates have decreased the demand for housing, creating a larger inventory of homes on the market and further driving down sales prices. As shown in the Chart below, Bay Area home prices are now roughly back to where they were between November and December 2000. (The S&P/Case-Shiller Home Price Indices are the leading measures for the US residential housing market, tracking changes in the value of residential real estate both nationally as well as in 20 metropolitan regions.) However, areas with the strongest economies, appear to be ready to absorb the additional inventory. Certain neighborhoods in San Francisco and San Mateo Counties - especially those with rail or shuttle access to large Silicon Valley employers - are showing a marked increase in real estate activity. As reported by Bloomberg, home prices are hitting all-time highs in nearby Palo Alto, “as buyers rush to purchase in advance of an expected flood of newly minted millionaires when Facebook Inc. has its initial public offering.” Certain residential markets, such as Menlo Park, are seeing more competition, which should serve to drive home prices higher. Although higher home prices do not bode well for affordability measures, higher assessed values provide increased property tax receipts for the area. In the future, increased employment and incomes should yield a more sustainable demand for housing.

## Case-Shiller Index San Francisco MSA March 2012 Report



<http://bayarearealestatetrends.com>

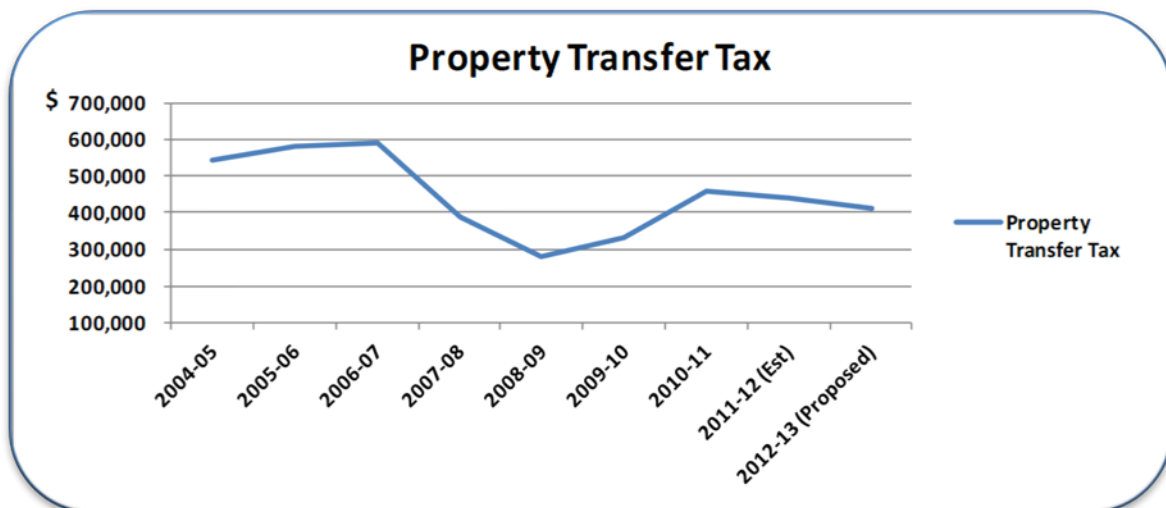
Property tax rolls are established prior to the beginning of the fiscal year, so changes in property tax revenues lag any changes in the market. The Assessor's Office continuously posts adjustments to the tax rolls based on ownership transfers, new property additions/development, and reassessments. The tax rolls for the 2012-13 fiscal year will be based on the assessed valuation per the Assessor's Office records as of July 1, 2012. All California property assessments were recently adjusted with the application of an inflationary factor of 1.02 percent as reported by the Board of Equalization in December 2011.

As shown in the chart below, the preponderance of the City's property tax revenues 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. In 2010-11, actual property tax revenues were only slightly higher (\$51,000) than the adjusted budget. For fiscal year 2011-12, total revenues from property taxes were expected to rise approximately 2.7 percent, and this projection stayed in place through the mid-year analysis. Although secured property taxes appear to be coming in slightly below budget, increases in other property tax components should provide for an on-target total in this revenue category. Based on the most recent assessment rolls held by the County, a healthy rate of growth (approximately 4.7 percent) is assumed for secured property tax revenues in 2012-13.

Property Tax by Subaccount	Adopted 2010-11	Adopted 2011-12	Midyear Budget 2011-12	Estimate 2011-12	Proposed 2012-13
1001 - Secured Property Tax- Current	11,644,270	12,040,000	12,040,000	11,974,600	12,585,000
1002 - Supplemental Tax	300,000	100,000	100,000	120,000	150,000
1003 - Unsecured Personal Prop Tax	460,000	400,000	400,000	410,000	430,000
1004 - Redemptions - Property Tax	45,000	15,000	15,000	15,000	15,000
1005 - Property Transfer	350,000	400,000	400,000	440,000	410,000
1006 - Homeowners Prop Tax Rel.	65,000	66,000	66,000	63,000	68,000
<b>Total Property Taxes</b>	<b>12,864,270</b>	<b>13,021,000</b>	<b>13,021,000</b>	<b>13,022,600</b>	<b>13,658,000</b>

In addition to the growth from property taxes provided from increases in assessed value, Menlo Park should also see a share of the tax increment of the former Community Development Agency (CDA). Funds that previously would have been distributed to the CDA as tax increment are now deposited into a redevelopment trust fund held by the County. The County pays the obligations of the former agency (as listed on the approved Recognized Obligation Payment Schedule); any remaining funds are to be distributed to the local taxing agencies in the project area as regular property taxes. Although the County will try to provide accurate estimates in the coming days, staff has conservatively estimated a \$50,000 additional allocation of former tax increment in 2012-13 from this process.

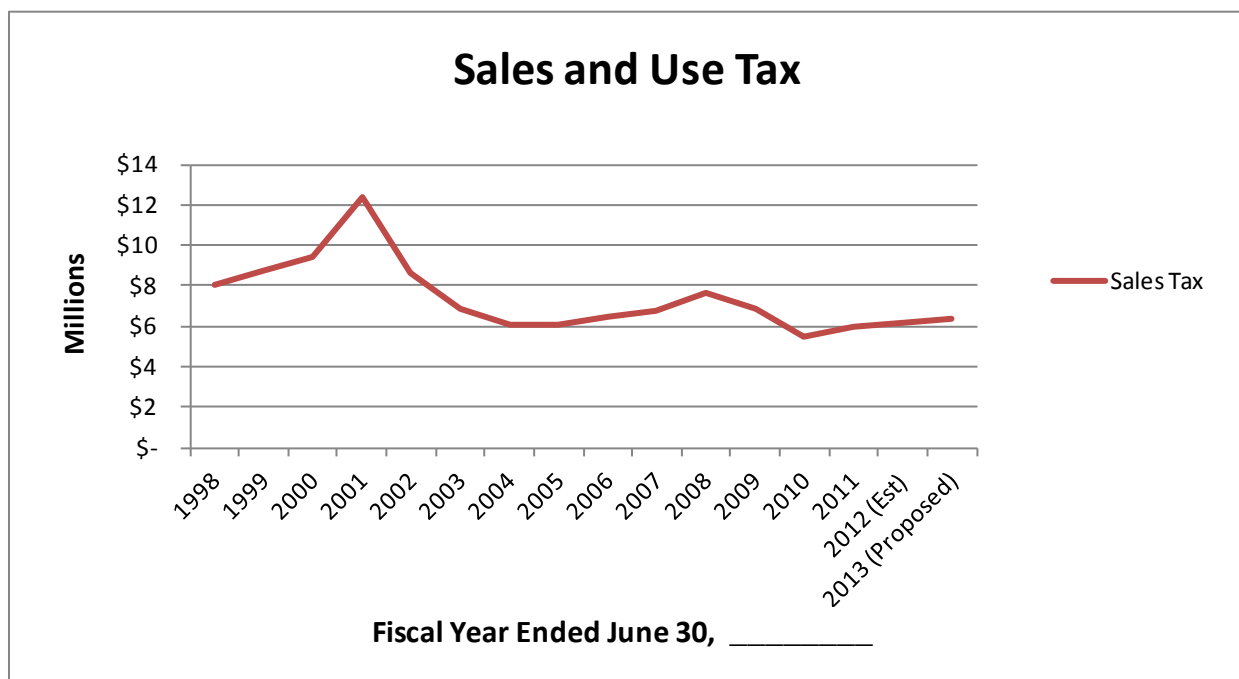
Although property transfer tax comprises only 3-4 percent of the City's property tax revenues, it is an excellent indicator of real estate activity in the City, and is tracked monthly. Since many sales transactions still result in an increase to the tax roll, higher turnover of properties serves to offset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



A significantly decreased *volume* in real estate sales in recent years can be seen 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 during the recent recessionary years. However, due to the sale of certain large commercial properties, revenues from this source exceeded the budget in 2010-

11, and should also exceed the \$400,000 budget for the current fiscal year. For the 2012-13 fiscal year, the expectation is for a continued increased in real estate activity, and approximately \$410,000 from this revenue source.

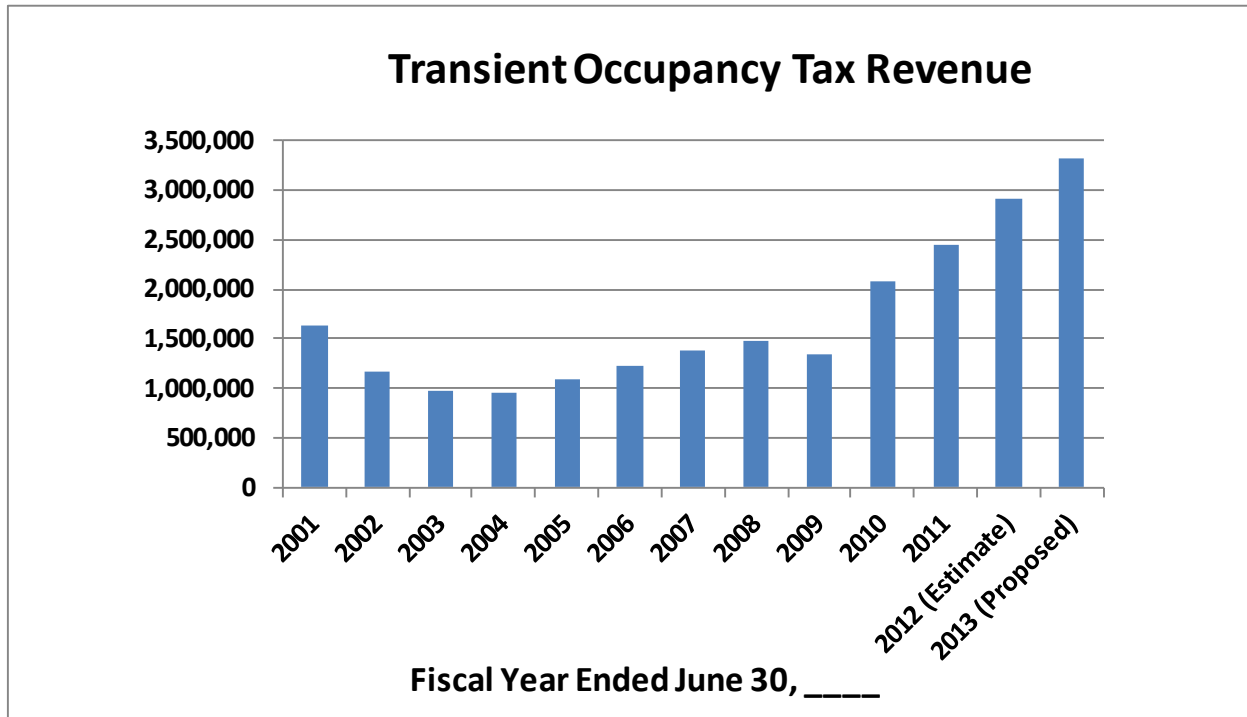
**Sales and Use Tax** – Persistent declines in the real estate market and continued credit concerns began to change consumer habits during the recession, resulting in a significant decline in California sales tax revenues in the past few years. Menlo Park began to experience a flattening of sales tax 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. A moderate increase in this revenue source was experienced in 2010-11, and a further recovery is anticipated for the current fiscal year.



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 down slightly (comparing the year ended December 31, 2011 to the previous year), with the Business-to-Business category down over 13 percent. A Northern California analysis shows an 8.4 percent increase in total sales. The comparatively slower recovery in Menlo Park’s sales activities reflects to some degree the acquisition of Sun Microsystems by Oracle, which resulted in a further reduction to sales tax receipts, as sales activities from that site were concluded in 2010. Although the pace of economic recovery is still uncertain, sales taxes are projected to increase approximately 3.2 percent in fiscal year 2012-13.

**Transient Occupancy Taxes (TOT)** – Actual hotel taxes in both 2009-10 and 2010-11 had to be adjusted downward at each mid-year analysis despite the increasing success of the new Rosewood Hotel in its first two years of operation. However, in the current

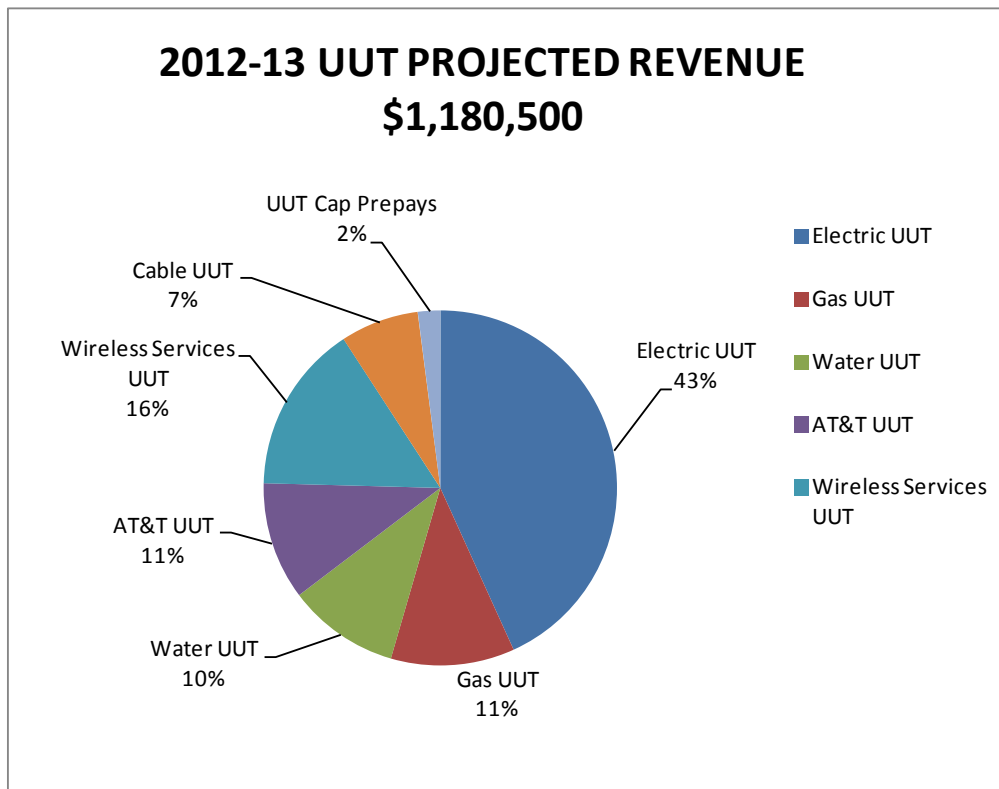
fiscal year, the mid-year analysis called for a \$340,000 *increase*, as the economy improved and all of the City's hotels/motels experienced higher occupancy rates. City-wide, TOT increased \$360,000 (17.3 percent) in 2010-11 and an estimated \$466,019 in the current fiscal year. TOT revenues are not reported or paid to the City until the month *following* the close of each quarter.



Occupancy rates at all hotels now appear to be healthy, and room prices (which were lowered to increasingly competitive rates as the economy slowed) are stabilized. TOT revenues in 2012-13 would be anticipated to increase by an additional 3.4 percent with no change in TOT rate. However, as Council generally favored a budget strategy to increase the TOT rate from 10 to 12 percent, via a November 2012 ballot measure, such an increase has been assumed in the proposed budget. If approved by a majority of the City's voters, the increase would be effective as of January 1, 2013, providing an additional \$280,000 in General Fund revenues in the second half of the 2012-13 fiscal year, and \$560,000 in subsequent fiscal years' budgets. An ordinance to increase the TOT rate must be approved by a 2/3 vote (four members) of the City Council in order to be placed on the ballot; such an ordinance will be introduced at the Council's June 12<sup>th</sup> meeting.

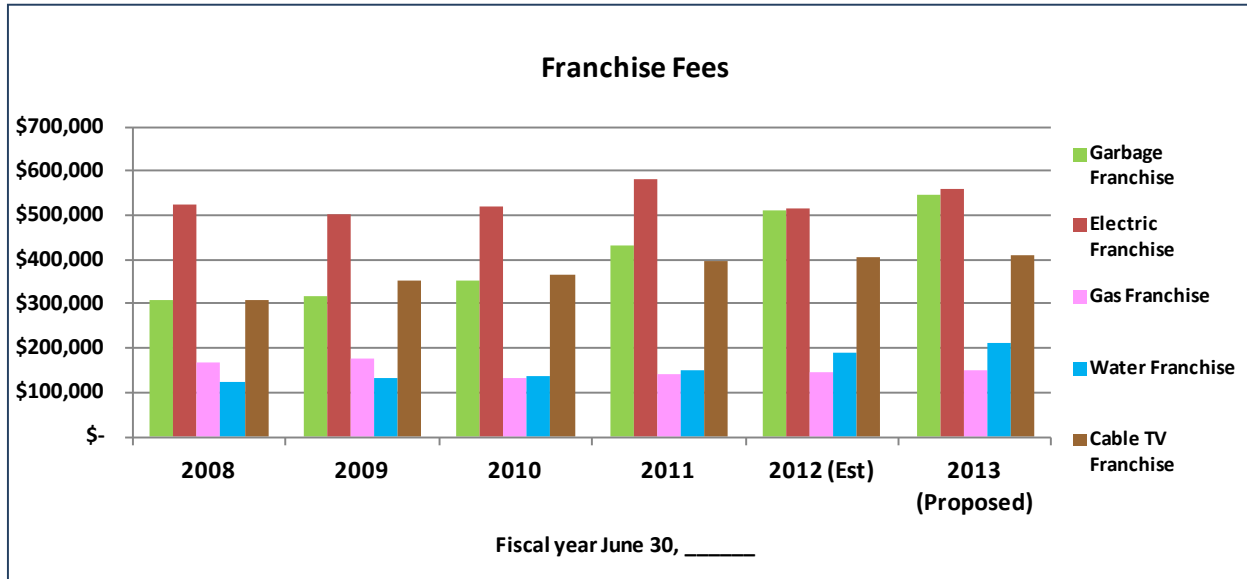
**Utility Users Tax (UUT)** – Collection of the City's UUT, passed in November 2006, began as of April 1, 2007. The tax was reduced from the 3.5 percent assessed on electric, gas and water utility use and 2.5 percent tax on telecommunication and video/CATV services to a flat 1 percent rate on all utilities beginning October 1, 2007. This reduced rate was reconfirmed by the City Council for the 2008-09 fiscal year, and each subsequent year since. The TOT comprises nearly 3 percent of Menlo Park's General Fund revenues.

Lower energy utilization offset the effects of slightly higher utility rates last year on these revenues. The economy plays an important role in energy use, but it is difficult to project the impact of any economic recovery on these revenues and in the future. At the current 1 percent rate, the City can anticipate revenues of \$1,180,500 from the tax in 2012-13, an increase of about 3.9 percent from the current fiscal year's UUT revenue estimate.



A review of the UUT has been incorporated into the City's annual budget process, and the Council will consider the need to continue the tax as part of the 2012-13 budget deliberations in June. Should the need for the tax be confirmed, an action to continue the tax at a reduced rate will be considered. If the Council does not establish (by resolution), a reduced rate for the tax, the current temporary (12-month) tax rate reduction expires, and the original tax percentages would be automatically reinstated as of October 1, 2012.

**Franchise Fees** – Nearly 40 percent 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, but an analysis of UUT revenues indicates that the franchise fees paid by PG&E will be higher in 2012-13 than in the current fiscal 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.

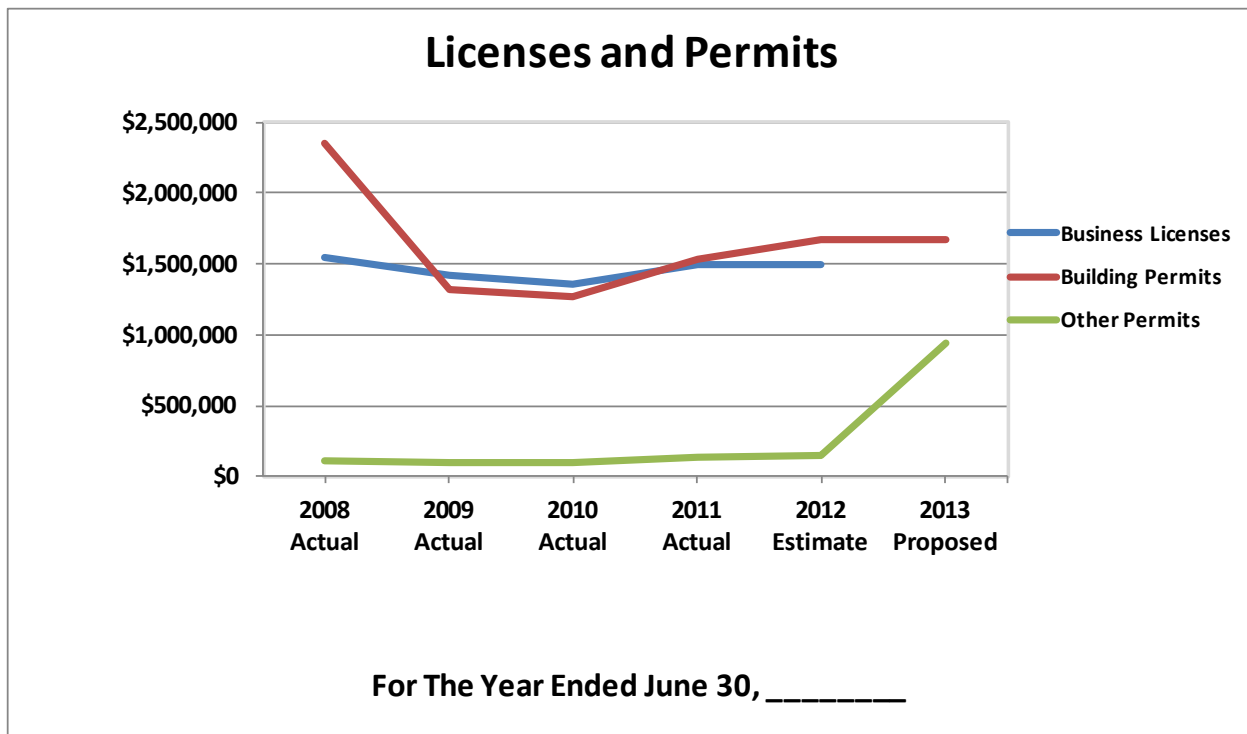


The current year budget projections (although calculated separately for each franchised utility) originally called for a 3.9 percent increase, overall, from the 2010-11 fiscal year in anticipation that the economy would continue to recover. That projection was increased slightly (by \$25,000) at mid-year. Although it is difficult to predict the usage of utilities in a changing economic environment, revenues from franchise fees are anticipated to increase overall by 5.9 percent, for a total of \$1,873,500 for the 2012-13 fiscal year.

**Licenses and Permits** – In the past, the City’s budget for this revenue category has been largely comprised of two main sources: development permits and business license fees. Both budgets are driven by volume. 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 these recessionary years. For 2010-11, developmental permit activity recovered somewhat, yielding over \$3.2 million in this revenue category, and over \$3.4 million is expected in the current fiscal year as the volume in business licenses increases. The expectation is for both of these major sources to stabilize in 2012-13 at nearly \$3.5 million.

In addition, the \$800,000 in revenues negotiated with the Facebook development agreement have been included in the 2012-13 in a third “Other Permits” line item. All told, an increase of 24.5 percent in license and permit revenues is included in the City Manager’s proposed budget for the upcoming fiscal year.

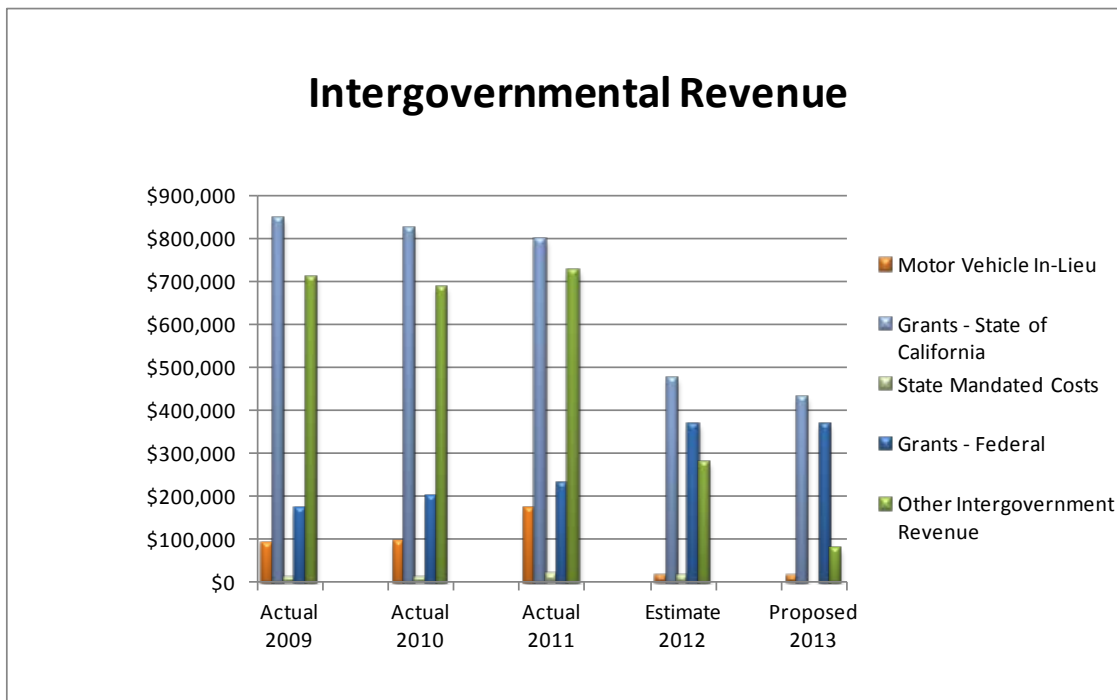




**Intergovernmental Revenues** – This revenue category consists largely of state and federal grant funding and inter-jurisdictional contracts. Nearly three-quarters of the City’s intergovernmental revenue is the result of state and federal grants, which comprise approximately \$833,000 of the 2011-12 adjusted budget. Of this amount, nearly \$708,000 is directed to Belle Haven pre-school program (BHCD). This is a change from last year’s BHCD grants budget of \$792,000, as grant income is harder to come by and new requirements that a higher level of co-payment for program participants be maintained. Particularly at the State level, staff expects these grants to continue to diminish in future years.

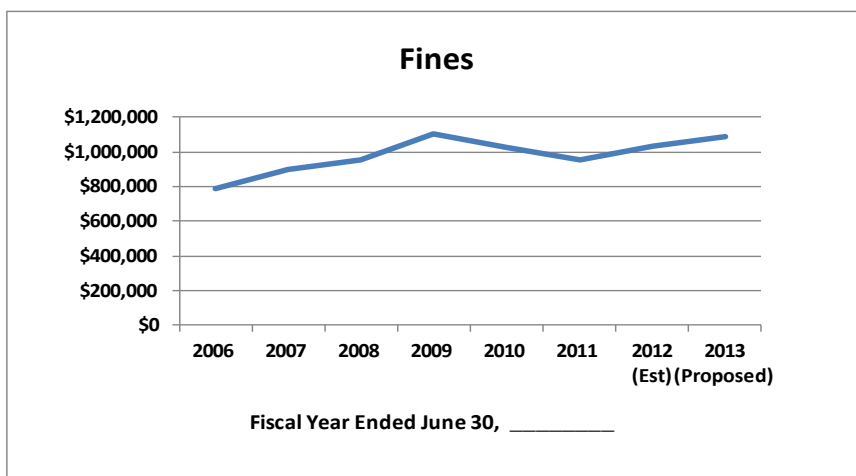
The “Transaction Based Revenue” (TBR) received from the State of California for Library operations was also previously categorized as Intergovernmental Revenues. Amounts from this program have declined in recent years, and are expected to cease entirely in 2012-13. There will also be no State funds for the library literacy program, Project Read, for the next fiscal year.

Other governmental revenue is approximately \$269,000 of the 2011-12 budget; of this amount \$249,000 is from the City of San Carlos contract for dispatch services. The expiration of this contract in November 2011 accounts for most of the year-over-year decrease in Intergovernmental Revenues.



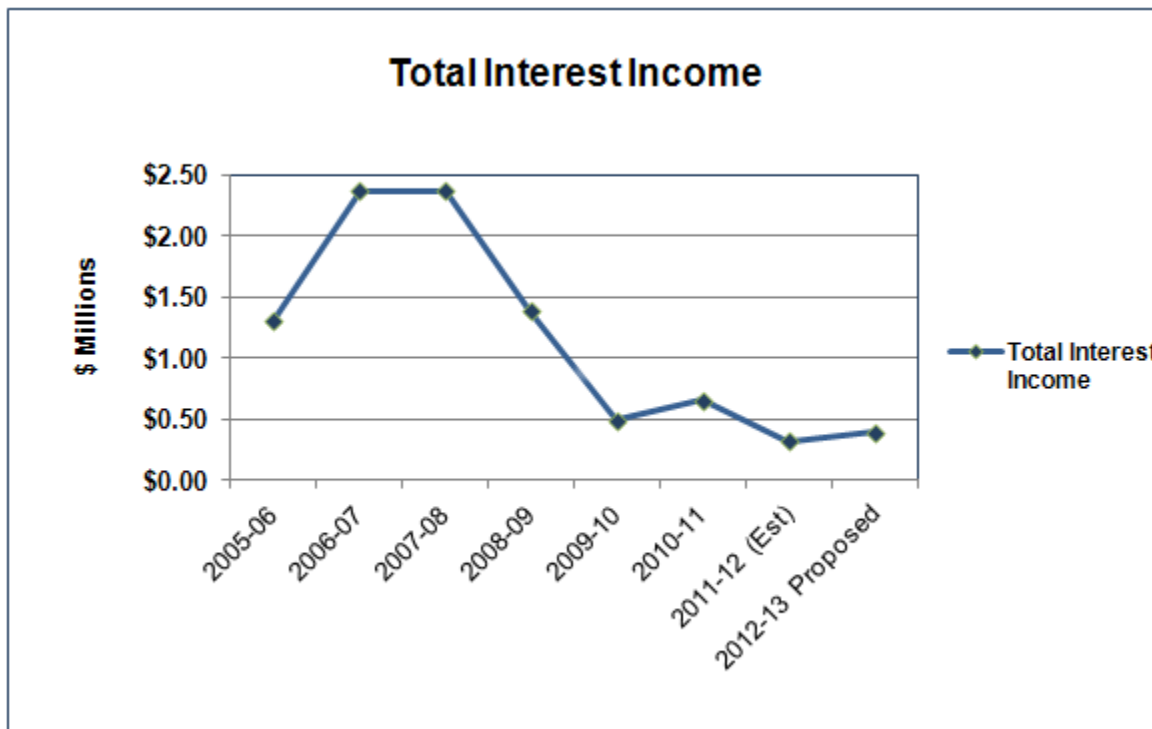
A \$111,000 reduction in intergovernmental revenues was necessitated at the beginning of the 2011-12 fiscal year in order to reflect the elimination of Motor Vehicle In-Lieu (VLF) funding from the State. This revenue loss was partially offset by the \$15,000 increased POST (Police Officers Standards and Training) reimbursements – a program that was reinstated with the State budget. Also offsetting the revenue reduction was a \$66,000 reduction in booking fees – a General Fund expense. The rest of the VLF revenue loss was offset by reducing operating expenditures in the Police Department’s General Fund budget to the extent that they could be appropriately funded from COPS revenues.

**Fines** – Although revenues from fines had previously risen in past years with the introduction of a red light photo enforcement program, citation collections from Menlo Park’s four camera system installations peaked in 2008-09. The volume of citations appears to have been reduced at all four installations since that time, although the costs of the enforcement program continue to be covered by the citation revenue. Other fines include traffic and parking violations and vary with the adequacy of patrol staffing.



When staffing is reduced in certain areas of the department, resources may need to be temporarily shifted from traffic patrol to other areas of higher priority. Resources should be adequate to staff traffic patrol, and with higher traffic volumes due to the economic recovery, revenues from fines are expected to increase approximately 9 percent in the 2012-13 fiscal year, to nearly \$1.1 million.

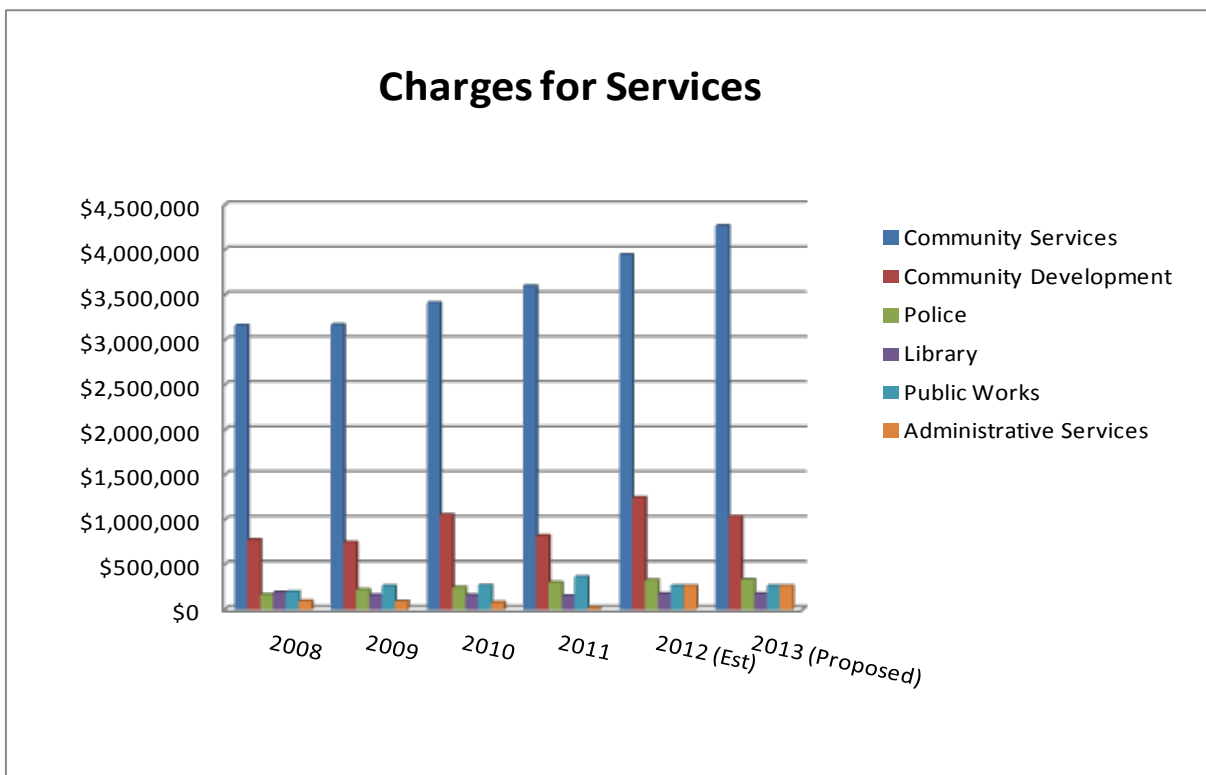
**Interest Income** – Interest earnings on the portfolio in 2010-11 for the General Fund was approximately \$510,000, prior to posting a *decrease* in the portfolio’s “unrealized gain” of nearly \$300,000. The City is required to “mark to market” its investment portfolio as of the fiscal year end, per 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. 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. As anticipated, 2011-12 investment earnings continue to decline due to the effect of the very low interest environment of the past few years. 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 current yield on the portfolio is 0.76 percent. A rapid rise in short-term rates is 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.



At this time, interest earnings are projected to be approximately \$450,000 in fiscal year 2012-13, as compared to the current year’s budget of \$360,000. The reason for the increase is that there is less “unrealized gains” remaining in the portfolio subject to year-end reduction. As is obvious from the above chart depicting the rise and fall of the City’s investment revenues over the past seven years, the significant decrease in

interest income has exacerbated the challenge of achieving a balanced budget in the current economy. For this reason, a sustainable budget should not rely on the investment markets. Rather, the City should be expected to achieve budget surpluses when the investment environment is healthy, for further investment and use only in economic downturns.

**Charges for Services** – This category of revenues includes a variety of fees, from those charged for recreational and social programs in the Community Services Department to plan check fees and development review fees related to Community Development services. 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.



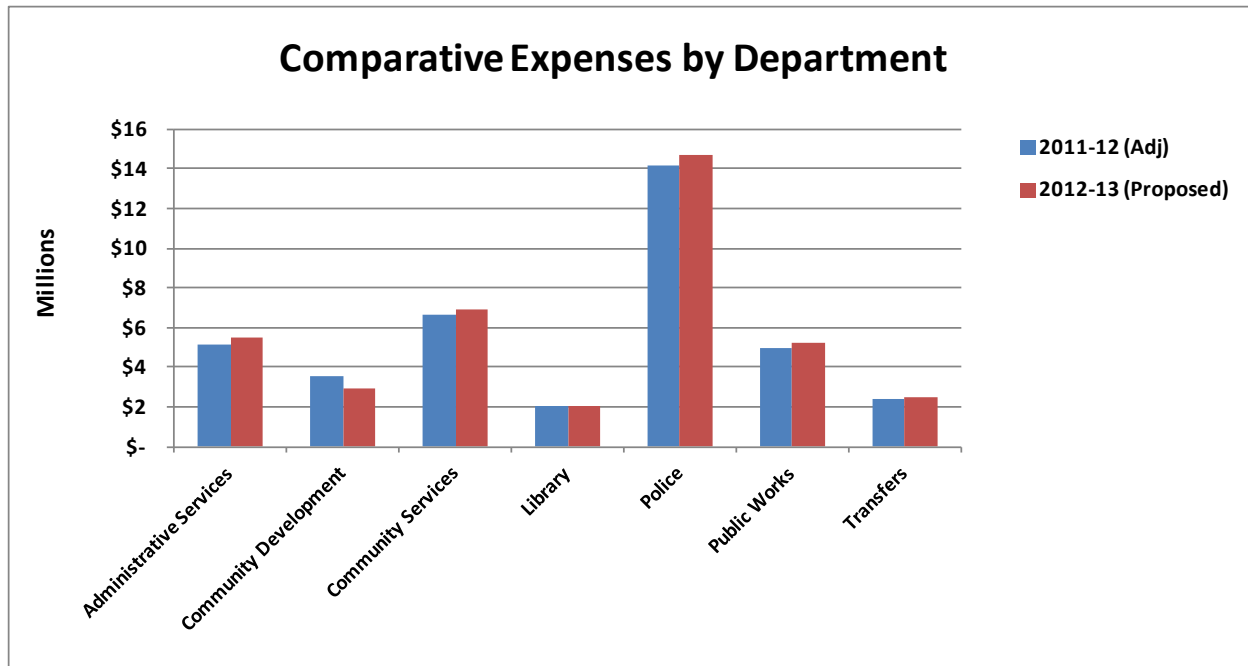
In the current fiscal year, this revenue category is estimated to show an 18.3 percent increase overall from the prior fiscal year. Much of the growth relates to an increased demand for certain development services, largely from Facebook, throughout the fiscal year. These revenues are expected to level off somewhat in 2012-13. However, with the completion of the Downtown/ECR specific plan, these property owners will also be equipped to advance their development plans and contribute to this high demand.

In the Community Services Department, changes in programming associated with the new recreation facilities have been anticipated, including a significant increase in adult and youth sports leagues and recreational classes. The 2012-13 rental income budget

for adult and youth sports programs was increased due to use of the popular new gym facility and rental income at the recreation center has also been increased as bookings for weddings, birthday parties and other events continue to grow. A similar increase in rental income is expected for the new gymnastics facility. An additional, small increase is anticipated in the City's child care programs on the Burgess campus with the return of toddler care, however, declining enrollments in the after school program at MCC, due to competing new programs being provided at local school sites, impacts revenues in a downward fashion overall for that program.

The increase in charges for services within the Administrative Services Department in both the current and next fiscal years is the result of the administrative charge allowed by the State for serving as Successor Agency to the dissolved Community Development Agency.

## Appendix B – General Fund Expenditures



**Administrative Services** – The 2012-13 Proposed Budget reflects an increase in General Fund expenditures of \$628,000, nearly 13 percent of the department’s budget (excluding transfers). Much of the increase (\$448,000) is attributable to personnel costs. Approximately half of this increase is due to the dissolution of the RDA. Administrative staff that previously would allocate their time to redevelopment issues - particularly for financial, legal and community engagement services - are no longer supported by redevelopment funding sources. The other half of the increase is due to the fact that all staff positions are fully funded; there are no vacancies for which the budget has been reduced. This is particularly applicable for the 1.5 FTEs that are budgeted in the City’s Business Development program.

Increases in operating costs are attributable to election expenses anticipated in the 2012 election year (\$35,000); \$41,250 of the increase is comprised of payments to Housing non-profits as part of the City’s Community Funding program (these expenses were previously funded by the Housing Authority); and a \$46,000 increase is needed to expand the City’s internet-based information systems.

The transfer out of the General Fund to fund infrastructure maintenance project in the CIP has been increased by over \$86,000. Although some of this transfer is partially funded in 2012-13 by the Gas Tax, the General Fund increased the funding by 4 percent as a cost increase of the past 4 years. In addition, transfers out of the General Fund in 2012-13 have been increased \$250,000 to begin funding of the long-term Comprehensive Planning Fund.

**Community Development** – As in prior years, opportunities for cost reductions in the Community Development Department would be a direct result of a reduction in the demand for development services. With the slow recovery from the recession, demand for development services is increasing and no cost reductions for these services, which are generally 100 percent cost-recovery, are possible. With the relocation of Facebook to Menlo Park, as well as continuing development activity in the M-2 and Willow Business Areas, demands on the department may well outpace the current staff capacity.

Planning revenues are estimated to increase due to anticipated projects (Facebook's west campus, office development on Commonwealth, Specific Plan development, and others). The expenditure budget for contract services has been increased \$50,000 for a contract planner to deal with the heavy workload. In addition, a provisional full-time planner has been brought on board to backfill a senior planner out on family leave. In the Building Division, the budget for plan check contract services has been increased \$20,000; and \$11,000 has been added to the temporary salaries budget for inspectors, as major projects are anticipated to be under construction this summer and fall.

**Community Services** – Increases in expenditures for Community Services are generally associated with increased operating costs of new facilities, including the Arrillaga Family Gymnasium, the renovated Arrillaga Family Recreation Center, the new Arrillaga Family Gymnastics Center and the Menlo-Atherton Performing Arts Center (PAC). Utilities costs for the gymnasium and recreation center have decreased by approximately 25% and a similar decrease is expected for the gymnastics center. However, additional temporary staffing costs to cover the increased capacity at these buildings as well as the additional hours the facilities are open will offset other efficiencies gained in personnel costs. Additional costs for the PAC include an event coordination services contract to provide high quality community events that have an opportunity to cover associated expenses. The cost of continuing this approach to programming at the PAC on a small level for a second year has been included in the 2012-13 budget.

Personnel savings are anticipated from implementation of the proposed budget strategy for shared services with the Boys and Girls Club of the Peninsula for After School Child Care in the Belle Haven neighborhood. Other personnel changes reflect a shifting of FTEs away from the highly subsidized social services programs to the cost-recovery programs with new facilities in the recreation division. Recreation programs continue to phase in fee increases to continue moving toward cost recovery levels proscribed in the Council Cost Recovery Policy. Master Fee schedule increases approved in March support cost recovery alignment in programs such as youth and adult sports, gymnastics and facility rentals including the renovated recreation center, the gym and the new gymnastics center.

**Housing expenses** – Although, in the wake of the dissolution of the Redevelopment Agency in January, Council approved elimination of the City's Housing Department, ongoing expenses are included in the proposed budget:

- \$11,700 is included for the HEART membership

- \$85,000 is included in the BMR fund for contracting out management of the BMR program (\$50,000 for the BMR provider and \$35,000 for realtor costs for BMR closings)
- \$41,250 to area housing non-profits including HIP (self sufficiency housing), ECHO (homeless housing), CID (Center for Independence of Disabled) and Rebuilding Together (landscaping grants for low income residents). This amount is budgeted in the Administrative Services Department, incorporated into the budget for the City's Community Funding program.

**Library** – Due to the reduction/elimination of many State grant revenues, the General Fund has borne a larger cost of providing library services in recent years. In response, expenditure reductions in the Library have been made largely through reductions in the purchase of materials for the juvenile and adult collections. Coupled with mid-year materials purchase reductions over the past three budget cycles, the result is fewer new books, DVDs and other materials for library users.

For the past two years the Library's adopted budget included General Fund savings of \$10,000 in the costs of temporary staff that resulted from the closure of the libraries on ten additional days throughout the year, generally just before holidays, and the elimination of staffing at the Main Library adult reference desk every Wednesday evening. These cost-reduction strategies remain in place in the 2012-13 City Manager's Proposed Budget.

**Police** – The Police Department's General Fund personnel costs will increase by 5.8 percent (\$693,000) for the 2012-13 fiscal year when compared to the 2011-12 adopted budget, primarily due to the addition of the Narcotics Enforcement Team (NET). NET was previously funded by the RDA, founded in order to provide the police services needed to combat narcotics and gang violence within the community. (The efforts of the NET team resulted in Operation Phallen Gardens in February 2012.) These costs were partially offset by the elimination of dispatch services provided to San Carlos, which ended in November 2011, as well as a \$40,000 reduction in overtime costs.

Operating expenses increased \$42,000 (4.5 percent), in large part due to increased General Liability expenses. The costs of the City's risk management programs are allocated to the departments each year based on frequency and severity of claims. In addition, the contract with the County for Animal Control costs increased 7.4 percent (\$16,800).

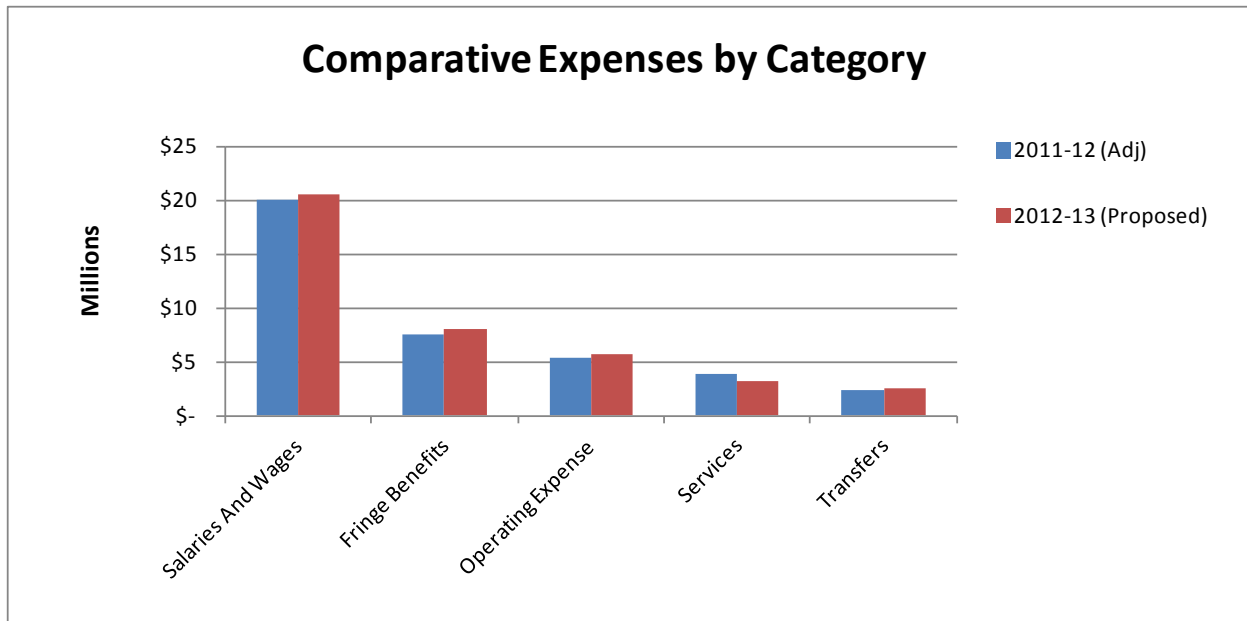
**Public Works** – Despite significantly increased costs in several key areas and the absorption of certain expenses previously borne by the redevelopment agency, the proposed 2012-13 General Fund expenditure budget for the Public Works Department remains only 6.5 percent (\$320,000) higher than the 2011-12 adopted budget. The largest increase is reflected in the operating expense budget for the City's yearly contribution to the San Francisco Creek Joint Powers Authority. This expense is \$10,000 higher than the current year's contribution, which was charged partially to the RDA and partially to the Stormwater Fund. As previously noted, the Stormwater Fund can no longer shoulder this expense. In addition, \$55,000 of costs for street sweeping



services has also been moved to the General Fund from the Stormwater Fund; however, this increase has been offset with crediting Measure M revenues (\$55,000) also to the General Fund. Finally, \$21,000 in graffiti abatement costs, previously funded by the RDA, are now added to the General Fund expenditure budget.

The newly constructed gymnastics center building, recreation center and gymnasium have resulted in an increase of over 15 percent in building square footage to maintain. An increase of \$26,000 in temporary maintenance staff is recommended, along with an increase of \$15,000 for the cost of supplies and services. The use of temporary help for this added workload will be evaluated in the upcoming fiscal year.

About one-half of the General Fund utility costs are borne by the Public Works Department. Due primarily to an increase in water rates, the utility expense for the department is projected to increase by nearly \$60,000 (11.8 percent).



CITY MANAGER'S PROPOSED  
BUDGET REPORT

2012-13

City of Menlo Park





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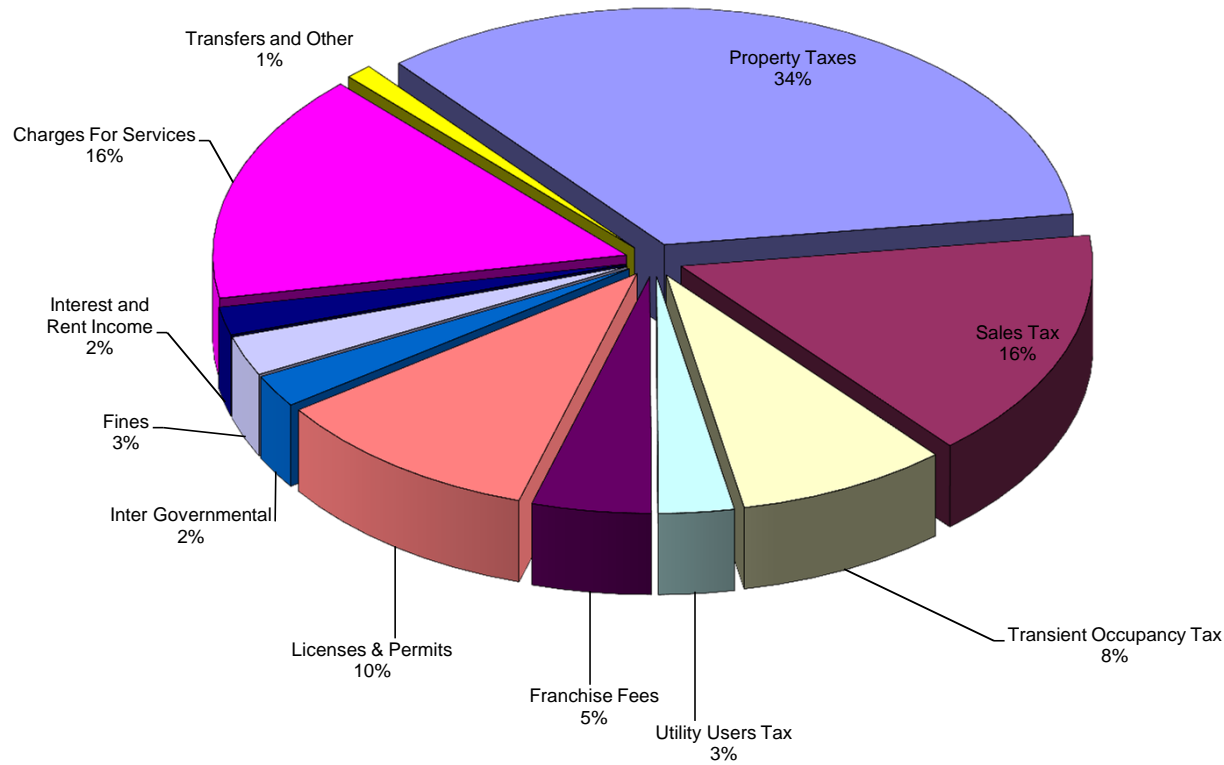
# CITY OF MENLO PARK FISCAL YEAR 2012 – 13



## BUDGET OVERVIEW

Pages 1 through 18 are reserved for the Budget Transmittal letter for the City of Menlo Park. This document will be available for inclusion with the packet for the June 12, 2012 regular Council Meeting agenda when the 2011-12 budget is adopted.

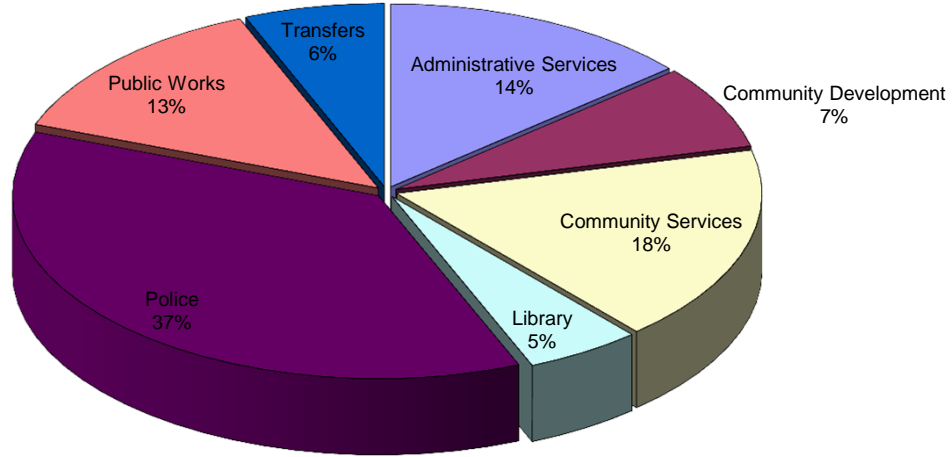
**City of Menlo Park  
2012-13 General Fund Revenue - Budget**



Property Taxes	\$ 13,658,000	33%
Sales Tax	6,330,000	16%
Transient Occupancy Tax	3,326,000	8%
Utility Users Tax	1,180,500	3%
Franchise Fees	1,873,500	5%
Licenses & Permits	4,266,465	11%
Inter Governmental	893,930	2%
Fines	1,085,200	3%
Interest and Rent Income	770,018	2%
Charges For Services	6,326,050	16%
Transfers and Other	418,123	1%
<b>Total Revenue</b>	<b>\$ 40,127,786</b>	

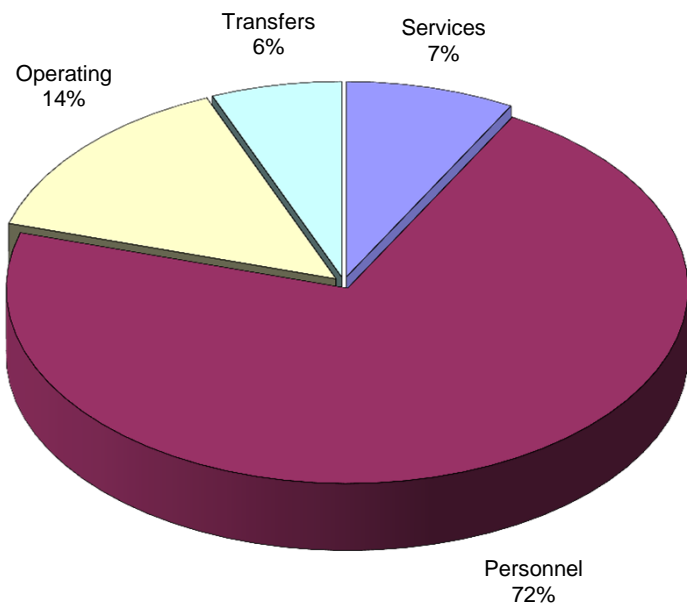


**City of Menlo Park  
2012-13 General Fund Expenditures by Lead Department**



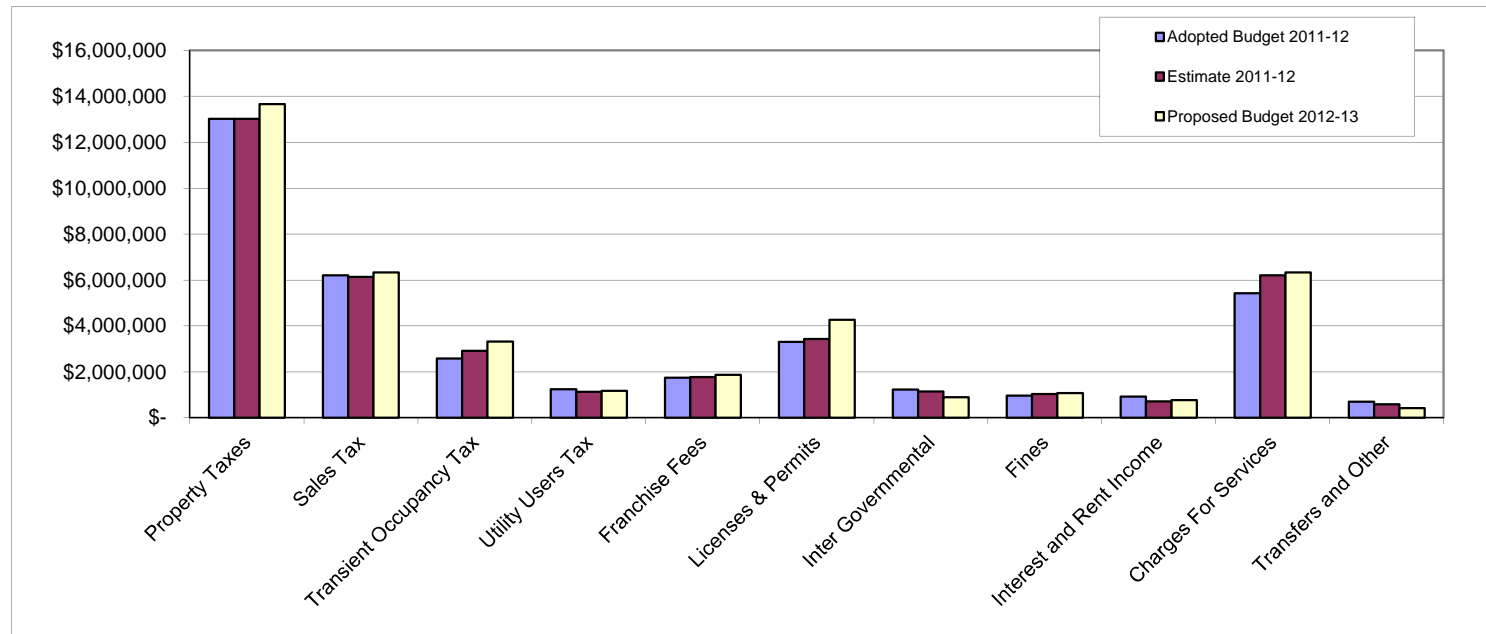
Administrative Services	\$ 5,496,209	14%
Community Development	2,946,137	7%
Community Services	6,936,209	18%
Library	2,042,465	5%
Police	14,706,931	38%
Public Works	5,239,516	13%
Transfers	2,464,328	6%
<b>Total Expenditures</b>	<b>\$39,831,795</b>	

**City of Menlo Park  
2012-13 General Fund Expenditures by Category**



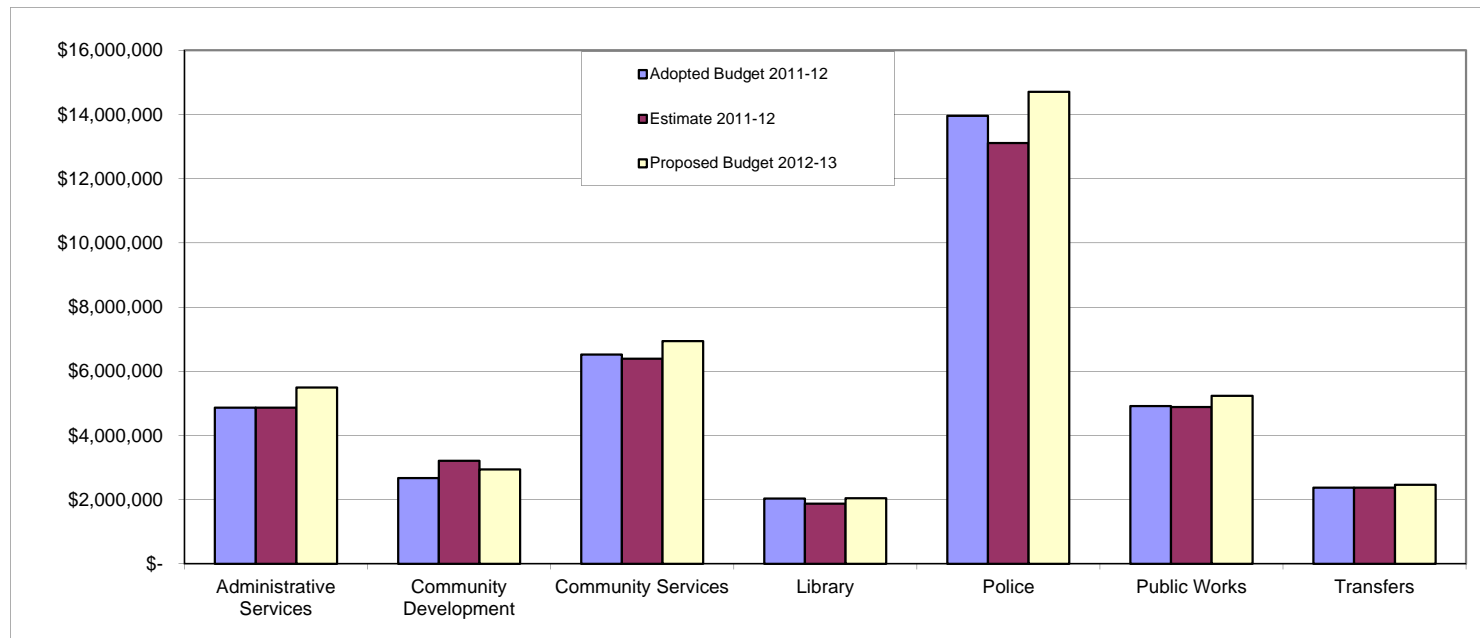
Services	\$ 3,202,401	8%
Personnel	28,496,286	72%
Operating	5,668,780	14%
Transfers	2,464,328	6%
<b>Total Expenditures</b>	<b>\$ 39,831,795</b>	

**City of Menlo Park  
2012-13 General Fund  
Revenue Increase/(Decrease) by Category  
2010-11 Adopted Budget and Estimate vs. 2011-12 Proposed**



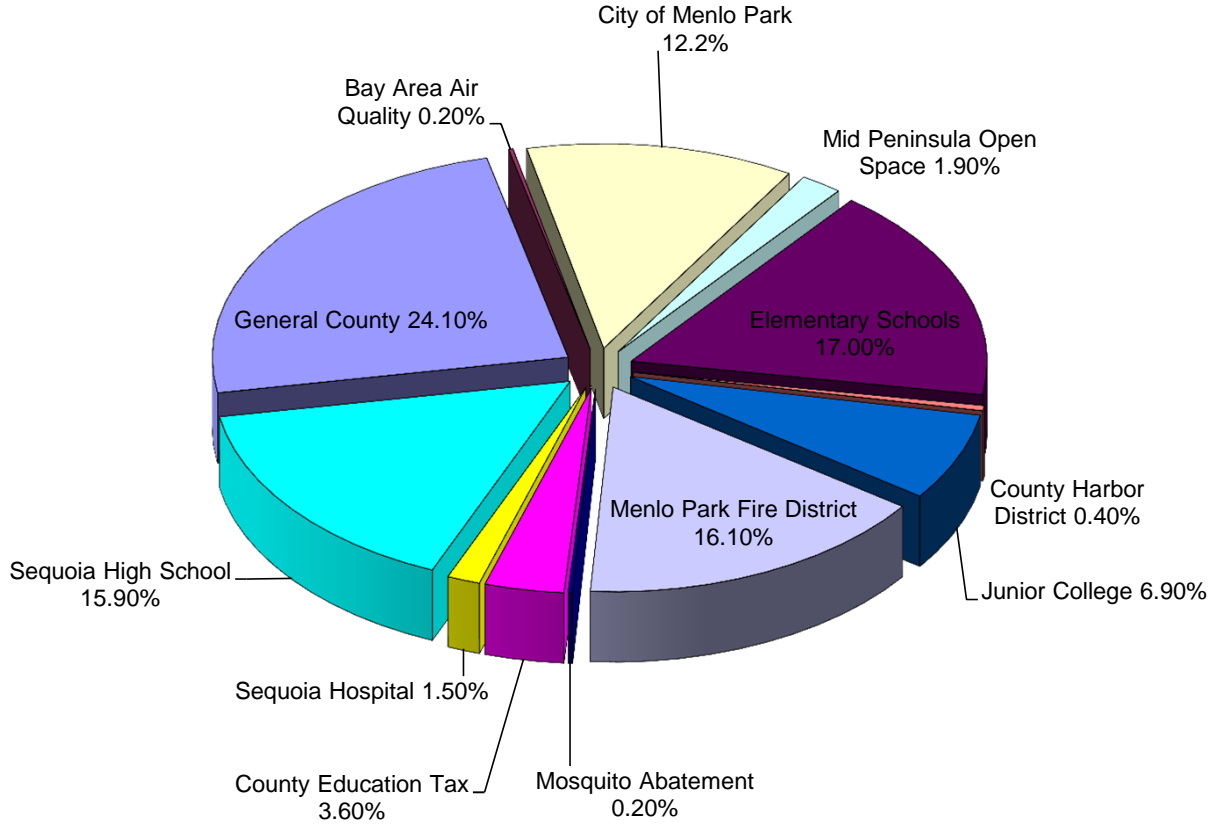
Operating Revenues	Adopted Budget 2011-12	Estimate 2011-12	Proposed Budget 2012-13	2011-12 Adopted Budget vs. Proposed		2011-12 Estimate vs. Proposed	
				Increase/ (Decrease) Amount	Increase/ (Decrease) %	Increase/ (Decrease) Amount	Increase/ (Decrease) %
Property Taxes	\$ 13,021,000	\$ 13,022,600	\$ 13,658,000	\$ 637,000	5%	\$ 635,400	5%
Sales Tax	6,203,000	6,132,000	6,330,000	127,000	2%	198,000	3%
Transient Occupancy Tax	2,580,000	2,920,000	3,326,000	746,000	29%	406,000	14%
Utility Users Tax	1,249,000	1,135,900	1,180,500	(68,500)	-5%	44,600	4%
Franchise Fees	1,743,000	1,769,413	1,873,500	130,500	7%	104,087	6%
Licenses & Permits	3,307,140	3,436,465	4,266,465	959,325	29%	830,000	24%
Inter Governmental	1,227,631	1,153,713	893,930	(333,701)	-27%	(259,783)	-23%
Fines	970,000	1,035,200	1,085,200	115,200	12%	50,000	5%
Interest and Rent Income	925,438	716,000	770,018	(155,420)	-17%	54,018	8%
Charges For Services	5,425,265	6,206,341	6,326,050	900,785	17%	119,709	2%
Transfers and Other	707,125	586,559	418,123	(289,002)	-41%	(168,436)	-29%
<b>Total Revenue</b>	<b>\$ 37,358,599</b>	<b>\$ 38,114,191</b>	<b>\$ 40,127,786</b>	<b>\$ 2,769,187</b>	<b>7.4%</b>	<b>\$ 2,013,595</b>	<b>5%</b>

**City of Menlo Park  
2012-13 General Fund  
Expenditure Increase/(Decrease) by Lead Department  
2010-2011 Adopted Budget and Estimate vs. 2011-12 Proposed**



	Adopted Budget 2011-12	Estimate 2011-12	Proposed Budget 2012-13	2011-12 Adopted Budget vs. Proposed		2011-12 Estimate vs. Proposed	
				Increase/(Decrease) Amount	Increase/(Decrease) %	Increase/(Decrease) Amount	Increase/(Decrease) %
Administrative Services	\$ 4,867,556	\$ 4,870,320	\$ 5,496,209	\$ 628,653	13%	\$ 625,889	13%
Community Development	2,672,129	3,212,359	2,946,137	274,008	10%	(266,222)	-8%
Community Services	6,525,522	6,391,606	6,936,209	410,687	6%	544,603	9%
Library	2,033,990	1,881,445	2,042,465	8,475	0%	161,020	9%
Police	13,962,800	13,115,153	14,706,931	744,131	5%	1,591,778	12%
Public Works	4,918,802	4,891,696	5,239,516	320,714	7%	347,820	7%
Transfers	2,377,800	2,377,800	2,464,328	86,528	4%	86,528	4%
<b>Total Expenditures</b>	<b>\$ 37,358,599</b>	<b>\$ 36,740,379</b>	<b>\$ 39,831,795</b>	<b>\$ 2,473,196</b>	<b>7%</b>	<b>\$ 3,091,416</b>	<b>8%</b>
Total Expenditures less Transfers	34,980,799	34,362,579	37,367,467	2,386,668	7%	3,004,888	9%

# Property Tax Split



General County	24.10%
Bay Area Air Quality	0.20%
City of Menlo Park	12.20%
Mid Peninsula Open Space	1.90%
Elementary Schools	17.00%
County Harbor District	0.40%
Junior College	6.90%
Menlo Park Fire District	16.10%
Mosquito Abatement	0.20%
County Education Tax	3.60%
Sequoia Hospital	1.50%
Sequoia High School	15.90%

**FY 2012-13 BUDGET SUMMARY  
By Department and Program**

	GENERAL FUND				ALL FUNDS			
	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13
<b>700 - Administrative Services Department</b>								
Program 502 - Community Development Area/Agency	-	61,595	22,309	12,000	32,034,953	9,098,751	2,321,814	12,000
Program 701 - Policy Development And City Council Support	854,035	857,640	851,170	993,590	868,786	857,640	851,170	993,590
Program 702 - Service Excellence	260,875	276,164	223,688	293,390	276,164	276,164	223,688	293,390
Program 703 - Elections And Records	108,471	84,613	74,924	120,508	108,471	84,613	74,924	120,508
Program 704 - Community Engagement	166,464	224,361	179,260	222,967	214,470	244,512	214,432	222,967
Program 705 - Asset Preservation	9,973,501	3,659,462	3,628,032	3,821,059	20,306,158	14,187,193	13,920,390	12,653,704
Program 706 - Information Support	828,018	915,449	866,306	975,613	828,018	915,449	866,306	975,613
Program 707 - Internet And World Wide Web	24,029	28,366	40,400	84,450	24,029	28,366	40,400	84,450
Program 708 - Employee Support	787,944	889,706	929,193	824,564	1,422,524	1,470,706	1,416,565	1,405,564
Program 709 - Legal Services	367,352	332,009	244,138	322,195	472,877	521,127	430,045	335,284
Program 710 - Business Development	162,380	217,563	188,700	290,202	196,477	238,952	209,964	290,202
Department Total	<b>13,533,069</b>	<b>7,546,928</b>	<b>7,248,120</b>	<b>7,960,537</b>	<b>56,737,637</b>	<b>27,923,473</b>	<b>20,569,699</b>	<b>17,387,270</b>
<b>600 - Community Development Department</b>								
Program 601 - Comprehensive Planning	340,337	614,081	329,875	124,597	340,337	716,081	431,875	782,403
Program 602 - Land and Building Development Services	2,163,242	2,893,521	2,882,484	2,821,541	2,408,725	3,017,196	3,006,159	2,821,541
Department Total	<b>2,503,579</b>	<b>3,507,602</b>	<b>3,212,359</b>	<b>2,946,137</b>	<b>2,749,062</b>	<b>3,733,277</b>	<b>3,438,034</b>	<b>3,603,944</b>
<b>300 - Community Services Department</b>								
Program 310 - Social Services & Childcare	3,663,026	3,728,401	3,604,398	3,796,758	3,707,767	3,800,807	3,667,967	3,890,251
Program 311 - Recreation/Physical Activities	2,506,128	2,788,051	2,664,418	3,107,609	2,506,828	2,788,751	2,665,118	3,108,309
Program 501 - Affordable Housing	-	135,000	122,791	31,842	8,511,489	4,205,404	6,870,256	94,842
Department Total	<b>6,169,154</b>	<b>6,651,452</b>	<b>6,391,606</b>	<b>6,936,210</b>	<b>14,726,083</b>	<b>10,794,962</b>	<b>13,203,342</b>	<b>7,093,402</b>
<b>400 - Library Department</b>								
Program 401 - Library Collections And Online Resources	1,524,399	1,642,762	1,514,948	1,657,776	1,536,277	1,786,459	1,582,029	1,774,861
Program 402 - Reading Promotion And Life Skills	390,499	391,228	366,498	384,689	682,546	658,152	616,275	645,403
Department Total	<b>1,914,899</b>	<b>2,033,990</b>	<b>1,881,445</b>	<b>2,042,465</b>	<b>2,218,823</b>	<b>2,444,611</b>	<b>2,198,303</b>	<b>2,420,264</b>
<b>100 - Police Department</b>								
Program 101 - Community Safety	9,466,004	9,235,195	8,738,853	10,060,071	10,516,641	10,001,798	15,503,862	10,199,854
Program 102 - Patrol Support	3,170,290	3,214,583	2,889,408	3,158,023	3,181,474	3,235,983	2,910,808	3,179,423
Program 103 - Emergency Preparedness	240,807	261,924	224,477	245,537	240,807	261,924	224,477	245,537
Program 104 - Traffic And School Safety	1,050,796	1,446,917	1,262,416	1,243,300	1,050,796	1,446,917	1,262,416	1,243,300
Department Total	<b>13,927,897</b>	<b>14,158,619</b>	<b>13,115,153</b>	<b>14,706,931</b>	<b>14,989,718</b>	<b>14,946,622</b>	<b>19,901,562</b>	<b>14,868,114</b>
<b>200 - Public Works Department</b>								
Program 201 - City Facilities	2,115,084	2,404,366	2,352,885	2,556,212	23,451,628	33,806,611	20,218,899	12,459,271
Program 202 - Menlo Park Municipal Water District Water Supply	-	-	-	-	5,281,834	7,266,339	5,772,993	6,471,978
Program 203 - City Vehicles And Equipment	292,095	359,104	340,434	366,552	668,479	712,632	693,642	720,309
Program 204 - Urban Forest	231,797	300,735	275,215	298,570	808,473	931,695	888,048	920,342
Program 205 - City-Owned Street And Other Right-Of-Way	1,382,115	1,345,163	1,388,044	1,371,388	1,887,142	2,068,104	2,844,831	1,897,217
Program 206 - Stormwater Management	138,817	176,888	153,758	280,076	454,629	629,877	590,730	617,786
Program 207 - Resource Conservation	72,584	82,553	62,235	72,112	303,518	311,911	267,677	314,862
Program 208 - Transportation Management	284,758	324,222	319,124	294,605	1,582,695	1,798,483	1,570,464	1,768,159
Department Total	<b>4,517,248</b>	<b>4,993,031</b>	<b>4,891,696</b>	<b>5,239,516</b>	<b>34,438,398</b>	<b>47,525,652</b>	<b>32,847,283</b>	<b>25,169,925</b>
City Totals	<b>42,565,846</b>	<b>38,891,622</b>	<b>36,740,380</b>	<b>39,831,795</b>	<b>125,859,720</b>	<b>107,368,597</b>	<b>92,158,223</b>	<b>70,542,918</b>

**FY 2012-13 BUDGET SUMMARY  
By Department, Program and Service**

	GENERAL FUND				ALL FUNDS			
	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13
<b>700 - Administrative Services Department</b>								
Program 502 - Community Development Area/Agency								
Service 502-01 - Policy, Program & Project Development	-	53,340	22,309	12,000	111,086	118,520	2,321,814	12,000
Service 502-02 - Facility Improvement	-	4,455	-	-	28,228,459	5,910,231	-	-
Service 502-03 - Service Enhancement	-	3,800	-	-	3,695,407	3,070,000	-	-
Program Total	-	61,595	22,309	12,000	32,034,953	9,098,751	2,321,814	12,000
Program 701 - Policy Development And City Council Support								
Service 701-01 - Effective Staffing	474,566	449,005	467,832	523,808	474,566	449,005	467,832	523,808
Service 701-02 - Intergovernmental Liaison	225,098	226,860	222,236	283,861	239,849	226,860	222,236	283,861
Service 701-03 - Commissions	45,885	50,757	45,065	52,174	45,885	50,757	45,065	52,174
Service 701-04 - Constituent Assistance	108,486	131,018	116,036	133,747	108,486	131,018	116,036	133,747
Program Total	854,035	857,640	851,170	993,590	868,786	857,640	851,170	993,590
Program 702 - Service Excellence								
Service 702-01 - Priority Setting	136,786	141,080	117,015	143,784	136,786	141,080	117,015	143,784
Service 702-02 - Performance Accountability and Workplace Env.	71,828	81,080	61,269	96,683	71,828	81,080	61,269	96,683
Service 702-03 - Interdepartmental Initiatives	52,261	54,004	45,405	52,923	52,261	54,004	45,405	52,923
Program Total	260,875	276,164	223,688	293,390	260,875	276,164	223,688	293,390
Program 703 - Elections And Records								
Service 703-01 - Coordinated Elections	62,863	37,968	11,610	74,746	62,863	37,968	11,610	74,746
Service 703-02 - Election Records Management	45,608	46,645	63,313	45,761	45,608	46,645	63,313	45,761
Program Total	108,471	84,613	74,924	120,508	108,471	84,613	74,924	120,508
Program 704 - Community Engagement								
Service 704-01 - Community Information	137,011	150,506	144,575	168,404	137,011	150,506	144,575	168,404
Service 704-02 - Community Involvement	26,007	60,453	30,459	40,535	74,013	80,604	65,632	40,535
Service 704-04 - Volunteers	3,446	13,402	4,225	14,027	3,446	13,402	4,225	14,027
Program Total	166,464	224,361	179,260	222,967	214,470	244,512	214,432	222,967
Program 705 - Asset Preservation								
Service 705-01 - Financial Planning	203,955	191,876	180,441	197,494	211,378	200,210	180,441	197,994
Service 705-02 - Investments	33,707	33,451	34,871	34,276	34,429	33,451	34,871	34,276
Service 705-03 - Revenue Management	362,289	372,099	377,649	375,358	2,438,736	1,021,258	820,202	1,004,659
Service 705-04 - Accounting and Reporting	385,997	522,838	496,236	531,077	430,276	556,532	555,631	533,077
Service 705-05 - Accounts Payable and Purchasing	105,609	120,478	112,717	135,649	132,921	140,445	134,534	146,142
Service 705-06 - Risk Management	-	-	-	-	1,384,839	1,215,871	1,080,700	1,223,085
Service 705-07 - General	8,855,308	2,377,800	2,377,800	2,464,328	8,855,308	2,377,800	2,377,800	2,464,328
Service 705-08 - Debt Service	-	-	-	-	6,791,633	8,600,706	8,687,895	6,967,265
Program Total	9,973,501	3,659,462	3,628,032	3,821,059	20,306,158	14,187,193	13,920,390	12,653,704
Program 706 - Information Support								
Service 706-01 - Desktop Maintenance	424,492	501,840	482,288	507,267	424,492	501,840	482,288	507,267
Service 706-02 - Network Infrastructure Maintenance	259,851	237,157	229,469	273,335	259,851	237,157	229,469	273,335
Service 706-03 - Design and Advice	(234)	760	-	1,000	(234)	760	-	1,000
Service 706-04 - Remote Access	3,083	1,075	-	500	3,083	1,075	-	500
Service 706-05 - Printing Support	140,825	174,617	154,549	193,510	140,825	174,617	154,549	193,510
Program Total	828,018	915,449	866,306	975,613	828,018	915,449	866,306	975,613
Program 707 - Internet And World Wide Web								
Service 707-01 - Web Posting	15,682	13,966	22,400	22,950	15,682	13,966	22,400	22,950
Service 707-02 - Interactive Web Services	8,346	14,400	18,000	61,500	8,346	14,400	18,000	61,500
Program Total	24,029	28,366	40,400	84,450	24,029	28,366	40,400	84,450

**FY 2012-13 BUDGET SUMMARY  
By Department, Program and Service**

	<b>GENERAL FUND</b>				<b>ALL FUNDS</b>			
	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13
<b>Program 708 - Employee Support</b>								
Service 708-01 - Employee Compensation System	288,731	270,863	242,718	275,865	288,731	270,863	242,718	275,865
Service 708-02 - Employee Development	12,601	19,793	17,492	15,685	12,601	19,793	17,492	15,685
Service 708-03 - Employee Relations	203,399	250,342	328,856	189,128	203,399	250,342	328,856	189,128
Service 708-04 - Recruitment and Selection	77,187	132,108	122,618	127,286	77,187	132,108	122,618	127,286
Service 708-05 - General Employee Benefits	206,024	216,600	217,508	216,600	840,605	797,600	704,880	797,600
<b>Program Total</b>	<b>787,944</b>	<b>889,706</b>	<b>929,193</b>	<b>824,564</b>	<b>1,422,524</b>	<b>1,470,706</b>	<b>1,416,565</b>	<b>1,405,564</b>
<b>Program 709 - Legal Services</b>								
Service 709-01 - City Council and City Manager Support	79,208	117,249	67,925	78,661	102,675	128,237	91,011	78,661
Service 709-02 - Planning Staff and Planning Commission Support	97,257	46,604	85,402	58,690	97,257	46,604	85,402	58,690
Service 709-03 - Personnel, Risk Management and Other City Prog.	190,887	144,855	90,804	173,605	245,093	305,608	245,931	186,693
Service 709-05 - Successor Agency to the Community Development Agency	-	23,301	6	11,239	27,852	40,678	7,701	11,239
<b>Program Total</b>	<b>367,352</b>	<b>332,009</b>	<b>244,138</b>	<b>322,195</b>	<b>472,877</b>	<b>521,127</b>	<b>430,045</b>	<b>335,284</b>
<b>Program 710 - Business Development</b>								
Service 710-01 - Strategic Partnerships	49,753	91,132	64,449	142,394	83,850	112,521	85,713	142,394
Service 710-02 - Market Information and Research	85,237	75,033	82,673	81,168	85,237	75,033	82,673	81,168
Service 710-03 - Diversifying Tax Base	27,391	51,398	41,577	66,639	27,391	51,398	41,577	66,639
<b>Program Total</b>	<b>162,380</b>	<b>217,563</b>	<b>188,700</b>	<b>290,202</b>	<b>196,477</b>	<b>238,952</b>	<b>209,964</b>	<b>290,202</b>
<b>Department Total</b>	<b>13,533,069</b>	<b>7,546,928</b>	<b>7,248,120</b>	<b>7,960,536</b>	<b>56,737,637</b>	<b>27,923,473</b>	<b>20,569,699</b>	<b>17,387,270</b>
<b>600 - Community Development Department</b>								
<b>Program 601 - Comprehensive Planning</b>								
Service 601-01 - General Plan	307,316	561,920	310,466	60,974	307,316	561,920	310,466	718,780
Service 601-02 - Zoning Ord. & Related Documents	33,021	52,161	19,409	63,623	33,021	154,161	121,409	63,623
<b>Program Total</b>	<b>340,337</b>	<b>614,081</b>	<b>329,875</b>	<b>124,597</b>	<b>340,337</b>	<b>716,081</b>	<b>431,875</b>	<b>782,403</b>
<b>Program 602 - Land and Building Development Services</b>								
Service 602-01 - Pre-Application Information	250,649	270,914	244,553	271,507	250,649	270,914	244,553	271,507
Service 602-02 - Zoning Review	667,813	1,181,581	1,248,216	1,044,247	913,296	1,305,256	1,371,891	1,044,247
Service 602-03 - Plan Check and Permitting	730,484	897,952	865,511	950,466	730,484	897,952	865,511	950,466
Service 602-04 - Inspecting and Monitoring	514,296	543,074	524,204	555,320	514,296	543,074	524,204	555,320
<b>Program Total</b>	<b>2,163,242</b>	<b>2,893,521</b>	<b>2,882,484</b>	<b>2,821,541</b>	<b>2,408,725</b>	<b>3,017,196</b>	<b>3,006,159</b>	<b>2,821,541</b>
<b>Department Total</b>	<b>2,503,579</b>	<b>3,507,602</b>	<b>3,212,359</b>	<b>2,946,137</b>	<b>2,749,062</b>	<b>3,733,277</b>	<b>3,438,034</b>	<b>3,603,944</b>



**FY 2012-13 BUDGET SUMMARY  
By Department, Program and Service**

	GENERAL FUND				ALL FUNDS			
	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13
<b>300 - Community Services Department</b>								
Program 310 - Social Services & Childcare								
Service 310-01 - Seniors	405,767	417,834	429,708	462,433	405,767	417,834	429,708	462,433
Service 310-02 - Pre-School Child Care	1,981,913	1,997,668	1,929,632	2,171,799	1,981,913	1,997,668	1,929,632	2,171,799
Service 310-03 - Peninsula Partnership	20,697	30,535	42,284	40,209	65,437	102,941	105,854	133,702
Service 310-04 - School-Age Child Care	755,469	748,153	720,694	549,325	755,469	748,153	720,694	549,325
Service 310-05 - Teen Programs	-	-	-	-	-	-	-	-
Service 310-06 - Neighborhood Services	499,179	534,211	482,080	572,993	499,179	534,211	482,080	572,993
Program Total	<b>3,663,026</b>	<b>3,728,401</b>	<b>3,604,398</b>	<b>3,796,758</b>	<b>3,707,767</b>	<b>3,800,807</b>	<b>3,667,967</b>	<b>3,890,251</b>
Program 311 - Recreation/Physical Activities								
Service 311-01 - Youth Sports	316,175	387,217	364,948	433,540	316,175	387,217	364,948	433,540
Service 311-02 - Adult Sports	229,646	281,472	283,148	276,056	229,646	281,472	283,148	276,056
Service 311-03 - Gymnastics	617,355	613,759	568,658	878,445	617,355	613,759	568,658	878,445
Service 311-04 - Aquatics	325,136	236,081	238,410	228,025	325,136	236,081	238,410	228,025
Service 311-05 - Contract Classes	673,133	784,927	768,000	865,946	673,133	784,927	768,000	865,946
Service 311-06 - Events & Concerts	177,615	198,601	210,750	211,048	178,315	199,301	211,450	211,748
Service 311-07 - Community Facilities Service	167,067	285,994	230,505	214,549	167,067	285,994	230,505	214,549
Program Total	<b>2,506,128</b>	<b>2,788,051</b>	<b>2,664,418</b>	<b>3,107,609</b>	<b>2,506,828</b>	<b>2,788,751</b>	<b>2,665,118</b>	<b>3,108,309</b>
Program 501 - Affordable Housing								
Service 501-01 - Increase Supply of Affordable Housing	-	46,000	42,391	14,233	7,935,064	3,731,541	836,260	14,233
Service 501-02 - Maintain Existing Affordable Housing Stock	-	62,000	44,703	8,673	389,113	233,302	5,883,104	71,673
Service 501-05 - Policy Development	-	27,000	35,697	8,936	187,312	240,561	150,892	8,936
Program Total	-	<b>135,000</b>	<b>122,791</b>	<b>31,842</b>	<b>8,511,489</b>	<b>4,205,404</b>	<b>6,870,256</b>	<b>94,842</b>
Department Total	<b>6,169,154</b>	<b>6,651,452</b>	<b>6,391,606</b>	<b>6,936,210</b>	<b>14,726,083</b>	<b>10,794,962</b>	<b>13,203,342</b>	<b>7,093,402</b>
<b>400 - Library Department</b>								
Program 401 - Library Collections And Online Resources								
Service 401-01 - Library Materials	539,099	555,322	547,213	577,798	538,976	601,322	588,663	673,798
Service 401-02 - Circulation	516,857	607,102	506,572	629,155	516,857	607,102	506,572	629,155
Service 401-03 - User Assistance	468,444	480,338	461,163	450,823	480,444	578,035	486,794	471,908
Program Total	<b>1,524,399</b>	<b>1,642,762</b>	<b>1,514,948</b>	<b>1,657,776</b>	<b>1,536,277</b>	<b>1,786,459</b>	<b>1,582,029</b>	<b>1,774,861</b>
Program 402 - Reading Promotion And Life Skills								
Service 402-01 - Programs and events	82,487	73,171	76,264	80,181	139,547	149,285	146,901	158,050
Service 402-02 - Foster community	38,932	47,125	39,195	47,715	38,932	47,125	39,195	47,715
Service 402-03 - Teaching	-	-	41	-	234,987	190,810	179,179	182,844
Service 402-04 - Belle Haven	269,080	270,932	250,999	256,794	269,080	270,932	250,999	256,794
Program Total	<b>390,499</b>	<b>391,228</b>	<b>366,498</b>	<b>384,689</b>	<b>682,546</b>	<b>658,152</b>	<b>616,275</b>	<b>645,403</b>
Department Total	<b>1,914,899</b>	<b>2,033,990</b>	<b>1,881,445</b>	<b>2,042,465</b>	<b>2,218,823</b>	<b>2,444,611</b>	<b>2,198,303</b>	<b>2,420,264</b>
<b>100 - Police Department</b>								
Program 101 - Community Safety								
101-01 - Patrol Service	7,468,239	6,646,851	5,908,092	6,914,603	7,540,915	6,776,634	6,042,906	7,044,386
101-02 - Investigations	1,173,073	1,249,544	1,288,501	1,198,353	1,173,073	1,249,544	1,288,501	1,198,353
101-04 - Community Outreach	664,155	766,896	694,674	768,033	664,155	766,896	694,674	768,033
101-05 - Narcotic Abatement	60,277	327,091	513,673	849,266	687,316	671,460	6,952,804	859,266
101-06 - Code Enforcement	100,260	244,813	333,913	329,817	451,182	537,264	524,977	329,817
Program Total	<b>9,466,004</b>	<b>9,235,195</b>	<b>8,738,853</b>	<b>10,060,071</b>	<b>10,516,641</b>	<b>10,001,798</b>	<b>15,503,862</b>	<b>10,199,854</b>

**FY 2012-13 BUDGET SUMMARY  
By Department, Program and Service**

	GENERAL FUND				ALL FUNDS			
	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13
Program 102 - Patrol Support								
102-01 - Dispatch	1,972,317	1,717,214	1,659,069	1,613,053	1,972,317	1,717,214	1,659,069	1,613,053
102-02 - Records Management	530,300	588,379	506,299	546,196	530,300	588,379	506,299	546,196
102-04 - Police Training	268,231	443,195	327,095	439,536	268,231	443,195	327,095	439,536
102-05 - Parking Management	399,442	465,795	396,945	559,239	410,626	487,195	418,345	580,639
Program Total	<b>3,170,290</b>	<b>3,214,583</b>	<b>2,889,408</b>	<b>3,158,023</b>	<b>3,181,474</b>	<b>3,235,983</b>	<b>2,910,808</b>	<b>3,179,423</b>
Program 103 - Emergency Preparedness								
103-01 - Information Outreach	55,899	61,601	48,690	40,955	55,899	61,601	48,690	40,955
103-02 - Disaster Management Coordination	144,151	165,332	152,083	168,359	144,151	165,332	152,083	168,359
103-03 - Emergency Preparedness Training	40,757	34,991	23,703	36,223	40,757	34,991	23,703	36,223
Program Total	<b>240,807</b>	<b>261,924</b>	<b>224,477</b>	<b>245,537</b>	<b>240,807</b>	<b>261,924</b>	<b>224,477</b>	<b>245,537</b>
Program 104 - Traffic And School Safety								
104-01 - Public Traffic Safety Education	49,166	129,729	155,644	89,372	49,166	129,729	155,644	89,372
104-02 - Enforcement of Traffic Laws	1,001,631	1,317,188	1,106,772	1,153,928	1,001,631	1,317,188	1,106,772	1,153,928
Program Total	<b>1,050,796</b>	<b>1,446,917</b>	<b>1,262,416</b>	<b>1,243,300</b>	<b>1,050,796</b>	<b>1,446,917</b>	<b>1,262,416</b>	<b>1,243,300</b>
Department Total	<b>13,927,897</b>	<b>14,158,619</b>	<b>13,115,153</b>	<b>14,706,931</b>	<b>14,989,718</b>	<b>14,946,622</b>	<b>19,901,562</b>	<b>14,868,114</b>
<b>200 - Public Works Department</b>								
Program 201 - City Facilities								
Service 201-01 - Facility/Field Capital Projects	12,369	36,789	-	-	20,942,679	30,736,020	17,366,626	9,453,347
Service 201-02 - Facility Maintenance	1,166,043	1,271,338	1,293,370	1,339,869	1,166,043	1,271,338	1,293,370	1,339,869
Service 201-03 - Field/Grounds Maintenance	936,671	1,096,239	1,059,514	1,216,343	1,342,907	1,799,253	1,558,903	1,666,056
Program Total	<b>2,115,084</b>	<b>2,404,366</b>	<b>2,352,885</b>	<b>2,556,212</b>	<b>23,451,628</b>	<b>33,806,611</b>	<b>20,218,899</b>	<b>12,459,271</b>
Program 202 - Menlo Park Municipal Water District Water Supply								
Service 202-01 - Water Delivery System	-	-	-	-	3,990,293	5,555,795	5,421,435	6,103,950
Service 202-02 - Water Supply	-	-	-	-	1,291,541	1,710,544	351,558	368,027
Program Total	-	-	-	-	<b>5,281,834</b>	<b>7,266,339</b>	<b>5,772,993</b>	<b>6,471,978</b>
Program 203 - City Vehicles And Equipment								
Service 203-01 - Vehicle Replacement	10,299	13,954	11,747	15,794	276,901	323,754	321,547	325,594
Service 203-02 - Vehicle Repair and Maintenance	281,796	345,150	328,687	350,758	391,578	388,878	372,094	394,715
Program Total	<b>292,095</b>	<b>359,104</b>	<b>340,434</b>	<b>366,552</b>	<b>668,479</b>	<b>712,632</b>	<b>693,642</b>	<b>720,309</b>
Program 204 - Urban Forest								
Service 204-02 - City Tree Maintenance	149,708	214,385	195,510	212,405	726,384	845,345	808,344	834,177
Service 204-03 - Heritage Trees	82,089	86,350	79,704	86,165	82,089	86,350	79,704	86,165
Program Total	<b>231,797</b>	<b>300,735</b>	<b>275,215</b>	<b>298,570</b>	<b>808,473</b>	<b>931,695</b>	<b>888,048</b>	<b>920,342</b>
Program 205 - City-Owned Street And Other Right-Of-Way								
Service 205-01 - Right-of-Way Maintenance/Repair	456,056	457,008	421,741	461,244	490,781	552,450	467,014	562,455
Service 205-02 - Street Fixture Maintenance	231,816	263,025	247,225	223,662	231,789	263,025	247,225	223,662
Service 205-03 - Median/Roadway Landscaping	350,766	361,873	394,281	345,021	468,572	514,689	542,689	503,626
Service 205-04 - Street Cleaning	155	-	-	55,000	256,379	274,732	274,450	241,650
Service 205-05 - Right-of-Way Encroachments	343,321	263,257	324,796	286,461	439,621	463,208	1,313,453	365,823
Program Total	<b>1,382,115</b>	<b>1,345,163</b>	<b>1,388,044</b>	<b>1,371,388</b>	<b>1,887,142</b>	<b>2,068,104</b>	<b>2,844,831</b>	<b>1,897,217</b>

**FY 2012-13 BUDGET SUMMARY  
By Department, Program and Service**

	<b>GENERAL FUND</b>				<b>ALL FUNDS</b>			
	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13	Actual 2010-11	Budget 2011-12	Estimate 2011-12	Proposed 2012-13
Program 206 - Stormwater Management								
Service 206-01 - Storm Drain System	67,528	75,085	72,919	73,649	67,528	75,085	72,919	73,649
Service 206-02 - FEMA Compliance	21,022	38,223	34,195	33,543	21,022	38,223	34,195	33,543
Service 206-03 - Stormwater Pollution Prevention	38,000	43,842	32,569	44,823	219,400	292,312	268,526	247,219
Service 206-04 - Creek Management	12,267	19,738	14,075	128,061	146,678	224,257	215,089	263,374
Program Total	<b>138,817</b>	<b>176,888</b>	<b>153,758</b>	<b>280,076</b>	<b>454,629</b>	<b>629,877</b>	<b>590,730</b>	<b>617,786</b>
Program 207 - Resource Conservation								
Service 207-01 - Solid Waste Management	-	-	-	-	230,934	229,358	205,442	242,750
Service 207-02 - Sustainable Environmental Practices	72,584	82,553	62,235	72,112	72,584	82,553	62,235	72,112
Program Total	<b>72,584</b>	<b>82,553</b>	<b>62,235</b>	<b>72,112</b>	<b>303,518</b>	<b>311,911</b>	<b>267,677</b>	<b>314,862</b>
Program 208 - Transportation Management								
Service 208-01 - Congestion Management	129,168	135,482	138,650	139,921	536,765	579,192	537,075	663,048
Service 208-02 - Transportation Demand Management	49,125	50,697	51,217	35,357	550,346	621,448	539,224	582,280
Service 208-04 - Street Signage & Markings	54,864	97,424	83,008	97,373	311,262	338,068	291,575	306,853
Service 208-05 - Safe Routes to School	7,076	8,260	7,240	3,007	76,435	83,636	70,070	69,233
Service 208-06 - Neighborhood Traffic Management	44,525	32,359	39,010	18,947	107,887	176,139	132,521	146,746
Program Total	<b>284,758</b>	<b>324,222</b>	<b>319,124</b>	<b>294,605</b>	<b>1,582,695</b>	<b>1,798,483</b>	<b>1,570,464</b>	<b>1,768,159</b>
Department Total	<b>4,517,248</b>	<b>4,993,031</b>	<b>4,891,696</b>	<b>5,239,516</b>	<b>34,438,398</b>	<b>47,525,652</b>	<b>32,847,283</b>	<b>25,169,925</b>
City Total	<b>42,565,846</b>	<b>38,891,622</b>	<b>36,740,380</b>	<b>39,831,795</b>	<b>125,859,720</b>	<b>107,368,597</b>	<b>92,158,223</b>	<b>70,542,918</b>

**FY 2012-13 FTE SCHEDULE  
By Department and Program**

	<u>GENERAL FUND</u>		<u>ALL FUNDS</u>	
	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>
<b>700 - Administrative Services Department</b>				
Program 502 - Community Development Area/Agency	0.00	0.00	0.35	0.00
Program 701 - Policy Development and City Council Support	8.30	8.40	8.30	8.40
Program 702 - Service Excellence	0.90	0.98	0.90	0.98
Program 703 - Elections and Records	0.40	0.40	0.40	0.40
Program 704 - Community Engagement	0.55	0.60	0.87	0.60
Program 705 - Asset Preservation	7.27	8.28	8.78	9.26
Program 706 - Information Support	3.57	3.57	3.57	3.57
Program 708 - Employee Support	2.81	2.33	2.81	2.33
Program 709 - Legal Services	0.65	0.92	1.00	1.00
Program 710 - Business Development	1.25	1.50	1.52	1.50
Department Total	<u>25.70</u>	<u>26.98</u>	<u>28.49</u>	<u>28.04</u>
<b>600 - Community Development Department</b>				
Program 601 - Comprehensive Planning	1.41	0.60	1.41	1.40
Program 602 - Land and Building Development Services	14.81	16.29	14.81	16.29
Department Total	<u>16.21</u>	<u>16.88</u>	<u>16.21</u>	<u>17.68</u>
<b>300 - Community Services Department</b>				
Program 310 - Social Services and Childcare	33.15	31.49	33.68	32.24
Program 311 - Recreation/Physical Activities	13.85	15.08	13.85	15.08
Program 501 - Affordable Housing	0.00	1.00	3.21	1.00
Department Total	<u>47.00</u>	<u>47.57</u>	<u>50.74</u>	<u>48.32</u>
<b>400 - Library Department</b>				
Program 401 - Library Collections and Online Resources	9.24	9.34	9.24	9.34
Program 402 - Reading Promotion and Life Skills	2.66	2.56	4.51	4.41
Department Total	<u>11.90</u>	<u>11.90</u>	<u>13.75</u>	<u>13.75</u>
<b>100 - Police Department</b>				
Program 101 - Community Safety	37.67	43.72	42.27	43.72
Program 102 - Patrol Support	23.92	19.42	23.92	19.42
Program 103 - Emergency Preparedness	0.70	0.60	0.70	0.60
Program 104 - Traffic and School Safety	6.86	6.01	6.86	6.01
Department Total	<u>69.15</u>	<u>69.75</u>	<u>73.75</u>	<u>69.75</u>
<b>200 - Public Works Department</b>				
Program 201 - City Facilities	13.21	13.33	22.75	21.97
Program 202 - Menlo Park Municipal Water District Water Supply	0.00	0.00	5.19	5.28
Program 203 - City Vehicles and Equipment	1.83	1.84	2.17	2.15
Program 204 - Urban Forest	2.48	2.25	4.84	4.84
Program 205 - City-Owned Street and Other Right-of-Way	6.30	6.45	9.08	8.38
Program 206 - Stormwater Management	0.98	0.85	2.05	1.94
Program 207 - Resource Conservation	0.53	0.54	1.85	1.82
Program 208 - Transportation Management	1.95	1.82	5.90	5.84
Department Total	<u>27.28</u>	<u>27.08</u>	<u>53.81</u>	<u>52.21</u>
City Totals	<u>197.23</u>	<u>200.16</u>	<u>236.75</u>	<u>229.75</u>

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CITY OF MENLO PARK  
FISCAL YEAR 2012 – 13



ADMINISTRATIVE SERVICES DEPARTMENT



**LEAD DEPARTMENT: Community Development**

**PROGRAM: 502 - COMMUNITY DEVELOPMENT AREA/AGENCY**

Description: Improve the standard of living for residents in the Las Pulgas Community Development Project Area by removing blighted conditions, providing beneficial services, and improving the physical quality of the area.

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	<u>Actual 2010-2011</u>	<u>Budget 2011-2012</u>	<u>Estimate 2011-2012</u>	<u>Proposed 2012-2013</u>
502-01 - Policy, Program & Project Development	\$ 111,086	\$ 118,520	\$ 2,321,814	\$ 12,000
502-02 - Facility Improvement	28,228,459	5,910,231	-	-
502-03 - Service Enhancement	3,695,407	3,070,000	-	-
<b>Program Total</b>	<u>\$ 32,034,953</u>	<u>\$ 9,098,751</u>	<u>\$ 2,321,814</u>	<u>\$ 12,000</u>



**LEAD DEPARTMENT: Community Development**

**PROGRAM: 502 - COMMUNITY DEVELOPMENT AREA/AGENCY**

Description: Improve the standard of living for residents in the Las Pulgas Community Development Project Area by removing blighted conditions, providing beneficial services, and improving the physical quality of the area.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
502-01 - Policy, Program & Project Development: Monitor, revise and update the Las Pulgas Community Development Plan to accomplish the goals of the Plan, including the removal of blighted conditions, and to meet State reporting requirements.	Program discontinued due to dissolution of the Redevelopment Agency	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 111,086</b>	<b>100%</b>	<b>\$ 118,520</b>	<b>100%</b>	<b>\$ 2,321,814</b>	<b>100%</b>	<b>\$ 12,000</b>	<b>100%</b>
Personnel	54,715	49%	72,368	61%	36,814	2%	-	0%
Operating	27,251	25%	12,781	11%	2,285,000	98%	12,000	100%
Services	29,120	26%	33,371	28%	-	0%	-	0%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ -	0%	\$ 53,340	45%	\$ 22,309	1%	\$ 12,000	100%
Community Development Agency Non-Housing	67,892	61%	0	0%	0	0%	0	0%
Redevelopment Services Agreement	(10,956,806)	-9863%	(1,349,965)	-1139%	2,299,505	99%	-	0%
Other Financing Sources	11,000,000	9902%	1,415,145	1194%	-	0%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 502 - COMMUNITY DEVELOPMENT AREA/AGENCY**

Description: Improve the standard of living for residents in the Las Pulgas Community Development Project Area by removing blighted conditions, providing beneficial services, and improving the physical quality of the area.

<b>SERVICES:</b>	<b>RESULTS:</b>				<b>STATUS:</b>			
502-02 - Facility Improvement: Conduct land use studies, perform redevelopment related activities and provide funding for projects required to improve and replace facilities and infrastructure in the Las Pulgas Community Development Project Area.	Program discontinued due to dissolution of the Redevelopment Agency							
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 28,228,459</b>	<b>100%</b>	<b>\$ 5,910,231</b>	<b>100%</b>	<b>\$ -</b>	<b>0%</b>	<b>\$ -</b>	<b>0%</b>
Operating	28,195,563	100%	5,904,800	100%	-	0%	-	0%
Services	32,903	0%	5,431	0%	-	0%	-	0%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ -	0%	\$ 4,455	0%	\$ -	0%	\$ -	0%
Community Development Agency Non-Housing	14,322,198	51%	(3,070,000)	-52%	-	0%	-	0%
Redevelopment Services Agreement	(28,385)	0%	76,076	1%	-	0%	-	0%
Taxes	8,900,204	32%	8,899,700	151%	-	0%	-	0%
Interest and Rent Income	34,442	0%	0	0%	0	0%	0	0%
Other Financing Sources	5,000,000	18%	0	0%	0	0%	0	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 502 - COMMUNITY DEVELOPMENT AREA/AGENCY**

Description: Improve the standard of living for residents in the Las Pulgas Community Development Project Area by removing blighted conditions, providing beneficial services, and improving the physical quality of the area.

<b>SERVICES:</b>	<b>RESULTS:</b>				<b>STATUS:</b>			
502-03 - Service Enhancement: Provide funding for non-housing services in the Las Pulgas Community Development Project Area through direct funding for services and pass-through funding to agencies.	Program discontinued due to dissolution of the Redevelopment Agency							
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 3,695,407</b>	<b>100%</b>	<b>\$ 3,070,000</b>	<b>100%</b>	<b>\$ -</b>	<b>0%</b>	<b>\$ -</b>	<b>0%</b>
Operating	3,695,407	100%	3,070,000	100%	-	0%	-	0%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ -	0%	\$ 3,800	0%	\$ -	0%	\$ -	0%
Community Development Agency Non-Housing	3,291,877	89%	3,070,000	100%	-	0%	-	0%
Redevelopment Services Agreement	403,531	11%	(3,800)	0%	-	0%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 701 - POLICY DEVELOPMENT AND CITY COUNCIL SUPPORT**

Description: City policies are clear, coherent and consistent with a commitment to the long-term interests of the community. Council members, both individually and as the City's policymaking body, are effectively supported in their roles as elected leaders.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
701-01 - Effective Staffing	\$ 474,566	\$ 449,005	\$ 467,832	\$ 523,808
701-02 - Intergovernmental Liaison	239,849	226,860	222,236	283,861
701-03 - Commissions	45,885	50,757	45,065	52,174
701-04 - Constituent Assistance	108,486	131,018	116,036	133,747
<b>Program Total</b>	<b>\$ 868,786</b>	<b>\$ 857,640</b>	<b>\$ 851,170</b>	<b>\$ 993,590</b>

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 701 - POLICY DEVELOPMENT AND CITY COUNCIL SUPPORT**

Description: City policies are clear, coherent and consistent with a commitment to the long-term interests of the community. Council members, both individually and as the City's policymaking body, are effectively supported in their roles as elected leaders.

**SERVICES:**

701-01 - Effective Staffing: Provide comprehensive, unbiased expertise and valued assistance to the City Council in terms of thorough staff reports, thoughtful and strategic recommendations, effective presentations, on time and within budget project delivery, and meeting and administrative support.

**RESULTS:**

Annual Council survey indicates 80% of Council members rate overall satisfaction with staff support as satisfied or very satisfied.

Bi-Annual Community Survey shows resident perception of "value of services for taxes paid" rates higher than benchmark.

Bi-Annual Community Survey shows resident perception of overall image or reputation of Menlo Park rates higher than benchmark.

Bi-Annual Community Survey shows resident perception of "overall direction Menlo Park is taking" rates higher than benchmark.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 474,566</b>	<b>100%</b>	<b>\$ 449,005</b>	<b>100%</b>	<b>\$ 467,832</b>	<b>100%</b>	<b>\$ 523,808</b>	<b>100%</b>
Personnel	452,869	95%	412,692	92%	439,750	94%	477,364	91%
Operating	21,041	4%	29,813	7%	23,582	5%	38,944	7%
Services	656	0%	6,500	1%	4,500	1%	7,500	1%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 473,213	100%	\$ 447,355	100%	\$ 467,832	100%	\$ 523,808	100%
Interest and Rent Income	1,084	0%	700	0%	-	0%	-	0%
Charges For Services	268	0%	950	0%	-	0%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 701 - POLICY DEVELOPMENT AND CITY COUNCIL SUPPORT**

Description: City policies are clear, coherent and consistent with a commitment to the long-term interests of the community. Council members, both individually and as the City's policymaking body, are effectively supported in their roles as elected leaders.

**SERVICES:**

701-02 - Intergovernmental Liaison: Effectively represent the City's interests so that they are duly considered in the decisions of other agencies that potentially impact Menlo Park.

**RESULTS:**

80% of regional NOP's, EIR's, etc and decisions of regional bodies (PCC, SBWMA, CCAG, etc) receive a response stating the City's position.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 239,849</b>	<b>100%</b>	<b>\$ 226,860</b>	<b>100%</b>	<b>\$ 222,236</b>	<b>100%</b>	<b>\$ 283,861</b>	<b>100%</b>
Personnel	65,686	27%	57,772	25%	56,061	25%	64,911	23%
Operating	174,163	73%	169,088	75%	166,175	75%	218,951	77%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 210,347	88%	\$ 226,860	100%	\$ 222,236	100%	\$ 283,861	100%
Burgess Award Fund	14,750	6%	0	0%	0	0%	0	0%
Other Financing Sources	14,751	6%	0	0%	0	0%	0	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 701 - POLICY DEVELOPMENT AND CITY COUNCIL SUPPORT**

Description: City policies are clear, coherent and consistent with a commitment to the long-term interests of the community. Council members, both individually and as the City's policymaking body, are effectively supported in their roles as elected leaders.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
701-03 - Commissions: Recruit and train commissioners so that they are considered to be in synch with and an integral part of the City's policy development and decision-making processes.	Commissioners rate their work as supportive of Council goals at an 80% satisfaction level.  At least two applications are received for each vacancy 90% of the time within the initial deadline.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 45,885</b>	<b>100%</b>	<b>\$ 50,757</b>	<b>100%</b>	<b>\$ 45,065</b>	<b>100%</b>	<b>\$ 52,174</b>	<b>100%</b>
Personnel	42,240	92%	46,685	92%	41,340	92%	47,074	90%
Operating	501	1%	572	1%	225	0%	600	1%
Services	3,144	7%	3,500	7%	3,500	8%	4,500	9%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 45,885	100%	\$ 50,757	100%	\$ 45,065	100%	\$ 52,174	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 701 - POLICY DEVELOPMENT AND CITY COUNCIL SUPPORT**

Description: City policies are clear, coherent and consistent with a commitment to the long-term interests of the community. Council members, both individually and as the City's policymaking body, are effectively supported in their roles as elected leaders.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
701-04 - Constituent Assistance: Ensure that the City Council gets timely and useful input and feedback on issues, and provide helpful information and referral to residents with questions, comments and concerns.	Constituent complaints/requests sent to the City Council (Direct Connect and CCIN) are resolved on average within 5 business days.  Annual Council survey indicates 80% of Council members feel staff always or almost always provide timely response to Council member and constituent issues and questions.	

	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Total Expenditures</b>	<b>\$ 108,486</b>	<b>100%</b>	<b>\$ 131,018</b>	<b>100%</b>	<b>\$ 116,036</b>	<b>100%</b>	<b>\$ 133,747</b>	<b>100%</b>
Personnel	105,303	97%	127,900	98%	113,736	98%	130,450	98%
Operating	3,183	3%	3,118	2%	2,300	2%	3,296	2%
	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Funding Source *</b>								
General Fund	\$ 108,486	100%	\$ 131,018	100%	\$ 116,036	100%	\$ 133,747	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 702 - SERVICE EXCELLENCE**

Description: To facilitate and ensure the delivery of high quality, cost effective City services that are responsive to the community's needs, meet or exceed expectations, accomplish the City Council's goals and achieve continuously improved results.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
702-01 - Priority Setting	\$ 136,786	\$ 141,080	\$ 117,015	\$ 143,784
702-02 - Performance Accountability	71,828	81,080	61,269	96,683
702-03 - Interdepartmental Initiatives	52,261	54,004	45,405	52,923
<b>Program Total</b>	<u>\$ 260,875</u>	<u>\$ 276,164</u>	<u>\$ 223,688</u>	<u>\$ 293,390</u>

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 702 - SERVICE EXCELLENCE**

Description: To facilitate and ensure the delivery of high quality, cost effective City services that are responsive to the community's needs, meet or exceed expectations, accomplish the City Council's goals and achieve continuously improved results.

**SERVICES:**

702-01 - Priority Setting: Identify community needs and expectations through surveys, workshops and outreach, and clearly link them to the City's funding priorities and service levels.

**RESULTS:**

The City undertakes a process to identify Council priorities, and uses this information to develop an annual budget which is adopted on time.

Annual Council survey indicates 80% of Council members feel staff always or almost always provide Council with adequate opportunities to discuss long-term plans and issues through study sessions and goal setting processes.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 136,786</b>	<b>100%</b>	<b>\$ 141,080</b>	<b>100%</b>	<b>\$ 117,015</b>	<b>100%</b>	<b>\$ 143,784</b>	<b>100%</b>
Personnel	128,079	94%	119,878	85%	104,815	90%	122,643	85%
Operating	8,707	6%	21,202	15%	12,200	10%	21,141	15%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 136,786	100%	\$ 141,080	100%	\$ 117,015	100%	\$ 143,784	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 702 - SERVICE EXCELLENCE**

Description: To facilitate and ensure the delivery of high quality, cost effective City services that are responsive to the community's needs, meet or exceed expectations, accomplish the City Council's goals and achieve continuously improved results.

**SERVICES:**

702-02 - Performance  
 Accountability: Create an organizational structure and the internal systems required so that all employees share the responsibility for cost effective service delivery, objectively measure and monitor performance results and employ creative approaches. Foster team work, learning, individual initiative and appropriate customer-focused risk-taking.

**RESULTS:**

Bi-Annual Community Survey shows resident perception of services provided by the City of Menlo Park rate above benchmark.  
 Bi-Annual Community Survey shows resident perception of City of Menlo Park employees rate above benchmark.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 71,828</b>	<b>100%</b>	<b>\$ 81,080</b>	<b>100%</b>	<b>\$ 61,269</b>	<b>100%</b>	<b>\$ 96,683</b>	<b>100%</b>
Personnel	68,773	96%	68,100	84%	58,589	96%	83,385	86%
Operating	1,733	2%	2,480	3%	1,180	2%	2,798	3%
Services	1,322	2%	10,500	13%	1,500	2%	10,500	11%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 71,828	100%	\$ 81,080	100%	\$ 61,269	100%	\$ 96,683	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 702 - SERVICE EXCELLENCE**

Description: To facilitate and ensure the delivery of high quality, cost effective City services that are responsive to the community's needs, meet or exceed expectations, accomplish the City Council's goals and achieve continuously improved results.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
702-03 - Interdepartmental Initiatives: Coordinate interdepartmental projects requiring team-based, cooperative, and multidisciplinary involvement.	85% of employees report that they are satisfied with the teamwork between City departments.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 52,261</b>	<b>100%</b>	<b>\$ 54,004</b>	<b>100%</b>	<b>\$ 45,405</b>	<b>100%</b>	<b>\$ 52,923</b>	<b>100%</b>
Personnel	51,427	98%	53,099	98%	44,905	99%	52,007	98%
Operating	834	2%	905	2%	500	1%	916	2%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 52,261	100%	\$ 54,004	100%	\$ 45,405	100%	\$ 52,923	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 703 - ELECTIONS AND RECORDS**

Description: Conduct fair, open, legal and democratic elections and keep an accurate historical record of the City's affairs for posterity.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
703-01 - Coordinated Elections	\$ 62,863	\$ 37,968	\$ 11,610	\$ 74,746
703-02 - Records Management	45,608	46,645	63,313	45,761
<b>Program Total</b>	<u>\$ 108,471</u>	<u>\$ 84,613</u>	<u>\$ 74,924</u>	<u>\$ 120,508</u>

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 703 - ELECTIONS AND RECORDS**

Description: Conduct fair, open, legal and democratic elections and keep an accurate historical record of the City's affairs for posterity.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
703-01 - Coordinated Elections: Facilitate local elections in accordance with all requirements.	Elections are conducted in accordance with all requirements, including filing deadlines for candidates, ballot measures, and FPPC regulations.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 62,863</b>	<b>100%</b>	<b>\$ 37,968</b>	<b>100%</b>	<b>\$ 11,610</b>	<b>100%</b>	<b>\$ 74,746</b>	<b>100%</b>
Personnel	30,102	48%	29,626	78%	7,990	69%	30,304	41%
Operating	32,761	52%	8,342	22%	3,620	31%	44,443	59%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 62,863	100%	\$ 37,968	100%	\$ 11,610	100%	\$ 74,746	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 703 - ELECTIONS AND RECORDS**

Description: Conduct fair, open, legal and democratic elections and keep an accurate historical record of the City's affairs for posterity.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
703-02 - Records Management: Create, maintain and effectively administer the City's essential records and retention schedule.	Official City records are created accurately and are available to the public; 100% of minutes, resolutions and ordinances are scanned and kept in accordance with all applicable regulations and retention schedules.  Destruction of records occurs once a year in August.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Total Expenditures</b>	\$	<b>45,608</b>	<b>100%</b>	\$	<b>46,645</b>	<b>100%</b>	\$	<b>45,761</b>	<b>100%</b>
Personnel		33,396	73%		28,183	60%		29,304	64%
Operating		10,622	23%		16,862	36%		14,858	32%
Services		1,590	3%		1,600	3%		1,600	3%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Funding Source *</b>	\$	<b>45,399</b>	<b>100%</b>	\$	<b>46,645</b>	<b>100%</b>	\$	<b>45,761</b>	<b>100%</b>
General Fund		45,399	100%		46,645	100%		45,761	100%
Charges For Services		209	0%		0	0%		0	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 704 - COMMUNITY ENGAGEMENT**

Description: To effectively inform residents and build a strong sense of community identity in which people are actively involved in and concerned for the community as a whole.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
704-01 - Community Information	\$ 137,011	\$ 150,506	\$ 144,575	\$ 168,404
704-02 - Community Involvement	74,013	80,604	65,632	40,535
704-04 - Volunteers	3,446	13,402	4,225	14,028
<b>Program Total</b>	<u>\$ 214,470</u>	<u>\$ 244,512</u>	<u>\$ 214,432</u>	<u>\$ 222,967</u>



**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 704 - COMMUNITY ENGAGEMENT**

Description: To effectively inform residents and build a strong sense of community identity in which people are actively involved in and concerned for the community as a whole.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
704-01 - Community Information: Provide written and electronic information that is current, timely and valued by residents.	Bi-Annual Community Survey results indicate residents rate public information services higher than benchmark.  Newsletter clip-out survey indicates 75% of respondents rate newsletter as useful source of City information.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 137,011</b>	<b>100%</b>	<b>\$ 150,506</b>	<b>100%</b>	<b>\$ 144,575</b>	<b>100%</b>	<b>\$ 168,404</b>	<b>100%</b>
Personnel	74,997	55%	73,347	49%	72,115	50%	88,441	53%
Operating	16,753	12%	20,659	14%	16,960	12%	20,963	12%
Services	45,261	33%	56,500	38%	55,500	38%	59,000	35%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 137,011	100%	\$ 150,506	100%	\$ 144,575	100%	\$ 168,404	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 704 - COMMUNITY ENGAGEMENT**

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<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
704-02 - Community Involvement: Survey opinions, solicit input and seek suggestions about City services and community affairs.	<p>Bi-Annual Community Survey indicates residents rate the job Menlo Park does at welcoming community involvement higher than benchmark.</p> <p>Bi-Annual Community Survey indicates residents rate the job Menlo Park does at listening to citizens higher than benchmark.</p> <p>Bi-Annual Community Survey indicates residents rate opportunities to participate in community matters higher than benchmark.</p> <p>Annual Council survey indicates 80% of Council members feel staff always or almost always provides effective opportunities for community engagement.</p>	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013					
<b>Total Expenditures</b>	\$	<b>74,013</b>	<b>100%</b>	\$	<b>80,604</b>	<b>100%</b>	\$	<b>65,632</b>	<b>100%</b>	\$	<b>40,535</b>	<b>100%</b>
Personnel		72,641	98%		77,261	96%		65,232	99%		36,344	90%
Operating		1,372	2%		3,343	4%		400	1%		4,192	10%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013					
General Fund	\$	26,007	35%	\$	60,453	75%	\$	30,459	46%	\$	40,535	100%
Community Development Agency Non-Housing		28,025	38%		0	0%		0	0%		0	0%
Redevelopment Services Agreement		19,981	27%		20,151	25%		35,172	54%		-	0%

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**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 704 - COMMUNITY ENGAGEMENT**

Description: To effectively inform residents and build a strong sense of community identity in which people are actively involved in and concerned for the community as a whole.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
704-04 - Volunteers: Provide meaningful opportunities for residents to be involved in their local government.	Volunteers rate their experience at an 85% satisfaction level.  On an annual basis, volunteers donate 710 hours.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013					
<b>Total Expenditures</b>	\$	<b>3,446</b>	<b>100%</b>	\$	<b>13,402</b>	<b>100%</b>	\$	<b>4,225</b>	<b>100%</b>	\$	<b>14,028</b>	<b>100%</b>
Personnel		3,244	94%		12,656	94%		3,995	95%		13,283	95%
Operating		202	6%		746	6%		230	5%		744	5%
<b>Funding Source *</b>		Actual 2010-2011			Budget 2011-2012			Estimate 2011-2012			Proposed 2012-2013	
General Fund	\$	3,446	100%	\$	13,402	100%	\$	4,225	100%	\$	14,028	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 705 - ASSET PRESERVATION**

Description: Ensures that the City's assets are safeguarded, preserved, maximized and maintained through effective financial management in order to provide a sound financial base to deliver City services. Provides a safe environment to the community and the workforce by minimizing risk to the public and the City employees through proactive training, examination and assessment of City facilities and infrastructure.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
705-01 - Financial Planning	\$ 211,378	\$ 200,210	\$ 180,441	\$ 197,994
705-02 - Investments	34,429	33,451	34,871	34,276
705-03 - Revenue Management	2,438,736	1,021,258	820,202	1,004,659
705-04 - Accounting and Reporting	430,276	556,532	555,631	533,077
705-05 - Accounts Payable and Purchasing	132,921	140,445	134,534	146,142
705-06 - Risk Management	1,384,839	1,215,871	1,080,700	1,223,085
705-07 - General (Transfers Out)	8,855,308	2,377,800	2,377,800	2,464,328
705-08 - Debt Service	6,791,633	8,600,706	8,687,895	6,967,265
705-09 - Payroll	26,637	40,920	48,318	82,878
<b>Program Total</b>	<u>\$ 20,306,158</u>	<u>\$ 14,187,193</u>	<u>\$ 13,920,390</u>	<u>\$ 12,653,704</u>

**LEAD DEPARTMENT: Administrative Services**

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<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
705-01 - Financial Planning: Coordinate the budget preparation process, and provide up to date reports and financial analysis necessary to ensure short-term and long-term asset preservation.	Present a balanced budget that meets established service levels for Council adoption by June 30th.  Prepare a ten-year forecast for use by decision makers in the analysis of short-term and long-term budgetary challenges and opportunities. Revise semi-annually.  Prepare and distribute a Budget Summary for the community that is comprehensive and understandable to the general public by August 1st.  Finance and Audit Committee members are satisfied with the information and preparation of materials provided by staff, per Commission Satisfaction Survey.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Total Expenditures</b>	\$	<b>211,378</b>	<b>100%</b>	\$	<b>200,210</b>	<b>100%</b>	\$	<b>197,994</b>	<b>100%</b>
Personnel		204,893	97%		182,368	91%		192,002	97%
Operating		2,012	1%		8,508	4%		5,992	3%
Services		4,473	2%		9,334	5%		-	0%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
General Fund	\$	203,955	96%	\$	191,876	96%	\$	197,494	100%
Garbage Service Fund		630	0%		-	0%		500	0%
General Fund - CIP		3,473	2%		8,334	4%		-	0%
Community Development Agency Non-Housing		971	0%		0	0%		0	0%
Community Development Agency Housing		569	0%		0	0%		0	0%
Redevelopment Services Agreement		892	0%		0	0%		0	0%
Housing Authority		529	0%		0	0%		0	0%
Water Fund - Operation		360	0%		0	0%		0	0%

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**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 705 - ASSET PRESERVATION**

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<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
705-02 - Investments: Manage cash flow to meet requirements while maximizing return on investments and maintaining safety of principal.	Achieve greater than the twelve month average of two year T-bill rate on investments.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 34,429</b>	<b>100%</b>	<b>\$ 33,451</b>	<b>100%</b>	<b>\$ 34,871</b>	<b>100%</b>	<b>\$ 34,276</b>	<b>100%</b>
Personnel	23,166	67%	22,117	66%	24,571	70%	23,042	67%
Operating	11,263	33%	11,334	34%	10,300	30%	11,234	33%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ (178,533)	-519%	\$ (281,549)	-842%	\$ (280,129)	-803%	\$ (355,724)	-1038%
Community Development Agency Non-Housing	(14,634)	-43%	0	0%	0	0%	0	0%
Redevelopment Services Agreement	14,990	44%	0	0%	0	0%	0	0%
Water Fund - Operation	370	1%	0	0%	0	0%	0	0%
Interest and Rent Income	212,239	616%	315,000	942%	315,000	903%	390,000	1138%

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<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
705-03 - Revenue Management: Establish and administer rate structures required to provide water and garbage utility services. Collect business license tax and administer collection of other revenue to maximize cash flow.	Resolve 90% of service and billing complaints within two business days.  Identify and issue 100 new business licenses annually through internal audit process.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 2,438,736</b>	<b>100%</b>	<b>\$ 1,021,258</b>	<b>100%</b>	<b>\$ 820,202</b>	<b>100%</b>	<b>\$ 1,004,659</b>	<b>100%</b>
Personnel	198,500	8%	177,848	17%	175,027	21%	180,216	18%
Operating	515,100	21%	418,410	41%	471,581	57%	548,443	55%
Services	1,725,136	71%	425,000	42%	173,594	21%	276,000	27%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ (1,448,251)	-59%	\$ (1,506,839)	-148%	\$ (1,606,351)	-196%	\$ (1,621,642)	-161%
Garbage Service Fund	222,091	9%	(204,760)	-20%	(721,303)	-88%	(553,373)	-55%
Water Fund - Operation	(4,722,988)	-194%	(6,028,256)	-590%	(4,550,626)	-555%	(5,634,325)	-561%
Licenses & Permits	1,477,564	61%	1,555,000	152%	1,625,000	198%	1,650,000	164%
Interest and Rent Income	329,200	13%	322,938	32%	361,000	44%	347,000	35%
Charges For Services	5,673,386	233%	5,583,175	547%	5,712,481	696%	5,517,000	549%
Other Financing Sources	907,734	37%	1,300,000	127%	-	0%	1,300,000	129%

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**LEAD DEPARTMENT: Administrative Services**

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<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
705-04 - Accounting and Reporting: Maintain accurate record keeping in accordance with Generally Accepted Accounting Principles and report periodically the financial status of the organization reflecting the economic fluctuations in the market place to the Council, general public, Governmental agencies and internal departments.	Provide monthly financial reports to internal departments by the 10th business day of the following month.  Provide interim financial reports on the data that already exists in the system within 24 hours of the request.  Annual Council survey indicates 80% of Council members feel staff provides financial reports and other information that instills confidence in the reliability of the City's financial management always or almost always.  Receive an unqualified opinion on all annual audits.  Prepare and distribute an Annual Financial Report Summary for the community that is comprehensive and understandable to the general public by December 15th.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 430,276</b>	<b>100%</b>	<b>\$ 556,532</b>	<b>100%</b>	<b>\$ 555,631</b>	<b>100%</b>	<b>\$ 533,077</b>	<b>100%</b>
Personnel	387,433	90%	439,436	79%	431,081	78%	455,313	85%
Operating	8,990	2%	10,565	2%	7,550	1%	9,665	2%
Services	33,853	8%	106,531	19%	117,000	21%	68,100	13%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 385,097	89%	\$ 522,538	94%	\$ 495,886	89%	\$ 530,727	100%
Garbage Service Fund	747	0%	0	0%	0	0%	0	0%
Housing Fund	-	0%	-	0%	1,582	0%	-	0%
Community Development Agency Non-Housing	6,504	2%	0	0%	0	0%	0	0%
Community Development Agency Housing	9,207	2%	0	0%	0	0%	0	0%
Redevelopment Services Agreement	19,991	5%	19,939	4%	36,893	7%	-	0%
Housing Authority	7,467	2%	13,755	2%	20,919	4%	-	0%
Water Fund - Operation	363	0%	-	0%	-	0%	2,000	0%
Charges For Services	900	0%	300	0%	350	0%	350	0%

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<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
705-05 - Accounts Payable and Purchasing: Administer effective fiscal policies and practices to ensure that all purchases are made within guidelines and budget, emergency needs are taken care of and bills are paid on time and accurately to maintain credit worthiness.	Obtain the maximum discount provided by the City's CalCard Purchasing Program each month.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Total Expenditures</b>	\$	<b>132,921</b>	<b>100%</b>	\$	<b>140,445</b>	<b>100%</b>	\$	<b>146,142</b>	<b>100%</b>
Personnel		126,953	96%		136,445	97%		140,836	96%
Operating		5,969	4%		4,000	3%		5,307	4%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
General Fund	\$	98,724	74%	\$	114,478	82%	\$	129,049	88%
Community Development Agency Non-Housing		6,268	5%		0	0%		0	0%
Redevelopment Services Agreement		11,845	9%		10,040	7%		-	0%
Water Fund - Operation		9,200	7%		9,927	7%		10,494	7%
Charges For Services		6,885	5%		6,000	4%		6,600	5%

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<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
705-06 - Risk Management: Coordinate safety training and maintain awareness to prevent the adverse effects of accidents and work injuries and minimize cost. Administer claims by investigating, processing and defending liability and work related injury claims.	Recommend for settlement or denial on 80% of claims received within 5 working days.  Investigate and initiate mitigation of 100% of reported hazards within 24 hours.  Maintain number of indemnity claims at 15 or below.  Process 100% of employee claims requiring medical treatment within 48 hours of knowledge of occurrence.  Maintain number of new medical claims at 30 or below.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 1,384,839</b>	<b>100%</b>	<b>\$ 1,215,871</b>	<b>100%</b>	<b>\$ 1,080,700</b>	<b>100%</b>	<b>\$ 1,223,085</b>	<b>100%</b>
Personnel	63,051	5%	109,733	9%	55,067	5%	116,225	10%
Operating	1,297,136	94%	1,070,220	88%	998,633	92%	1,019,860	83%
Services	24,652	2%	35,918	3%	27,000	2%	87,000	7%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
Liability/Fire Insurance Fund	(252,615)	-18%	(220,974)	-18%	(18,682)	-2%	(179,196)	-15%
Worker's Compensation Fund	264,639	19%	112,845	9%	(216,619)	-20%	91,281	7%
Interest and Rent Income	21,930	2%	24,000	2%	16,000	1%	11,000	1%
Charges For Services	1,350,884	98%	1,300,000	107%	1,300,000	120%	1,300,000	106%

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**LEAD DEPARTMENT: Administrative Services**

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<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
705-07 - General (Transfers Out): Ensure timely receipt of general revenue and transfers.	Actual General Fund revenue variance with the adjusted budget are less than 5%.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 8,855,308</b>	<b>100%</b>	<b>\$ 2,377,800</b>	<b>100%</b>	<b>\$ 2,377,800</b>	<b>100%</b>	<b>\$ 2,464,328</b>	<b>100%</b>
Operating	8,855,308	100%	2,377,800	100%	2,377,800	100%	2,464,328	100%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ (16,080,593)	-182%	\$ (23,522,409)	-989%	\$ (23,454,422)	-986%	\$ (25,367,045)	-1029%
Taxes	22,376,299	253%	23,279,900	979%	23,210,500	976%	24,494,500	994%
Franchise Fees	1,677,016	19%	1,768,000	74%	1,769,413	74%	1,873,500	76%
Licenses & Permits	6,094	0%	0	0%	0	0%	800,000	32%
Inter Governmental Revenue	191,592	2%	32,500	1%	32,500	1%	15,000	1%
Charges For Services	1,758	0%	250,000	11%	250,000	11%	250,000	10%
Donations	1,000	0%	10,001	0%	10,000	0%	10,000	0%
Other Financing Sources	682,142	8%	559,809	24%	559,809	24%	388,373	16%

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**LEAD DEPARTMENT: Administrative Services**

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<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
705-08 - Debt Service: Ensure adequate funds are available to make timely debt service payments.	Accurate and timely debt service payments.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 6,791,633</b>	<b>100%</b>	<b>\$ 8,600,706</b>	<b>100%</b>	<b>\$ 8,687,895</b>	<b>100%</b>	<b>\$ 6,967,265</b>	<b>100%</b>
Operating	6,714,646	99%	8,585,706	100%	8,687,895	100%	6,967,265	100%
Services	76,987	1%	15,000	0%	-	0%	-	0%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
2002 Recreation GO Bond D.S.	16,440	0%	1,555,971	18%	1,658,900	19%	(4,932)	0%
1990 Library Bond Debt Service	(34,894)	-1%	1,450	0%	2,700	0%	(75,800)	-1%
Debt Service Fund-CDA	(14,122)	0%	(60,000)	-1%	(120,000)	-1%	-	0%
Special Assessments on Tax Roll	1,798,063	26%	1,733,990	20%	1,730,000	20%	1,800,000	26%
Interest and Rent Income	272,014	4%	120,000	1%	167,000	2%	128,000	2%
Other Financing Sources	4,754,131	70%	5,249,295	61%	5,249,295	60%	5,119,997	73%

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**LEAD DEPARTMENT: Administrative Services**

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<b>SERVICES:</b>	<b>RESULTS:</b>				<b>STATUS:</b>			
705-09 - Payroll: Process payroll that supports timely and accurate processing of employee salary and benefits.	95% of payroll is processed accurately and on time							
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	\$ 26,637	0%	\$ 40,920	0%	\$ 48,318	1%	\$ 82,878	1%
Personnel	25,335	0%	40,638	0%	48,318	1%	82,349	1%
Operating	1,302	0%	282	0%	-	0%	530	0%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>	\$ 26,637	0%	\$ 40,920	0%	\$ 48,318	1%	\$ 82,878	1%
General Fund								

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 706 - INFORMATION SUPPORT**

Description: To maintain a modern, efficient set of information tools that provide accurate and timely information access to authorized users in order to support decision-making; deliver service and respond to community needs; provide advice on application of new technology; and provide responsive service and support to internal staff.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
706-01 - Desktop Maintenance	\$ 424,492	\$ 501,840	\$ 482,288	\$ 507,267
706-02 - Network Infrastructure Maintenance	259,851	237,157	229,469	273,335
706-03 - Design and Advice	(234)	760	-	1,000
706-04 - Remote Access	3,083	1,075	-	500
706-05 - Printing Support	140,825	174,617	154,549	193,510
<b>Program Total</b>	<u>\$ 828,018</u>	<u>\$ 915,449</u>	<u>\$ 866,306</u>	<u>\$ 975,613</u>

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 706 - INFORMATION SUPPORT**

Description: To maintain a modern, efficient set of information tools that provide accurate and timely information access to authorized users in order to support decision-making; deliver service and respond to community needs; provide advice on application of new technology; and provide responsive service and support to internal staff.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
706-01 - Desktop Maintenance: Maintain computer hardware and phone systems used by employees; install and upgrade software.	Resolve 85% of desktop computer problems within sixty (60) minutes of trouble report.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 424,492</b>	<b>100%</b>	<b>\$ 501,840</b>	<b>100%</b>	<b>\$ 482,288</b>	<b>100%</b>	<b>\$ 507,267</b>	<b>100%</b>
Personnel	330,399	78%	368,009	73%	354,958	74%	395,371	78%
Operating	54,785	13%	98,431	20%	94,330	20%	76,496	15%
Services	39,309	9%	35,400	7%	33,000	7%	35,400	7%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 424,492	100%	\$ 501,840	100%	\$ 482,288	100%	\$ 507,267	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 706 - INFORMATION SUPPORT**

Description: To maintain a modern, efficient set of information tools that provide accurate and timely information access to authorized users in order to support decision-making; deliver service and respond to community needs; provide advice on application of new technology; and provide responsive service and support to internal staff.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
706-02 - Network Infrastructure Maintenance: Install, maintain, and upgrade computer servers and network equipment. Coordinate installation of vendor systems. Protect the network from unauthorized intrusion. Repel virus attacks. Control access. Maintain databases. Provide support for intranet and internet use. Ensure reliability of network resources.	<p>Add 80% of new employees to authorized systems within one business day of request.</p> <p>Maintain network availability 99.8% of time between 7am to 7pm, M-F.</p> <p>95% of users indicate satisfaction with up time</p> <p>Ensure virus protection is in place for all internal networks and that no more than three (3) virus outbreaks occur in a twelve month period.</p>	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 259,851</b>	<b>100%</b>	<b>\$ 237,157</b>	<b>100%</b>	<b>\$ 229,469</b>	<b>100%</b>	<b>\$ 273,335</b>	<b>100%</b>
Personnel	28,976	11%	1,386	1%	-	0%	2,000	1%
Operating	115,407	44%	112,835	48%	106,533	46%	129,835	48%
Services	115,468	44%	122,936	52%	122,936	54%	141,500	52%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 259,851	100%	\$ 237,157	100%	\$ 229,469	100%	\$ 273,335	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 706 - INFORMATION SUPPORT**

Description: To maintain a modern, efficient set of information tools that provide accurate and timely information access to authorized users in order to support decision-making; deliver service and respond to community needs; provide advice on application of new technology; and provide responsive service and support to internal staff.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
706-03 - Design and Advice: Design facility wiring, provide relocation assistance, advise on use of new technologies and acquisition of new applications.	Facilities design results in 95% accommodation of user needs.  Advice on new product integration and changes to existing systems results in 95% satisfaction.	

	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Total Expenditures</b>	\$	(234) 100%	\$	760 100%	\$	- 0%	\$	1,000 100%
Personnel		(234) 100%		335 44%		- 0%		1,000 100%
Operating		- 0%		425 56%		- 0%		- 0%
<b>Funding Source *</b>								
General Fund	\$	(234) 100%	\$	760 100%	\$	- 0%	\$	1,000 100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 706 - INFORMATION SUPPORT**

Description: To maintain a modern, efficient set of information tools that provide accurate and timely information access to authorized users in order to support decision-making; deliver service and respond to community needs; provide advice on application of new technology; and provide responsive service and support to internal staff.

**SERVICES:**

706-04 - Remote Access: Provide virtual private networking (VPN) service to City system over the Internet, which allows employees working from home or remote locations to access the City's network.

**RESULTS:**

90% of all users who request access to web mail or remote IP are granted access within two business days.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	\$ 3,083	100%	\$ 1,075	100%	\$ -	0%	\$ 500	100%
Personnel	2,535	82%	200	19%	-	0%	500	100%
Operating	549	18%	875	81%	-	0%	-	0%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 3,083	100%	\$ 1,075	100%	\$ -	0%	\$ 500	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 706 - INFORMATION SUPPORT**

Description: To maintain a modern, efficient set of information tools that provide accurate and timely information access to authorized users in order to support decision-making; deliver service and respond to community needs; provide advice on application of new technology; and provide responsive service and support to internal staff.

**SERVICES:**

706-05 - Printing Support: Provide local low volume printing and fax service for departments through strategic placement of workgroup equipment clusters, and efficient, accurate high volume printer services from the print shop.

**RESULTS:**

95% of all printing jobs completed within time-frame specified.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 140,825</b>	<b>100%</b>	<b>\$ 174,617</b>	<b>100%</b>	<b>\$ 154,549</b>	<b>100%</b>	<b>\$ 193,510</b>	<b>100%</b>
Personnel	33,485	24%	41,686	24%	25,750	17%	60,446	31%
Operating	104,520	74%	129,931	74%	125,799	81%	130,065	67%
Services	2,820	2%	3,000	2%	3,000	2%	3,000	2%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 133,649	95%	\$ 172,117	99%	\$ 152,049	98%	\$ 191,010	99%
Charges For Services	7,176	5%	2,500	1%	2,500	2%	2,500	1%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 707 - INTERNET AND WORLD WIDE WEB**

Description: To provide convenient, cost effective access to public City information and self help services, and facilitate community input and feedback, as well as enable and promote remote public access to City information, e-commerce business transactions and authorized access to confidential/secured information.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
707-01 - Web Posting	\$ 15,682	\$ 13,966	\$ 22,400	\$ 22,950
707-02 - Interactive Web Services	8,346	14,400	18,000	61,500
<b>Program Total</b>	<u>\$ 24,029</u>	<u>\$ 28,366</u>	<u>\$ 40,400</u>	<u>\$ 84,450</u>

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 707 - INTERNET AND WORLD WIDE WEB**

Description: To provide convenient, cost effective access to public City information and self help services, and facilitate community input and feedback, as well as enable and promote remote public access to City information, e-commerce business transactions and authorized access to confidential/secured information.

**SERVICES:**

707-01 - Web Posting: Support departments in providing timely and accurate posting of City information. Ensure that all information on the site can be easily navigated.

**RESULTS:**

Council and Commission information is posted to the website according to prescribed advance schedule 100% of the time.

Maintain 98% availability of web site.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013					
<b>Total Expenditures</b>	\$	<b>15,682</b>	<b>100%</b>	\$	<b>13,966</b>	<b>100%</b>	\$	<b>22,400</b>	<b>100%</b>	\$	<b>22,950</b>	<b>100%</b>
Personnel		5,777	37%		-	0%		-	0%		500	2%
Operating		9,906	63%		13,966	100%		22,400	100%		22,450	98%
<b>Funding Source *</b>												
General Fund	\$	15,682	100%	\$	13,966	100%	\$	22,400	100%	\$	22,950	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 707 - INTERNET AND WORLD WIDE WEB**

Description: To provide convenient, cost effective access to public City information and self help services, and facilitate community input and feedback, as well as enable and promote remote public access to City information, e-commerce business transactions and authorized access to confidential/secured information.

**SERVICES:**

707-02 - Interactive Web Services:  
Develop or acquire systems to allow interactive delivery of services to the public on a 24 hour basis, and provide search tools so that information can be easily accessed.

**RESULTS:**

80% of users rate web site experience as good or excellent based on on-line website survey.  
Bi-Annual Community Survey results indicate number of residents using City website in the last 12 months is higher than benchmark.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 8,346</b>	<b>100%</b>	<b>\$ 14,400</b>	<b>100%</b>	<b>\$ 18,000</b>	<b>100%</b>	<b>\$ 61,500</b>	<b>100%</b>
Personnel	(54)	-1%	-	0%	-	0%	500	1%
Operating Services	8,400	101%	14,400	100%	18,000	100%	21,000	34%
	-	0%	-	0%	-	0%	40,000	65%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 8,346	100%	\$ 14,400	100%	\$ 18,000	100%	\$ 61,500	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 708 - EMPLOYEE SUPPORT**

Description: To attract and retain a stable, productive, competent and talented workforce, encourage continued growth and development through training and career planning, foster job satisfaction, provide competitive compensation and benefits, recognize and reward achievement, meet legal requirements and support a positive work experience.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
708-01 - Employee Compensation System	\$ 288,731	\$ 270,863	\$ 242,718	\$ 275,865
708-02 - Employee Development	12,601	19,793	17,492	15,685
708-03 - Employee Relations	203,399	250,342	328,856	189,129
708-04 - Recruitment and Selection	77,187	132,108	122,618	127,286
708-05 - General Employee Benefits	840,605	797,600	704,880	797,600
<b>Program Total</b>	<b>\$ 1,422,524</b>	<b>\$ 1,470,706</b>	<b>\$ 1,416,565</b>	<b>\$ 1,405,564</b>

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 708 - EMPLOYEE SUPPORT**

Description: To attract and retain a stable, productive, competent and talented workforce, encourage continued growth and development through training and career planning, foster job satisfaction, provide competitive compensation and benefits, recognize and reward achievement, meet legal requirements and support a positive work experience.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
708-01 - Employee Compensation System: Process payroll that supports timely and accurate processing of employee salary and benefits. (These result measures will move to the Payroll program (705-09) to reflect the transfer of payroll duties to Finance.)	Payroll processing is achieved with an accuracy rate of 99.75% or better.  Generate all payroll reports the day before the pay day 93% of the time.  Transmit all payroll interface records to Finance within three business days after the pay date 95% of the time.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 288,731</b>	<b>100%</b>	<b>\$ 270,863</b>	<b>100%</b>	<b>\$ 242,718</b>	<b>100%</b>	<b>\$ 275,865</b>	<b>100%</b>
Personnel	232,447	81%	207,072	76%	183,045	75%	212,722	77%
Operating Services	7,861	3%	10,391	4%	8,073	3%	9,143	3%
	48,424	17%	53,400	20%	51,600	21%	54,000	20%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 288,731	100%	\$ 270,863	100%	\$ 242,718	100%	\$ 275,865	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 708 - EMPLOYEE SUPPORT**

Description: To attract and retain a stable, productive, competent and talented workforce, encourage continued growth and development through training and career planning, foster job satisfaction, provide competitive compensation and benefits, recognize and reward achievement, meet legal requirements and support a positive work experience.

**SERVICES:**

708-02 - Employee Development:  
Provide opportunities for continued learning and development, publicize and coordinate training opportunities, and encourage employees to establish and pursue vocational goals.

**RESULTS:**

These result measures are being modified to correspond to the new Leadership Development Program which was initiated in the 2010-11 fiscal year.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 12,601</b>	<b>100%</b>	<b>\$ 19,793</b>	<b>100%</b>	<b>\$ 17,492</b>	<b>100%</b>	<b>\$ 15,685</b>	<b>100%</b>
Personnel	9,542	76%	6,795	34%	6,658	38%	7,638	49%
Operating	1,739	14%	2,998	15%	2,334	13%	3,047	19%
Services	1,320	10%	10,000	51%	8,500	49%	5,000	32%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 12,601	100%	\$ 19,793	100%	\$ 17,492	100%	\$ 15,685	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 708 - EMPLOYEE SUPPORT**

Description: To attract and retain a stable, productive, competent and talented workforce, encourage continued growth and development through training and career planning, foster job satisfaction, provide competitive compensation and benefits, recognize and reward achievement, meet legal requirements and support a positive work experience.

**SERVICES:**

708-03 - Employee Relations: Inform and train employees on City policies and procedures, provide timely processing of employee complaints and concerns, assist the employee in utilizing benefit programs, and negotiate labor contracts.

**RESULTS:**

Respond to 90% of written complaints within 10 business days.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 203,399</b>	<b>100%</b>	<b>\$ 250,342</b>	<b>100%</b>	<b>\$ 328,856</b>	<b>100%</b>	<b>\$ 189,129</b>	<b>100%</b>
Personnel	70,138	34%	75,590	30%	22,120	7%	94,947	50%
Operating	1,049	1%	4,552	2%	1,695	1%	4,482	2%
Services	132,211	65%	170,200	68%	305,041	93%	89,700	47%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 203,399	100%	\$ 250,342	100%	\$ 328,856	100%	\$ 189,129	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 708 - EMPLOYEE SUPPORT**

Description: To attract and retain a stable, productive, competent and talented workforce, encourage continued growth and development through training and career planning, foster job satisfaction, provide competitive compensation and benefits, recognize and reward achievement, meet legal requirements and support a positive work experience.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
708-04 - Recruitment and Selection: Recruit, select and retain highly qualified personnel using a process that is timely, thorough and encourages a diverse applicant pool. Ensure that wages and benefits are competitive among similarly sized agencies.	Generate offer letter for 80% of non-safety positions within 4 weeks of position close.  Satisfaction with Personnel staff's involvement with the recruitment process attains or exceeds a score of 4.0 (on a 5 point scale).	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	\$ 77,187	100%	\$ 132,108	100%	\$ 122,618	100%	\$ 127,286	100%
Personnel	52,160	68%	52,041	39%	55,408	45%	55,995	44%
Operating	19,857	26%	50,067	38%	41,290	34%	39,491	31%
Services	5,170	7%	30,000	23%	25,920	21%	31,800	25%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 77,187	100%	\$ 132,108	100%	\$ 122,618	100%	\$ 127,286	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 708 - EMPLOYEE SUPPORT**

Description: To attract and retain a stable, productive, competent and talented workforce, encourage continued growth and development through training and career planning, foster job satisfaction, provide competitive compensation and benefits, recognize and reward achievement, meet legal requirements and support a positive work experience.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
708-05 - General Employee Benefits: Provide for employee costs and post-employment costs not related to a specific program/service.	No relevant service results.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 840,605</b>	<b>100%</b>	<b>\$ 797,600</b>	<b>100%</b>	<b>\$ 704,880</b>	<b>100%</b>	<b>\$ 797,600</b>	<b>100%</b>
Personnel	587,181	70%	569,400	71%	676,725	96%	569,400	71%
Operating	239,954	29%	212,200	27%	15,200	2%	212,200	27%
Services	13,469	2%	16,000	2%	12,955	2%	16,000	2%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 206,024	25%	\$ 216,600	27%	\$ 217,508	31%	\$ 216,600	27%
Other Post Employment Benefits	26,356	3%	-	0%	(62,728)	-9%	-	0%
Interest and Rent Income	915	0%	1,000	0%	100	0%	1,000	0%
Charges For Services	607,310	72%	580,000	73%	550,000	78%	580,000	73%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 709 - LEGAL SERVICES**

Description: Assist the City in achieving its goals while maintaining compliance with relevant statutes, minimizing risk of legal challenges and rendering sound and cost effective advice to the City Council and the City's departments. Ensure the City practices and actions are consistent with applicable laws and appropriate risk exposure, effectively represent the City's interests in legal matters, and defend the City against claims in litigation.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
709-01 - City Council and City Manager Support	\$ 102,675	\$ 128,237	\$ 91,011	\$ 78,661
709-02 - Planning Staff and Commission Support	97,257	46,604	85,402	58,690
709-03 - Personnel, Risk Management & Other Programs	245,093	305,608	245,931	186,693
709-05 - Community Development Agency	27,852	40,678	7,701	11,239
<b>Program Total</b>	<b>\$ 472,877</b>	<b>\$ 521,127</b>	<b>\$ 430,045</b>	<b>\$ 335,284</b>

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 709 - LEGAL SERVICES**

Description: Assist the City in achieving its goals while maintaining compliance with relevant statutes, minimizing risk of legal challenges and rendering sound and cost effective advice to the City Council and the City's departments. Ensure the City practices and actions are consistent with applicable laws and appropriate risk exposure, effectively represent the City's interests in legal matters, and defend the City against claims in litigation.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
709-01 - City Council and City Manager Support: Advise and assist the City Council and City Manager on policy and administrative matters. Ensure compliance with statutes.	Annual Council survey indicates 80% of Council members feel the City Attorney always or almost always provides high quality support and legal advice.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 102,675</b>	<b>100%</b>	<b>\$ 128,237</b>	<b>100%</b>	<b>\$ 91,011</b>	<b>100%</b>	<b>\$ 78,661</b>	<b>100%</b>
Personnel	77,689	76%	79,080	62%	77,011	85%	48,460	62%
Operating	536	1%	557	0%	-	0%	601	1%
Services	24,450	24%	48,600	38%	14,000	15%	29,600	38%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 79,208	77%	\$ 117,249	91%	\$ 67,925	75%	\$ 78,661	100%
Community Development Agency Non-Housing	9,269	9%	0	0%	0	0%	0	0%
Redevelopment Services Agreement	14,198	14%	10,988	9%	23,085	25%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 709 - LEGAL SERVICES**

Description: Assist the City in achieving its goals while maintaining compliance with relevant statutes, minimizing risk of legal challenges and rendering sound and cost effective advice to the City Council and the City's departments. Ensure the City practices and actions are consistent with applicable laws and appropriate risk exposure, effectively represent the City's interests in legal matters, and defend the City against claims in litigation.

**SERVICES:**

709-02 - Planning Staff and Commission Support: Advise and assist the staff and Commission, prepare and interpret ordinances and statutes.

**RESULTS:**

No legal challenges as a result of planning decisions.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 97,257</b>	<b>100%</b>	<b>\$ 46,604</b>	<b>100%</b>	<b>\$ 85,402</b>	<b>100%</b>	<b>\$ 58,690</b>	<b>100%</b>
Personnel	15,501	16%	16,493	35%	15,402	18%	8,581	15%
Operating	113	0%	111	0%	-	0%	109	0%
Services	81,643	84%	30,000	64%	70,000	82%	50,000	85%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 97,257	100%	\$ 46,604	100%	\$ 85,402	100%	\$ 58,690	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 709 - LEGAL SERVICES**

Description: Assist the City in achieving its goals while maintaining compliance with relevant statutes, minimizing risk of legal challenges and rendering sound and cost effective advice to the City Council and the City's departments. Ensure the City practices and actions are consistent with applicable laws and appropriate risk exposure, effectively represent the City's interests in legal matters, and defend the City against claims in litigation.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
709-03 - Personnel, Risk Management & Other Programs: Advise staff and oversee outside counsel and related professional services consultants/contractors.	The City's claims history and litigation rates are kept below comparable cities.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 245,093</b>	<b>100%</b>	<b>\$ 305,608</b>	<b>100%</b>	<b>\$ 245,931</b>	<b>100%</b>	<b>\$ 186,693</b>	<b>100%</b>
Personnel	54,351	22%	55,329	18%	53,881	22%	93,311	50%
Operating Services	268	0%	279	0%	50	0%	383	0%
	190,474	78%	250,000	82%	192,000	78%	93,000	50%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 190,887	78%	\$ 144,855	47%	\$ 90,804	37%	\$ 173,605	93%
Liability/Fire Insurance Fund	41,880	17%	145,816	48%	145,402	59%	9,796	5%
Worker's Compensation Fund	12,327	5%	14,937	5%	9,725	4%	3,292	2%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 709 - LEGAL SERVICES**

Description: Assist the City in achieving its goals while maintaining compliance with relevant statutes, minimizing risk of legal challenges and rendering sound and cost effective advice to the City Council and the City's departments. Ensure the City practices and actions are consistent with applicable laws and appropriate risk exposure, effectively represent the City's interests in legal matters, and defend the City against claims in litigation.

**SERVICES:**

709-05 - Community Development Agency: Ensure compliance with statutes and coordinate property acquisition and negotiations.

**RESULTS:**

Annual Council survey indicates 80% of Council members feel the City Attorney always or almost always have confidence that legal issues are resolved in a timely manner with minimum exposure to loss.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Total Expenditures</b>	\$	<b>27,852</b>	<b>100%</b>	\$	<b>40,678</b>	<b>100%</b>	\$	<b>11,239</b>	<b>100%</b>
Personnel		7,768	28%		7,908	19%		11,239	100%
Operating Services		54	0%		56	0%		-	0%
		20,030	72%		32,714	80%		-	0%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Funding Source *</b>									
General Fund	\$	-	0%	\$	23,301	57%	\$	6	0%
Community Development Agency Non-Housing		14,466	52%		0	0%		0	0%
Redevelopment Services Agreement		13,386	48%		17,377	43%		7,695	100%
								-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 710 - BUSINESS DEVELOPMENT**

Description: To continually improve the City's fiscal health by increasing revenues from the business sector of the community.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
710-01 - Strategic Partnerships	\$ 83,850	\$ 112,521	\$ 85,713	\$ 142,394
710-02 - Market Information and Research	85,237	75,033	82,673	81,168
710-03 - Diversifying Tax Base	27,391	51,398	41,577	66,639
<b>Program Total</b>	<u>\$ 196,477</u>	<u>\$ 238,952</u>	<u>\$ 209,964</u>	<u>\$ 290,202</u>

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 710 - BUSINESS DEVELOPMENT**

Description: To continually improve the City's fiscal health by increasing revenues from the business sector of the community.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
710-01 - Strategic Partnerships: Leverage the City's efforts by forming strategic partnerships with business associations, regional trade organizations and local companies.	Bi-Annual Community Survey results indicate residents rate job growth in Menlo Park higher than benchmark.  Bi-Annual Community Survey results indicate residents rate economic development in Menlo Park higher than benchmark.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 83,850</b>	<b>100%</b>	<b>\$ 112,521</b>	<b>100%</b>	<b>\$ 85,713</b>	<b>100%</b>	<b>\$ 142,394</b>	<b>100%</b>
Personnel	66,425	79%	88,923	79%	68,083	79%	117,935	83%
Operating	17,425	21%	22,198	20%	17,380	20%	23,060	16%
Services	-	0%	1,400	1%	250	0%	1,400	1%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 49,753	59%	\$ 91,132	81%	\$ 64,449	75%	\$ 142,394	100%
Community Development Agency Non-Housing	13,880	17%	0	0%	0	0%	0	0%
Redevelopment Services Agreement	20,217	24%	21,389	19%	21,265	25%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 710 - BUSINESS DEVELOPMENT**

Description: To continually improve the City's fiscal health by increasing revenues from the business sector of the community.

**SERVICES:**

710-02 - Market Information and Research: Provide timely, accurate information, research, analysis, and policy development needed to make informed business decisions.

**RESULTS:**

Bi-annual community survey results indicate residents rate employment opportunities in Menlo Park higher than benchmark.  
Annual survey of business licensees indicates 85% of business agree with the statement "Menlo Park is a good place to do business".

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 85,237</b>	<b>100%</b>	<b>\$ 75,033</b>	<b>100%</b>	<b>\$ 82,673</b>	<b>100%</b>	<b>\$ 81,168</b>	<b>100%</b>
Personnel	80,840	95%	56,904	76%	77,973	94%	62,931	78%
Operating	3,127	4%	3,129	4%	700	1%	3,238	4%
Services	1,270	1%	15,000	20%	4,000	5%	15,000	18%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 85,237	100%	\$ 75,033	100%	\$ 82,673	100%	\$ 81,168	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Administrative Services**

**PROGRAM: 710 - BUSINESS DEVELOPMENT**

Description: To continually improve the City's fiscal health by increasing revenues from the business sector of the community.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
710-03 - Diversifying Tax Base: Work with business, real estate, and internal resources to broaden the tax base and increase the diversity of goods and services available to meet the community's needs and help reduce the negative fiscal impact of economic cycles.	Achieve an increase in overall revenue generated from business-related sources, while decreasing the City's dependence on the percentage of revenue generated by the top 25 sales tax producers.  Bi-annual community survey results indicate residents rate retail growth in Menlo Park higher than benchmark.  Bi-annual community survey results indicate residents rate the overall quality of business and service establishments in Menlo Park higher than benchmark.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 27,391</b>	<b>100%</b>	<b>\$ 51,398</b>	<b>100%</b>	<b>\$ 41,577</b>	<b>100%</b>	<b>\$ 66,639</b>	<b>100%</b>
Personnel	23,913	87%	42,005	82%	37,677	91%	56,993	86%
Operating	3,478	13%	1,893	4%	900	2%	2,146	3%
Services	-	0%	7,500	15%	3,000	7%	7,500	11%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 27,391	100%	\$ 51,398	100%	\$ 41,577	100%	\$ 66,639	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

CITY OF MENLO PARK  
FISCAL YEAR 2012 - 13



COMMUNITY DEVELOPMENT DEPARTMENT



**LEAD DEPARTMENT: Community Development**

**PROGRAM: 601 - COMPREHENSIVE PLANNING**

Description: To develop, monitor, update and integrate relevant land use and transportation planning documents, studies, policies and implementation strategies to enable the achievement of citywide goals and improve the physical environment of the entire community, while enhancing the unique character of individual neighborhoods and protecting them from the adverse impacts of the larger urban area.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
601-01 - General Plan	\$ 307,316	\$ 561,920	\$ 310,466	\$ 718,780
601-02 - Zoning Ord.& Related Documents	33,021	154,161	121,409	63,623
<b>Program Total</b>	<u>\$ 340,337</u>	<u>\$ 716,081</u>	<u>\$ 431,875</u>	<u>\$ 782,403</u>



**LEAD DEPARTMENT: Community Development**

**PROGRAM: 601 - COMPREHENSIVE PLANNING**

Description: To develop, monitor, update and integrate relevant land use and transportation planning documents, studies, policies and implementation strategies to enable the achievement of citywide goals and improve the physical environment of the entire community, while enhancing the unique character of individual neighborhoods and protecting them from the adverse impacts of the larger urban area.

**SERVICES:**

601-01 - General Plan: Monitor and update the General Plan to maintain its relevancy as a critical public policy document helping to guide City decisions leading to enhanced quality of life.

**RESULTS:**

Annual survey of Council members indicates 80% of Council are always or are almost always satisfied with the quality of information and analysis provided by staff.

The quality of information and analysis meets the expectations of 85% of the Commission members.

Bi-Annual Community Survey results indicate residents rate overall quality of life in Menlo Park higher than benchmark.

Bi-Annual Community Survey results indicate residents' rating of Menlo Park as a good place to live is higher than benchmark.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 307,316</b>	<b>100%</b>	<b>\$ 561,920</b>	<b>100%</b>	<b>\$ 310,466</b>	<b>100%</b>	<b>\$ 718,780</b>	<b>100%</b>
Personnel	183,024	60%	208,181	37%	214,369	69%	57,943	8%
Operating	6,979	2%	27,363	5%	27,363	9%	3,031	0%
Services	117,312	38%	326,376	58%	68,734	22%	-	0%
Capital Improvement Projects	-	0%	-	0%	-	0%	657,806	92%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 307,316	100%	\$ 561,920	100%	\$ 310,466	100%	\$ 60,974	8%
General Fund Comprehensive Planning Fund	-	0%	-	0%	-	0%	657,806	92%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 601 - COMPREHENSIVE PLANNING**

Description: To develop, monitor, update and integrate relevant land use and transportation planning documents, studies, policies and implementation strategies to enable the achievement of citywide goals and improve the physical environment of the entire community, while enhancing the unique character of individual neighborhoods and protecting them from the adverse impacts of the larger urban area.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
601-02 - Zoning Ord.& Related Documents: Update the Zoning Ordinance and other planning documents, and prepare new planning standards and regulations, to maintain consistency with and provide for implementation of the General Plan.	Annual survey of Council members indicates 80% of Council are always or almost always satisfied with the quality of information and analysis provided by staff.  The quality of information and analysis meets expectations of 85% of Commission members.  Bi-Annual Community Survey results indicate residents rate their neighborhood as a place to live higher than benchmark  Bi-Annual Community Survey results indicate residents rate quality of new development higher than benchmark.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 33,021</b>	<b>100%</b>	<b>\$ 154,161</b>	<b>100%</b>	<b>\$ 121,409</b>	<b>100%</b>	<b>\$ 63,623</b>	<b>100%</b>
Personnel	31,991	97%	43,945	29%	11,193	9%	55,378	87%
Operating	1,030	3%	8,216	5%	8,216	7%	8,245	13%
Capital Improvement Projects	-	0%	102,000	66%	102,000	84%	-	0%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 32,880	100%	\$ 51,911	34%	\$ 19,369	16%	\$ 63,623	100%
General Fund Comprehensive Planning Fund	-	0%	102,000	66%	(13,500)	-11%	(250,000)	-393%
Charges For Services	141	0%	250	0%	40	0%	-	0%
Other Financing Sources	-	0%	-	0%	115,500	95%	250,000	393%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 602 - DEVELOPMENT SERVICE**

Description: Provides a centralized, comprehensive and seamless set of services for people to easily obtain information and assistance with required approvals for land use and building construction projects in an efficient manner and in compliance with established regulations.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
602-01 - Development Information Services	\$ 250,649	\$ 270,914	\$ 244,553	\$ 271,507
602-02 - Planning Level Reviews	913,296	1,305,256	1,371,891	1,044,247
602-03 - Plan Check and Permitting	730,484	897,952	865,511	950,466
602-04 - Inspecting and Monitoring	514,296	543,074	524,204	555,320
<b>Program Total</b>	<b>\$ 2,408,725</b>	<b>\$ 3,017,196</b>	<b>\$ 3,006,159</b>	<b>\$ 2,821,541</b>

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 602 - DEVELOPMENT SERVICE**

Description: Provides a centralized, comprehensive and seamless set of services for people to easily obtain information and assistance with required approvals for land use and building construction projects in an efficient manner and in compliance with established regulations.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
602-01 - Development Information Services: Provide potential applicants and interested parties with timely and accurate information regarding applicable City policies, ordinances, regulations, guidelines and other requirements related to land use development.	85% customer satisfaction rating per Development Services Survey.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 250,649</b>	<b>100%</b>	<b>\$ 270,914</b>	<b>100%</b>	<b>\$ 244,553</b>	<b>100%</b>	<b>\$ 271,508</b>	<b>100%</b>
Personnel	245,155	98%	265,506	98%	239,145	98%	265,873	98%
Operating	5,494	2%	5,408	2%	5,408	2%	5,634	2%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 247,621	99%	\$ 268,414	99%	\$ 242,053	99%	\$ 269,008	99%
Charges For Services	3,028	1%	2,500	1%	2,500	1%	2,500	1%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 602 - DEVELOPMENT SERVICE**

Description: Provides a centralized, comprehensive and seamless set of services for people to easily obtain information and assistance with required approvals for land use and building construction projects in an efficient manner and in compliance with established regulations.

**SERVICES:**

602-02 - Planning Level Reviews:  
Provide timely, thorough and structured review, including public input, of proposed development projects and land use permits that evaluates the merits of a project leading to a decision.

**RESULTS:**

95% of projects reviewed for completeness within 30 days of application submittal.  
85% customer satisfaction rating per Planning Review Survey.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 913,296</b>	<b>100%</b>	<b>\$ 1,305,256</b>	<b>100%</b>	<b>\$ 1,371,891</b>	<b>100%</b>	<b>\$ 1,044,247</b>	<b>100%</b>
Personnel	599,503	66%	657,355	50%	723,990	53%	816,828	78%
Operating	23,111	3%	40,459	3%	40,459	3%	47,419	5%
Services	290,682	32%	607,442	47%	607,442	44%	180,000	17%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 65,560	7%	\$ 176,581	14%	\$ 243,216	18%	\$ 254,247	24%
Eir Fees	(282,916)	-31%	123,675	9%	123,675	9%	-	0%
Charges For Services	1,130,652	124%	1,005,000	77%	1,005,000	73%	790,000	76%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 602 - DEVELOPMENT SERVICE**

Description: Provides a centralized, comprehensive and seamless set of services for people to easily obtain information and assistance with required approvals for land use and building construction projects in an efficient manner and in compliance with established regulations.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
602-03 - Plan Check and Permitting: Provide efficient review of construction drawings with clear interpretation of codes to protect health, safety and welfare of the public and to issue permits in a timely manner.	90% of audited projects received all appropriate plan review checks and are in substantial compliance with all relevant codes.  85% customer satisfaction rating per Plan Check Survey.  85% of projects requiring a full plan review receive first comments/approval within 6 weeks of the first submittal.  85% of projects requiring a full plan review receive comments/approval within 2 weeks of the second submittal.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 730,484</b>	<b>100%</b>	<b>\$ 897,952</b>	<b>100%</b>	<b>\$ 865,511</b>	<b>100%</b>	<b>\$ 950,466</b>	<b>100%</b>
Personnel	552,898	76%	588,172	66%	555,731	64%	596,901	63%
Operating	30,153	4%	32,954	4%	32,954	4%	33,566	4%
Services	147,433	20%	276,826	31%	276,826	32%	320,000	34%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ (231,464)	-32%	\$ (95,848)	-11%	\$ (128,289)	-15%	\$ (46,334)	-5%
Licenses & Permits	814,030	111%	834,000	93%	834,000	96%	834,000	88%
Charges For Services	147,918	20%	159,800	18%	159,800	18%	162,800	17%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 602 - DEVELOPMENT SERVICE**

Description: Provides a centralized, comprehensive and seamless set of services for people to easily obtain information and assistance with required approvals for land use and building construction projects in an efficient manner and in compliance with established regulations.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
602-04 - Inspecting and Monitoring: Provide timely and thorough inspection of construction projects in compliance with all approvals from the time of permit issuance through final approval.	95% of inspections scheduled on a given day are completed.  85% of inspections can be scheduled within one day between December 1 and June 30.  85% of inspections can be scheduled within three days between July 1 and November 30.  85% customer satisfaction rating per Inspection Survey.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 514,296</b>	<b>100%</b>	<b>\$ 543,074</b>	<b>100%</b>	<b>\$ 524,204</b>	<b>100%</b>	<b>\$ 555,320</b>	<b>100%</b>
Personnel	496,086	96%	505,612	93%	486,742	93%	522,486	94%
Operating	16,190	3%	23,719	4%	23,719	5%	25,333	5%
Services	2,020	0%	13,743	3%	13,743	3%	7,500	1%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ (364,650)	-71%	\$ (367,126)	-68%	\$ (385,996)	-74%	\$ (355,880)	-64%
Licenses & Permits	814,030	158%	834,000	154%	834,000	159%	834,000	150%
Charges For Services	64,917	13%	76,200	14%	76,200	15%	77,200	14%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

CITY OF MENLO PARK  
FISCAL YEAR 2012 – 13



COMMUNITY SERVICES DEPARTMENT





**LEAD DEPARTMENT: Community Services**

**PROGRAM: 310 - SOCIAL SERVICES & CHILDCARE**

Description: Services focused on improving the quality of life for children, teens, seniors and their families.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
310-01 - Seniors	\$ 405,767	\$ 417,834	\$ 429,708	\$ 462,433
310-02 - Pre-School Childcare	1,981,913	1,997,668	1,929,632	2,171,799
310-03 - Peninsula Partnership	65,437	102,941	105,854	133,702
310-04 - School-Age Childcare	755,469	748,153	720,694	549,325
310-06 - Neighborhood Services	499,179	534,211	482,080	572,993
<b>Program Total</b>	<b>\$ 3,707,767</b>	<b>\$ 3,800,807</b>	<b>\$ 3,667,967</b>	<b>\$ 3,890,251</b>

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 310 - SOCIAL SERVICES & CHILDCARE**

Description: Services focused on improving the quality of life for children, teens, seniors and their families.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
310-01 - Seniors: Provide health, recreational and social services for adults ages 55 and older.	90% of participants indicate they are more fit, have less falls and easier time walking	Exceeded - 100% agree
	90% of participants indicate that the meals are nutritionally balanced and that they are eating healthy at home because of local produce	Exceeded - 100% agree
	90% of participants indicate that they are more knowledgeable about available resources; are empowered to learn new skills; and report a healthier mental being and independence	Exceeded - 100% agree
	Bi-Annual Community Survey results indicate residents rate services to seniors higher than the benchmark	Exceeded - much above benchmark
	Bi-Annual Community Survey results indicate services to low-income residents higher than the benchmark.	Not met - similar to benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 405,767</b>	<b>100%</b>	<b>\$ 417,834</b>	<b>100%</b>	<b>\$ 429,708</b>	<b>100%</b>	<b>\$ 462,433</b>	<b>100%</b>
Personnel	297,333	73%	290,294	69%	307,216	71%	332,918	72%
Operating	101,465	25%	79,281	19%	70,233	16%	79,076	17%
Services	6,969	2%	48,259	12%	52,259	12%	50,439	11%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 311,504	77%	\$ 331,928	79%	\$ 322,099	75%	\$ 366,548	79%
Inter Governmental Revenue	74,485	18%	68,256	16%	82,074	19%	82,185	18%
Charges For Services	7,947	2%	7,650	2%	15,535	4%	3,700	1%
Donations	11,831	3%	10,000	2%	10,000	2%	10,000	2%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 310 - SOCIAL SERVICES & CHILDCARE**

Description: Services focused on improving the quality of life for children, teens, seniors and their families.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
310-02 - Pre-School Childcare: Provide child care for preschool children ages 3 to 5 in an educational child development environment.	95% of children enrolled at BHDCDC exhibit creativity; emerging social, physical and behavior skills; and language development appropriate for their age	Exceeded - 96% agree
	95% - of children enrolled at MCC exhibit creativity; emerging social, physical and behavioral skills appropriate for their age	Met - 95% agree
	Bi-Annual Community Survey results indicate residents rate Menlo Park as a place to raise children higher than the benchmark.	Exceeded - much above benchmark
	Bi-Annual Community Survey results indicate availability of affordable, quality childcare higher than the benchmark	Not met - below benchmark
	Bi-Annual Community Survey results indicate residents rate services to youth higher than the benchmark.	Exceeded - much above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 1,981,913</b>	<b>100%</b>	<b>\$ 1,997,668</b>	<b>100%</b>	<b>\$ 1,929,632</b>	<b>100%</b>	<b>\$ 2,171,799</b>	<b>100%</b>
Personnel	1,774,482	90%	1,777,712	89%	1,729,035	90%	1,938,933	89%
Operating	191,500	10%	203,941	10%	184,582	10%	213,971	10%
Services	15,930	1%	16,015	1%	16,015	1%	18,895	1%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 251,981	13%	\$ 399,093	20%	\$ 314,082	16%	\$ 537,454	25%
Inter Governmental Revenue	830,886	42%	707,945	35%	707,945	37%	707,945	33%
Charges For Services	896,046	45%	890,630	45%	907,605	47%	926,400	43%
Donations	3,000	0%	0	0%	0	0%	0	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 310 - SOCIAL SERVICES & CHILDCARE**

Description: Services focused on improving the quality of life for children, teens, seniors and their families.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
310-03 - Peninsula Partnership: Improve the quality of life (educational performance, parenting skills for children and their families) in the Belle Haven neighborhood.	70% of Belle Haven residents report improved understanding of the process to address or resolve community issues.  Bi-annual Community Survey results indicate residents rate services to low income residents higher than benchmark.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 65,437</b>	<b>100%</b>	<b>\$ 102,941</b>	<b>100%</b>	<b>\$ 105,854</b>	<b>100%</b>	<b>\$ 133,702</b>	<b>100%</b>
Personnel	56,267	86%	95,028	92%	93,512	88%	132,736	99%
Operating	5,489	8%	3,913	4%	7,842	7%	966	1%
Services	3,681	6%	4,000	4%	4,500	4%	-	0%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 20,697	32%	\$ 29,535	29%	\$ 42,284	40%	\$ 40,209	30%
Peninsula Partnership Grant	(37,515)	-57%	(20,001)	-19%	(28,837)	-27%	(3,508)	-3%
Inter Governmental Revenue	48,990	75%	80,203	78%	80,203	76%	93,500	70%
Charges For Services	-	0%	1,000	1%	-	0%	-	0%
Donations	33,266	51%	12,204	12%	12,204	12%	3,500	3%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 310 - SOCIAL SERVICES & CHILDCARE**

Description: Services focused on improving the quality of life for children, teens, seniors and their families.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
310-04 - School-Age Childcare: Offer safe and secure after school and summer activities for school age children in kindergarten through 5th grade.	90% of parents with children enrolled in the BHSA program indicate children model responsible behavior, safety is practiced and rules are enforced	Exceeded - 94% agree
	90% of parents with children enrolled in the BHSA program indicate improved use of time, positive peer interaction, increased self esteem, creative expression, and improved grades	Exceeded - 94% agree
	90% of parents with children enrolled in MCC SA program indicate that their child care needs are being met during the school year	Exceeded - 99% agree
	90% of parents with children enrolled in MCC SA program indicate increase of social skills, new skills and cultural awareness	Not met - 87% agree
	Bi-Annual Community Survey results indicate residents rate Menlo Park as a place to raise children higher than the benchmark.	Exceeded - much above benchmark

	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Total Expenditures</b>	<b>\$ 755,469</b>	<b>100%</b>	<b>\$ 748,153</b>	<b>100%</b>	<b>\$ 720,694</b>	<b>100%</b>	<b>\$ 549,325</b>	<b>100%</b>
Personnel	654,319	87%	628,885	84%	612,494	85%	408,007	74%
Operating	98,105	13%	112,768	15%	101,700	14%	75,318	14%
Services	3,045	0%	6,500	1%	6,500	1%	66,000	12%

<b>Funding Source *</b>	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
General Fund	\$ 124,777	17%	\$ 266,248	36%	\$ 221,051	31%	\$ 98,325	18%
Inter Governmental Revenue	4,493	1%	17,990	2%	17,333	2%	-	0%
Charges For Services	626,198	83%	463,915	62%	482,310	67%	451,000	82%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 310 - SOCIAL SERVICES & CHILDCARE**

Description: Services focused on improving the quality of life for children, teens, seniors and their families.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
310-06 - Neighborhood Services: Provide year round recreational and social services at the Onetta Harris Community Center.	80% of participants feel they have improved their fitness level or the program supports a healthy lifestyle.	Exceeded - 82% agree
	80% of participants feel they have improved upon or developed a new skill.	Exceeded - 81% agree
	80% of participants feel the program contributes to their individual growth & personal development.	Not met - 79% agree
	80% of participants feel closer to the community as a direct result of the program.	Exceeded - 81% agree

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 499,179</b>	<b>100%</b>	<b>\$ 534,211</b>	<b>100%</b>	<b>\$ 482,080</b>	<b>100%</b>	<b>\$ 572,993</b>	<b>100%</b>
Personnel	415,538	83%	411,181	77%	367,361	76%	450,968	79%
Operating Services	66,666	13%	85,530	16%	77,009	16%	82,525	14%
	16,975	3%	37,500	7%	37,710	8%	39,500	7%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 435,253	87%	\$ 465,091	87%	\$ 402,054	83%	\$ 501,193	87%
Charges For Services	63,926	13%	69,120	13%	80,026	17%	71,800	13%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 311 - RECREATION/PHYSICAL ACTIVITIES**

Description: Services promoting healthy lifestyles and personal growth through organized sports and recreation.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
311-01 - Youth Sports	\$ 316,175	\$ 387,217	\$ 364,948	\$ 433,540
311-02 - Adult Sports	229,646	281,472	283,148	276,056
311-03 - Gymnastics	617,355	613,759	568,658	878,446
311-04 - Aquatics	325,136	236,081	238,410	228,025
311-05 - Contract Classes	673,133	784,927	768,000	865,946
311-06 - Events & Concerts	178,315	199,301	211,450	211,748
311-07 - Community Facilities Service	167,067	285,994	230,505	214,549
<b>Program Total</b>	<b>\$ 2,506,828</b>	<b>\$ 2,788,751</b>	<b>\$ 2,665,118</b>	<b>\$ 3,108,309</b>



**LEAD DEPARTMENT: Community Services**

**PROGRAM: 311 - RECREATION/PHYSICAL ACTIVITIES**

Description: Services promoting healthy lifestyles and personal growth through organized sports and recreation.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
311-01 - Youth Sports: Sports classes, camps, activities and leagues for youth.	90% of participants feel they have improved their fitness level or the program supports a healthy lifestyle.	Exceeded - 93% agree
	90% of participants feel they have improved upon or developed a new skill.	Exceeded - 93% agree
	90% of participants feel the program contributes to their individual growth & personal development.	Exceeded - 92% agree
	85% of participants feel closer to the community as a direct result of the program.	Exceeded - 88% agree
	Bi-Annual Community Survey results indicate residents rate recreation programs or classes higher than benchmark.	Exceeded - much above

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 316,175</b>	<b>100%</b>	<b>\$ 387,217</b>	<b>100%</b>	<b>\$ 364,948</b>	<b>100%</b>	<b>\$ 433,540</b>	<b>100%</b>
Personnel	158,772	50%	182,563	47%	164,148	45%	170,210	39%
Operating	55,835	18%	56,904	15%	53,050	15%	50,560	12%
Services	101,568	32%	147,750	38%	147,750	40%	212,770	49%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 75,223	24%	\$ 17,217	4%	\$ (22,552)	-6%	\$ (13,460)	-3%
Charges For Services	240,952	76%	370,000	96%	387,500	106%	447,000	103%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 311 - RECREATION/PHYSICAL ACTIVITIES**

Description: Services promoting healthy lifestyles and personal growth through organized sports and recreation.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
311-02 - Adult Sports: Sports classes, camps, activities and leagues for adults.	90% of participants feel they have improved their fitness level or the program supports a healthy lifestyle.	Exceeded - 95% agree
	90% of participants feel they have improved upon or developed a new skill.	Not met - 87% agree
	90% of participants feel the program contributes to their individual growth & personal development.	Met - 90% agree
	85% of participants feel closer to the community as a direct result of the program.	Not met - 83% agree
	Bi-Annual Community Survey results indicate residents rate recreation programs or classes higher than benchmark.	Exceeded - much above

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Total Expenditures</b>	\$	<b>229,646</b>	<b>100%</b>	\$	<b>281,472</b>	<b>100%</b>	\$	<b>276,056</b>	<b>100%</b>
Personnel		138,496	60%		168,476	60%		168,092	61%
Operating		45,812	20%		56,721	20%		47,513	17%
Services		45,338	20%		56,275	20%		60,450	22%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
General Fund	\$	59,712	26%	\$	74,672	27%	\$	63,556	23%
Charges For Services		169,934	74%		206,800	73%		212,500	77%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 311 - RECREATION/PHYSICAL ACTIVITIES**

Description: Services promoting healthy lifestyles and personal growth through organized sports and recreation.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
311-03 - Gymnastics: A comprehensive educational, recreational and developmental program designed for gymnasts of all ages.	90% of participants feel they have improved their fitness level or the program supports a healthy lifestyle.	Not met - 85% agree
	90% of participants feel they have improved upon or developed a new skill.	Not met - 82% agree
	90% of participants feel the program contributes to their individual growth & personal development.	Not met - 83% agree
	85% of participants feel closer to the community as a direct result of the program.	Not met - 75% agree
	Bi-Annual Community Survey results indicate residents rate recreation programs or classes higher than benchmark.	Exceeded - much above

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 617,355</b>	<b>100%</b>	<b>\$ 613,759</b>	<b>100%</b>	<b>\$ 568,658</b>	<b>100%</b>	<b>\$ 878,446</b>	<b>100%</b>
Personnel	540,730	88%	541,220	88%	510,194	90%	752,165	86%
Operating	76,625	12%	72,539	12%	58,464	10%	111,280	13%
Services	-	0%	-	0%	-	0%	15,000	2%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ (58,117)	-9%	\$ (48,241)	-8%	\$ (93,342)	-16%	\$ (60,555)	-7%
Charges For Services	675,472	109%	662,000	108%	662,000	116%	939,000	107%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 311 - RECREATION/PHYSICAL ACTIVITIES**

Description: Services promoting healthy lifestyles and personal growth through organized sports and recreation.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
311-04 - Aquatics: Recreational programs, developmental classes and fitness oriented activities for all ages.	90% of participants have improved their fitness level or the program supports a healthy lifestyle.	Exceeded - 93% agree
	90% of participants have improved upon or developed a new skill.	Not met - 87% agree
	90% of participants feel the program contributes to their individual growth & personal development.	Exceeded - 98% agree
	85% of participants feel closer to the community as a direct result of the program.	Exceeded - 94% agree
	Bi-Annual Community Survey results indicate residents rate recreation opportunities higher than benchmark.	Exceeded - much above

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 325,136</b>	<b>100%</b>	<b>\$ 236,081</b>	<b>100%</b>	<b>\$ 238,410</b>	<b>100%</b>	<b>\$ 228,025</b>	<b>100%</b>
Personnel	159,844	49%	53,167	23%	59,733	25%	71,880	32%
Operating	152,867	47%	180,695	77%	175,814	74%	152,145	67%
Services	12,425	4%	2,219	1%	2,863	1%	4,000	2%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 196,899	61%	\$ 71,831	30%	\$ 70,410	30%	\$ 53,775	24%
Charges For Services	128,238	39%	164,250	70%	168,000	70%	174,250	76%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 311 - RECREATION/PHYSICAL ACTIVITIES**

Description: Services promoting healthy lifestyles and personal growth through organized sports and recreation.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
311-05 - Contract Classes: Offer a variety of enrichment classes such as dance, computer, language, martial arts and science for all ages.	90% of participants feel they have improved their fitness level or the program supports a healthy lifestyle.	Exceeded - 92% agree
	90% of participants feel they have improved upon or developed a new skill.	Not met - 88% agree
	90% of participants feel the program contributes to their individual growth & personal development.	Met - 90% agree
	85% of participants feel closer to the community as a direct result of the program.	Not met - 72% agree
	Bi-Annual Community Survey results indicate residents rate recreation programs or classes higher than benchmark.	Exceeded - much above
	Bi-Annual Community Survey indicates residents rate quality of recreation centers or facilities higher than benchmark.	Exceeded - much above

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 673,133</b>	<b>100%</b>	<b>\$ 784,927</b>	<b>100%</b>	<b>\$ 768,000</b>	<b>100%</b>	<b>\$ 865,946</b>	<b>100%</b>
Personnel	319,661	47%	392,150	50%	383,875	50%	453,826	52%
Operating	93,307	14%	107,777	14%	99,125	13%	112,120	13%
Services	260,165	39%	285,000	36%	285,000	37%	300,000	35%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 67,246	10%	\$ 65,427	8%	\$ 29,000	4%	\$ 106,446	12%
Charges For Services	605,888	90%	719,500	92%	739,000	96%	759,500	88%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 311 - RECREATION/PHYSICAL ACTIVITIES**

Description: Services promoting healthy lifestyles and personal growth through organized sports and recreation.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
311-06 - Events & Concerts: Provide special community events such as 4th of July, Halloween, Egg Hunt and summer concerts.	80% of participants feel they have a greater appreciation for living in Menlo Park. 90% of participants feel closer to the community as a direct result of the program.	Exceeded - 83% agree  Exceeded - 97% agree

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 178,315</b>	<b>100%</b>	<b>\$ 199,301</b>	<b>100%</b>	<b>\$ 211,450</b>	<b>100%</b>	<b>\$ 211,748</b>	<b>100%</b>
Personnel	117,292	66%	108,969	55%	102,035	48%	106,112	50%
Operating	46,835	26%	50,332	25%	46,571	22%	53,637	25%
Services	14,188	8%	40,000	20%	62,844	30%	52,000	25%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 145,718	82%	\$ 161,901	81%	\$ 174,050	82%	\$ 175,348	83%
E. Kennedy/ Arts Trust	529	0%	500	0%	500	0%	700	0%
Interest and Rent Income	171	0%	200	0%	200	0%	-	0%
Charges For Services	25,122	14%	30,000	15%	30,000	14%	29,000	14%
Donations	6,075	3%	6,000	3%	6,000	3%	6,000	3%
Other Financing Sources	700	0%	700	0%	700	0%	700	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Services**

**PROGRAM: 311 - RECREATION/PHYSICAL ACTIVITIES**

Description: Services promoting healthy lifestyles and personal growth through organized sports and recreation.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
311-07 - Community Facilities Service: Provides access and support to residents and visitors to parks, fields, playgrounds, programs, and community resources in Menlo Park.	90% of participants have a greater appreciation for living in Menlo Park.  Bi-Annual Community Survey indicates number of residents visiting a neighborhood park or City parks in the previous 12 months is higher than benchmark.	Exceeded - 91% agree  Exceeded - much above

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 167,067</b>	<b>100%</b>	<b>\$ 285,994</b>	<b>100%</b>	<b>\$ 230,505</b>	<b>100%</b>	<b>\$ 214,549</b>	<b>100%</b>
Personnel	121,012	72%	208,867	73%	167,758	73%	136,099	63%
Operating	36,051	22%	50,437	18%	36,057	16%	54,761	26%
Services	10,004	6%	26,690	9%	26,690	12%	23,690	11%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 8,702	5%	\$ 33,994	12%	\$ (21,495)	-9%	\$ (40,451)	-19%
Charges For Services	158,366	95%	252,000	88%	252,000	109%	255,000	119%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 501 - AFFORDABLE HOUSING**

Description: To promote the expansion of local housing opportunities for low and moderate income residents and workers in the City of Menlo Park by assisting in opportunities to increase the supply and improve the condition of the existing stock of affordable housing

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
501-01 - Increase Supply of Affordable Housing	\$ 7,935,064	\$ 3,731,541	\$ 836,260	\$ 14,233
501-02 - Maintain Existing Affordable Housing Stock	389,113	233,302	5,883,104	71,673
501-05 - Policy Development	187,312	240,561	150,892	8,936
<b>Program Total</b>	<u>\$ 8,511,489</u>	<u>\$ 4,205,404</u>	<u>\$ 6,870,256</u>	<u>\$ 94,842</u>



**LEAD DEPARTMENT: Community Development**

**PROGRAM: 501 - AFFORDABLE HOUSING**

Description: To promote the expansion of local housing opportunities for low and moderate income residents and workers in the City of Menlo Park by assisting in opportunities to increase the supply and improve the condition of the existing stock of affordable housing

<b>SERVICES:</b>	<b>RESULTS:</b>				<b>STATUS:</b>			
501-01 - Increase Supply of Affordable Housing: Increase the number of and access to affordable housing units in Menlo Park available to residents and employees who work in the City by providing general assistance and referral services, administrative support for Below Market Rate (BMR) Agreement review process and, where applicable, financial support, including first-time home buyer loans.	Program discontinued due to dissolution of the Redevelopment Agency							
	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Total Expenditures</b>	<b>\$ 7,935,064</b>	<b>100%</b>	<b>\$ 3,731,541</b>	<b>100%</b>	<b>\$ 836,260</b>	<b>100%</b>	<b>\$ 14,233</b>	<b>100%</b>
Personnel	137,860	2%	122,561	3%	132,914	16%	8,673	61%
Operating	7,738,147	98%	3,583,330	96%	643,346	77%	5,560	39%
Services	59,057	1%	25,650	1%	60,000	7%	-	0%
	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Funding Source *</b>								
General Fund	\$ -	0%	\$ 46,000	1%	\$ 42,391	5%	\$ 14,233	100%
BMR Housing-Resident/Commerl	142,740	2%	1,010,393	27%	420,176	50%	-	0%
Community Development Agency Housing	1,864,758	24%	0	0%	43,137	5%	0	0%
Housing Authority	(6,229,550)	-79%	(1,150,153)	-31%	90,522	11%	-	0%
Taxes	2,225,051	28%	2,202,000	59%	-	0%	-	0%
Interest and Rent Income	143,122	2%	135,000	4%	40,000	5%	-	0%
Charges For Services	446,521	6%	426,000	11%	200,033	24%	-	0%
Other Financing Sources	9,342,421	118%	1,062,301	28%	-	0%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 501 - AFFORDABLE HOUSING**

Description: To promote the expansion of local housing opportunities for low and moderate income residents and workers in the City of Menlo Park by assisting in opportunities to increase the supply and improve the condition of the existing stock of affordable housing

<b>SERVICES:</b>	<b>RESULTS:</b>					<b>STATUS:</b>			
501-02 - Maintain Existing Affordable Housing Stock: Maintain the existing affordable housing stock by providing loan services (including funding, application processing, construction management and collections) for housing rehabilitation loans; managing resale of Below Market Rate (BMR) units, funding and monitoring non-profits including fair housing services, disabled access to housing, shared housing and minor home repair.	85% of housing rehabilitation projects are completed within the contract terms.  The technical assistance for loan preparation and construction management meets the expectations of 85% of homeowner loan recipients for all housing rehabilitation.								
	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>		
<b>Total Expenditures</b>	<b>\$ 389,113</b>	<b>100%</b>	<b>\$ 233,302</b>	<b>100%</b>	<b>\$ 5,883,104</b>	<b>100%</b>	<b>\$ 71,673</b>	<b>100%</b>	
Personnel	126,972	33%	124,788	53%	130,020	2%	8,673	12%	
Operating	220,743	57%	67,007	29%	5,753,084	98%	-	0%	
Services	41,398	11%	41,507	18%	-	0%	63,000	88%	
	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>		
<b>Funding Source *</b>									
General Fund	\$ -	0%	\$ 62,000	27%	\$ 44,703	1%	\$ 8,673	12%	
BMR Housing-Resident/Commerl	-	0%	-	0%	-	0%	63,000	88%	
Commun Devel Block Grant	771	0%	(9,300)	-4%	-	0%	-	0%	
Rev Share-Emergency Loan	33,169	9%	12,478	5%	(2,319)	0%	(2,000)	-3%	
Community Development Agency Housing	283,104	73%	0	0%	0	0%	0	0%	
Housing Authority	82,916	21%	216,102	93%	5,828,282	99%	-	0%	
Inter Governmental Revenue	(58,547)	-15%	(115,000)	-49%	(122,910)	-2%	(93,500)	-130%	
Interest and Rent Income	1,493	0%	(34,000)	-15%	26,740	0%	19,500	27%	
Charges For Services	46,206	12%	101,022	43%	108,609	2%	76,000	106%	

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Community Development**

**PROGRAM: 501 - AFFORDABLE HOUSING**

Description: To promote the expansion of local housing opportunities for low and moderate income residents and workers in the City of Menlo Park by assisting in opportunities to increase the supply and improve the condition of the existing stock of affordable housing

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
501-05 - Policy Development: To develop, monitor and update policies related to affordable housing production, maintenance and availability for Housing Commission and City Council/Agency Board consideration.	Program discontinued due to dissolution of the Redevelopment Agency	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 187,312</b>	<b>100%</b>	<b>\$ 240,561</b>	<b>100%</b>	<b>\$ 150,892</b>	<b>100%</b>	<b>\$ 8,936</b>	<b>100%</b>
Personnel	185,640	99%	128,834	54%	150,892	100%	8,936	100%
Operating	1,672	1%	727	0%	-	0%	-	0%
Services	-	0%	1,000	0%	-	0%	-	0%
Capital Improvement Projects	-	0%	110,000	46%	-	0%	-	0%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ -	0%	\$ 27,000	11%	\$ 35,697	24%	\$ 8,936	100%
Community Development Agency Housing	103,592	55%	0	0%	0	0%	0	0%
Housing Authority	83,720	45%	213,561	89%	115,195	76%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

CITY OF MENLO PARK  
FISCAL YEAR 2012 – 13



LIBRARY DEPARTMENT



**LEAD DEPARTMENT: Library**

**PROGRAM: 401 - LIBRARY COLLECTIONS AND ONLINE RESOURCES**

Description: To make the world virtually available to the Menlo Park community through print, visual, audio, computer and online applications and resources. A closely related aim is to acquire such materials at a cost attractive to Menlo Park taxpayers.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
401-01 - Library Materials	\$ 538,976	\$ 601,322	\$ 588,663	\$ 673,798
401-02 - Lend & Retrieve Library Materials	516,857	607,102	506,572	629,155
401-03 - User Assistance	480,444	578,035	486,794	471,908
<b>Program Total</b>	<u>\$ 1,536,277</u>	<u>\$ 1,786,459</u>	<u>\$ 1,582,029</u>	<u>\$ 1,774,861</u>

**LEAD DEPARTMENT: Library**

**PROGRAM: 401 - LIBRARY COLLECTIONS AND ONLINE RESOURCES**

Description: To make the world virtually available to the Menlo Park community through print, visual, audio, computer and online applications and resources. A closely related aim is to acquire such materials at a cost attractive to Menlo Park taxpayers.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
401-01 - Library Materials: Select, organize, and maintain materials and information resources for maximum benefit to users.	85% satisfaction with Library materials.	Exceeded - 88%
	85% of all new adult materials are available to the public within 2 weeks of receipt.	Not met - 71%
	9% of all the collection is updated each year to reflect a changing community.	Not met - 8%
	Bi-Annual Community Survey results indicate residents rate library services higher than benchmark.	Exceeded - much above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 538,976</b>	<b>100%</b>	<b>\$ 601,322</b>	<b>100%</b>	<b>\$ 588,663</b>	<b>100%</b>	<b>\$ 673,798</b>	<b>100%</b>
Personnel	339,525	63%	323,529	54%	317,963	54%	334,629	50%
Operating	199,452	37%	277,793	46%	270,700	46%	339,169	50%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 483,037	90%	\$ 494,137	82%	\$ 486,028	83%	\$ 524,748	78%
Library Endowment Fund	(2)	0%	1,000	0%	1,000	0%	-	0%
Library Donations	(15,208)	-3%	43,000	7%	(5,496)	-1%	39,000	6%
1990 Library Bond Fund	-	0%	-	0%	1,450	0%	55,000	8%
Inter Governmental Revenue	12,179	2%	8,135	1%	8,135	1%	-	0%
Charges For Services	43,883	8%	53,000	9%	53,000	9%	53,000	8%
Donations	15,086	3%	2,050	0%	44,546	8%	2,050	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Library**

**PROGRAM: 401 - LIBRARY COLLECTIONS AND ONLINE RESOURCES**

Description: To make the world virtually available to the Menlo Park community through print, visual, audio, computer and online applications and resources. A closely related aim is to acquire such materials at a cost attractive to Menlo Park taxpayers.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
401-02 - Lend & Retrieve Library Materials: Lend and retrieve library materials (including shared collections with other agencies) in an efficient, caring, responsive manner including self-service and remote options.	85% of returned materials are accurately shelved within 48 hours.  50% of circulation users know of new automated services including self-check, remote renewals/holds.  Bi-annual survey results indicate residents use of library or library services in the past 12 months is higher than the benchmark.	Met - 85%  Exceeded - 74%  Exceeded - much above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 516,857</b>	<b>100%</b>	<b>\$ 607,102</b>	<b>100%</b>	<b>\$ 506,572</b>	<b>100%</b>	<b>\$ 629,155</b>	<b>100%</b>
Personnel	429,720	83%	516,313	85%	419,172	83%	540,199	86%
Operating	87,137	17%	90,789	15%	87,400	17%	88,956	14%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 460,187	89%	\$ 545,967	90%	\$ 445,437	88%	\$ 576,155	92%
Inter Governmental Revenue	12,179	2%	8,135	1%	8,135	2%	-	0%
Charges For Services	44,490	9%	53,000	9%	53,000	10%	53,000	8%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Library**

**PROGRAM: 401 - LIBRARY COLLECTIONS AND ONLINE RESOURCES**

Description: To make the world virtually available to the Menlo Park community through print, visual, audio, computer and online applications and resources. A closely related aim is to acquire such materials at a cost attractive to Menlo Park taxpayers.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
401-03 - User Assistance: Empower users by educating them in library research and technology aids by providing information or assisting users in finding the information needed, and supplying readers with title/author recommendations.	85% of customers who use the library get answers to their questions and desired reading choices and indicate that they received what they needed.	Exceeded - 97%
	50% of customers indicate that, in a library visit, they learned about additional library resources or service i.e. eBooks, online databases	Exceeded - 74%
	85% of patrons are satisfied with: efficiency; convenience; manner; and, timeliness of user assistance services.	Exceeded - 94%

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 480,444</b>	<b>100%</b>	<b>\$ 578,035</b>	<b>100%</b>	<b>\$ 486,794</b>	<b>100%</b>	<b>\$ 471,908</b>	<b>100%</b>
Personnel	387,970	81%	389,872	67%	373,913	77%	367,183	78%
Operating	92,474	19%	164,163	28%	111,250	23%	104,725	22%
Capital Improvement Projects	-	0%	24,000	4%	1,631	0%	-	0%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 394,821	82%	\$ 414,703	72%	\$ 395,528	81%	\$ 393,323	83%
Library Endowment Fund	12,000	2%	0	0%	0	0%	0	0%
Public Library Fund	(11,009)	-2%	37,697	7%	14,131	3%	21,085	4%
1990 Library Bond Fund	-	0%	60,000	10%	11,500	2%	-	0%
Inter Governmental Revenue	23,188	5%	8,135	1%	8,135	2%	-	0%
Charges For Services	51,033	11%	57,500	10%	57,500	12%	57,500	12%
Donations	10,410	2%	0	0%	0	0%	0	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Library**

**PROGRAM: 402 - READING PROMOTION AND LIFE SKILLS**

Description: Promote reading skills and lifelong learning by providing a welcoming, stimulating and safe environment, and by offering programs, instruction, and community involvement opportunities.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
402-01 - Programs and Events	\$ 139,547	\$ 149,285	\$ 146,901	\$ 158,050
402-02 - Foster Community	38,932	47,125	39,195	47,715
402-03 - Teaching	234,987	190,810	179,179	182,844
402-04 - Satellite Provision	269,080	270,932	250,999	256,794
<b>Program Total</b>	<b>\$ 682,546</b>	<b>\$ 658,152</b>	<b>\$ 616,275</b>	<b>\$ 645,403</b>

**LEAD DEPARTMENT: Library**

**PROGRAM: 402 - READING PROMOTION AND LIFE SKILLS**

Description: Promote reading skills and lifelong learning by providing a welcoming, stimulating and safe environment, and by offering programs, instruction, and community involvement opportunities.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
402-01 - Programs and Events: Provide a variety of story-times, community visits, lectures and readers' groups that attract users to the Library and stimulate interest in the Library and its offerings.	80% of attendees engage in other library activities as a result of attending a library event	Exceeded - 98%
	85% of attendees rate library events as interesting to them.	Exceeded - 98%
	80% of attendees say that events are the reason they came to the library.	Exceeded - 98%

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 139,547</b>	<b>100%</b>	<b>\$ 149,285</b>	<b>100%</b>	<b>\$ 146,901</b>	<b>100%</b>	<b>\$ 158,050</b>	<b>100%</b>
Personnel	121,085	87%	110,331	74%	109,151	74%	119,099	75%
Operating	18,462	13%	36,954	25%	35,750	24%	36,952	23%
Services	-	0%	2,000	1%	2,000	1%	2,000	1%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 70,308	50%	\$ 65,036	44%	\$ 68,129	46%	\$ 80,181	51%
Frances Mack Trust	54,580	39%	73,614	49%	68,138	46%	77,870	49%
Inter Governmental Revenue	12,179	9%	8,135	5%	8,135	6%	-	0%
Interest and Rent Income	2,480	2%	2,500	2%	2,500	2%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Library**

**PROGRAM: 402 - READING PROMOTION AND LIFE SKILLS**

Description: Promote reading skills and lifelong learning by providing a welcoming, stimulating and safe environment, and by offering programs, instruction, and community involvement opportunities.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
402-02 - Foster Community: Provide opportunities for community interaction, involvement, and volunteering.	90% of volunteers working in areas of fundraising, outreach, literacy and library service assistance rate their experience as satisfying.	Met - 90%
	65% of all library attendees report satisfaction with library facility equipment.	Exceeded - 88%

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Total Expenditures</b>	\$	<b>38,932</b>	<b>100%</b>	\$	<b>47,125</b>	<b>100%</b>	\$	<b>47,715</b>	<b>100%</b>
Personnel		24,985	64%		32,521	69%		33,112	69%
Operating		13,947	36%		14,604	31%		14,603	31%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
General Fund	\$	17,782	46%	\$	31,240	66%	\$	39,715	83%
Inter Governmental Revenue		12,179	31%		8,135	17%		-	0%
Charges For Services		8,971	23%		7,750	16%		8,000	17%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Library**

**PROGRAM: 402 - READING PROMOTION AND LIFE SKILLS**

Description: Promote reading skills and lifelong learning by providing a welcoming, stimulating and safe environment, and by offering programs, instruction, and community involvement opportunities.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
402-03 - Teaching: Provide classes and individual instruction in reading, writing, English as a Second Language, computer basics and other life skills.	140 individual literacy students receive skill building instruction this year.	Met - 140 students
	More than 40 new literacy volunteer tutors are trained per year with a goal of increasing volunteers by 5% next year.	Not met - 37 tutors
	80% of all literacy students advance to higher skill level or meet a literacy personal goal.	Met - 80%
	80% of active tutors report satisfaction with training and other staff support.	Met - 80%
	50% of all English as a Second Language students enrolled in the Belle Haven literacy program advance to the language level required for Project Read inclusion.	Not met - 25%

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 234,987</b>	<b>100%</b>	<b>\$ 190,810</b>	<b>100%</b>	<b>\$ 179,179</b>	<b>100%</b>	<b>\$ 182,844</b>	<b>100%</b>
Personnel	168,269	72%	176,446	92%	174,749	98%	175,078	96%
Operating	66,718	28%	14,364	8%	4,430	2%	7,766	4%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ -	0%	\$ -	0%	\$ 41	0%	\$ -	0%
Literacy Grants	1,458	1%	1,710	1%	(6,861)	-4%	11,344	6%
Inter Governmental Revenue	42,422	18%	0	0%	0	0%	0	0%
Donations	80,813	34%	134,100	70%	116,000	65%	116,500	64%
Other Financing Sources	110,294	47%	55,000	29%	70,000	39%	55,000	30%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Library**

**PROGRAM: 402 - READING PROMOTION AND LIFE SKILLS**

Description: Promote reading skills and lifelong learning by providing a welcoming, stimulating and safe environment, and by offering programs, instruction, and community involvement opportunities.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
402-04 - Satellite Provision: Provide unique services and materials tailored to the Belle Haven community.	30% of attendees new to this library; 50% of these get library cards	Met - 30%
	50% of school visit attendees replace or get 1st time library cards; 80% return following the visits	Met - 50%
	65% of reference and circulation transactions are conducted fully or partially in Spanish	Met - 65%
	75% of families use the library as a result of the book lending and book giveaway programs.	Met - 75%
	60% of repeat visitors spend time in the library suind collections, databases, reading and socializing in addition to checking materials in and out.	Met - 60%

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Total Expenditures</b>	\$	<b>269,080</b>	<b>100%</b>	\$	<b>270,932</b>	<b>100%</b>	\$	<b>256,794</b>	<b>100%</b>
Personnel		254,907	95%		258,784	96%		244,661	95%
Operating		13,548	5%		10,648	4%		10,633	4%
Services		625	0%		1,500	1%		1,500	1%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
General Fund	\$	268,164	100%	\$	269,932	100%	\$	256,044	100%
Charges For Services		917	0%		1,000	0%		750	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

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CITY OF MENLO PARK  
FISCAL YEAR 2012 – 13



POLICE DEPARTMENT





**LEAD DEPARTMENT: Police Department**

**PROGRAM: 101 - COMMUNITY SAFETY**

Description: Enhance and ensure public safety by protecting lives and property, preventing crime, maintaining public order, thoroughly investigating crimes, and providing code enforcement.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
101-01 - Patrol Service	\$ 7,540,915	\$ 6,776,634	\$ 6,042,906	\$ 7,044,386
101-02 - Investigations	1,173,073	1,249,544	1,288,501	1,198,353
101-04 - Community Outreach	664,155	766,896	694,674	768,033
101-05 - Narcotic Abatement	687,316	671,460	6,952,804	859,266
101-06 - Code Enforcement	451,182	537,264	524,977	329,817
<b>Program Total</b>	<b>\$ 10,516,641</b>	<b>\$ 10,001,798</b>	<b>\$ 15,503,862</b>	<b>\$ 10,199,854</b>

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 101 - COMMUNITY SAFETY**

Description: Enhance and ensure public safety by protecting lives and property, preventing crime, maintaining public order, thoroughly investigating crimes, and providing code enforcement.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
101-01 - Patrol Service: Provide professional and swift response to calls for service, provide a uniformed presence in the community, and prevent crime through communication, accountability, and problem solving.	Bi-Annual Community Survey results indicate residents rate safety in their neighborhood and in downtown, both during the day and at night higher than the benchmark  Bi-Annual Community Survey results indicate residents rate safety from violent crime and property crime higher than the benchmark	Exceeded - much above benchmark  Exceeded - much above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 7,540,915</b>	<b>100%</b>	<b>\$ 6,776,634</b>	<b>100%</b>	<b>\$ 6,042,906</b>	<b>100%</b>	<b>\$ 7,044,386</b>	<b>100%</b>
Personnel	6,612,477	88%	5,673,698	84%	5,369,738	89%	5,905,372	84%
Operating	647,318	9%	822,543	12%	404,218	7%	860,314	12%
Services	281,120	4%	280,393	4%	268,950	4%	278,700	4%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 7,045,733	93%	\$ 6,239,251	92%	\$ 5,460,292	90%	\$ 6,426,803	91%
Suppl Law Enforc Svc Fd (Cops)	(25,769)	0%	29,783	0%	34,714	1%	29,783	0%
Inter Governmental Revenue	100,777	1%	100,000	1%	100,000	2%	100,000	1%
Fines	378,343	5%	395,000	6%	435,200	7%	475,200	7%
Interest and Rent Income	174	0%	-	0%	100	0%	-	0%
Charges For Services	41,062	1%	12,600	0%	12,600	0%	12,600	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 101 - COMMUNITY SAFETY**

Description: Enhance and ensure public safety by protecting lives and property, preventing crime, maintaining public order, thoroughly investigating crimes, and providing code enforcement.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
101-02 - Investigations: Collaborate with other units and regional agencies to identify offenders, conduct sound investigations, and support relentless prosecution of criminal offenders.	Bi-Annual Community Survey results indicate residents report themselves as a crime victim in the last 12 months below the benchmark.	Exceeded - much above benchmark
	Bi-Annual Community Survey results indicate residents rate safety in their neighborhood and in downtown, both during the day and at night higher than the benchmark	Exceeded - much above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 1,173,073</b>	<b>100%</b>	<b>\$ 1,249,544</b>	<b>100%</b>	<b>\$ 1,288,501</b>	<b>100%</b>	<b>\$ 1,198,353</b>	<b>100%</b>
Personnel	1,017,733	87%	1,072,933	86%	1,176,706	91%	1,004,803	84%
Operating	93,503	8%	96,846	8%	46,880	4%	99,135	8%
Services	61,838	5%	79,765	6%	64,915	5%	94,415	8%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 1,157,430	99%	\$ 1,247,344	100%	\$ 1,286,301	100%	\$ 1,196,553	100%
Inter Governmental Revenue	13,805	1%	-	0%	-	0%	-	0%
Charges For Services	1,838	0%	2,200	0%	2,200	0%	1,800	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 101 - COMMUNITY SAFETY**

Description: Enhance and ensure public safety by protecting lives and property, preventing crime, maintaining public order, thoroughly investigating crimes, and providing code enforcement.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
101-04 - Community Outreach: Employ effective communication strategies and maintain key community partnerships to cooperatively identify and solve problems, enhance trust, and prevent crime.	Bi-Annual Community Survey results indicate residents rate crime prevention and overall police services higher than the benchmark.	Exceeded - much above benchmark
	Bi-Annual Community Survey results indicate residents rate pverall impression of most recent contact with Menlo Park Police above the benchmark	Met - above benchmark
	Resident survey indicates technology is used to satisfactorily share information with the community.	Met - above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 664,155</b>	<b>100%</b>	<b>\$ 766,896</b>	<b>100%</b>	<b>\$ 694,674</b>	<b>100%</b>	<b>\$ 768,033</b>	<b>100%</b>
Personnel	629,368	95%	723,874	94%	684,247	98%	720,101	94%
Operating	29,445	4%	37,377	5%	5,085	1%	40,590	5%
Services	5,342	1%	5,645	1%	5,342	1%	7,342	1%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 664,150	100%	\$ 766,796	100%	\$ 694,574	100%	\$ 767,933	100%
Charges For Services	5	0%	100	0%	100	0%	100	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 101 - COMMUNITY SAFETY**

Description: Enhance and ensure public safety by protecting lives and property, preventing crime, maintaining public order, thoroughly investigating crimes, and providing code enforcement.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
101-05 - Narcotic Abatement: Reduce violence and fear associated with illegal narcotics and gangs through proactive enforcement and regional cooperative efforts.	Bi-Annual Community Survey results indicate residents rate safety from violent crime and property crime higher than the benchmark  Belle Haven residents rate safety from violent crime and property crimes the same as residents throughout the rest of Menlo Park.  Participate on a task force with regional and Federal agencies that eradicates gang and narcotics activity.	Exceeded - much above benchmark  Data not collected in survey  Met - above benchmark

	<u>Actual</u> 2010-2011		<u>Budget</u> 2011-2012		<u>Estimate</u> 2011-2012		<u>Proposed</u> 2012-2013	
<b>Total Expenditures</b>	<b>\$ 687,316</b>	<b>100%</b>	<b>\$ 671,460</b>	<b>100%</b>	<b>\$ 6,952,804</b>	<b>100%</b>	<b>\$ 859,266</b>	<b>100%</b>
Personnel	645,340	94%	609,129	91%	904,894	13%	781,752	91%
Operating	41,976	6%	62,331	9%	6,047,910	87%	77,514	9%
<b>Funding Source *</b>	<u>Actual</u> 2010-2011		<u>Budget</u> 2011-2012		<u>Estimate</u> 2011-2012		<u>Proposed</u> 2012-2013	
General Fund	\$ 60,277	9%	\$ 327,091	49%	\$ 449,673	6%	\$ 779,266	91%
Narcotic Seizure Fund	1,334	0%	(4,000)	-1%	(3,229)	0%	(4,000)	0%
Redevelopment Services Agreement	282,653	41%	314,369	47%	6,358,531	91%	-	0%
Charges For Services	101,705	15%	34,000	5%	147,829	2%	84,000	10%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 101 - COMMUNITY SAFETY**

Description: Enhance and ensure public safety by protecting lives and property, preventing crime, maintaining public order, thoroughly investigating crimes, and providing code enforcement.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
101-06 - Code Enforcement: Address quality of life and community safety through the timely and effective enforcement of municipal codes.	Bi-Annual Community Sruvey results indicate residents rate code enforcement above the benchmark	Met - above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	\$ 451,182	100%	\$ 537,264	100%	\$ 524,977	100%	\$ 329,817	100%
Personnel	438,058	97%	511,092	95%	521,777	99%	308,646	94%
Operating	13,124	3%	26,172	5%	3,200	1%	21,171	6%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 81,877	18%	\$ 219,048	41%	\$ 308,148	59%	\$ 304,052	92%
Narcotic Seizure Fund	-	0%	0	0%	0	0%	0	0%
Redevelopment Services Agreement	192,185	43%	292,451	54%	191,064	36%	-	0%
Licenses & Permits	1,485	0%	4,765	1%	4,765	1%	4,765	1%
Charges For Services	16,898	4%	21,000	4%	21,000	4%	21,000	6%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 102 - PATROL SUPPORT**

Description: Enhance the community safety program by providing essential and effective support and specialized services.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
102-01 - Dispatch	\$ 1,972,317	\$ 1,717,214	\$ 1,659,069	\$ 1,613,053
102-02 - Records Management	530,300	588,379	506,299	546,196
102-04 - Police Training	268,231	443,195	327,095	439,536
102-05 - Parking Management	410,626	487,195	418,345	580,639
<b>Program Total</b>	<b>\$ 3,181,474</b>	<b>\$ 3,235,983</b>	<b>\$ 2,910,808</b>	<b>\$ 3,179,423</b>



**LEAD DEPARTMENT: Police Department**

**PROGRAM: 102 - PATROL SUPPORT**

Description: Enhance the community safety program by providing essential and effective support and specialized services.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
102-01 - Dispatch: Receive calls for Police and City services and coordinate emergency and non-emergency response in a professional and timely manner.	Bi-Annual Community Survey results indicate residents rate safety in their neighborhood and in downtown, both during the day and at night higher than the benchmark  Bi-Annual Community Survey results indicate residents rate overall impression of most recent contact with Menlo Park Police above the benchmark	Exceeded - much above benchmark  Met - above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 1,972,317</b>	<b>100%</b>	<b>\$ 1,717,214</b>	<b>100%</b>	<b>\$ 1,659,069</b>	<b>100%</b>	<b>\$ 1,613,053</b>	<b>100%</b>
Personnel	1,755,295	89%	1,497,379	87%	1,513,869	91%	1,392,240	86%
Operating	195,568	10%	197,335	11%	123,700	7%	198,113	12%
Services	21,454	1%	22,500	1%	21,500	1%	22,700	1%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 1,134,267	58%	\$ 1,353,428	79%	\$ 1,295,283	78%	\$ 1,485,153	92%
Inter Governmental Revenue	706,629	36%	235,886	14%	235,886	14%	-	0%
Charges For Services	131,421	7%	127,900	7%	127,900	8%	127,900	8%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 102 - PATROL SUPPORT**

Description: Enhance the community safety program by providing essential and effective support and specialized services.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
102-02 - Records Management: Prepare, store, retrieve and report police information in a timely, accurate and courteous manner.	100% of legal and procedural guidelines are met.  Bi-Annual Community Survey results indicate residents rate pverall impression of most recent contact with Menlo Park Police above the benchmark	Met - 100%  Met - above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 530,300</b>	<b>100%</b>	<b>\$ 588,379</b>	<b>100%</b>	<b>\$ 506,299</b>	<b>100%</b>	<b>\$ 546,196</b>	<b>100%</b>
Personnel	489,793	92%	537,326	91%	485,349	96%	491,455	90%
Operating	39,510	7%	50,053	9%	19,950	4%	53,741	10%
Services	996	0%	1,000	0%	1,000	0%	1,000	0%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 421,024	79%	\$ 490,579	83%	\$ 408,499	81%	\$ 448,396	82%
Charges For Services	109,276	21%	97,800	17%	97,800	19%	97,800	18%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 102 - PATROL SUPPORT**

Description: Enhance the community safety program by providing essential and effective support and specialized services.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
102-04 - Police Training: Enhance the professional development of police employees by planning and implementing training that meets or exceeds legal mandates, and enhances the employee's ability to meet the needs of the community.	Meet legal mandates 100% of the time.  Bi-Annual Community Survey results indicate residents rate safety in their neighborhood and in downtown, both during the day and at night higher than the benchmark	Met - 100%  Exceeded - much above benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 268,231</b>	<b>100%</b>	<b>\$ 443,195</b>	<b>100%</b>	<b>\$ 327,095</b>	<b>100%</b>	<b>\$ 439,536</b>	<b>100%</b>
Personnel	172,212	64%	203,267	46%	156,007	48%	197,032	45%
Operating	89,683	33%	215,328	49%	148,288	45%	217,904	50%
Services	6,336	2%	24,600	6%	22,800	7%	24,600	6%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 237,003	88%	\$ 422,795	95%	\$ 306,695	94%	\$ 422,836	96%
Inter Governmental Revenue	30,752	11%	20,000	5%	20,000	6%	16,500	4%
Charges For Services	476	0%	400	0%	400	0%	200	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 102 - PATROL SUPPORT**

Description: Enhance the community safety program by providing essential and effective support and specialized services.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
102-05 - Parking Management: Provide parking enforcement based on the municipal code statutes, and continuously analyze the parking management systems to ensure effective and efficient service. These programs include Downtown, Residential, and Overnight parking.	Achieve an above benchmark rating in the perception of the amount of public parking per bi-annual City survey.	Data not collected in survey

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 410,626</b>	<b>100%</b>	<b>\$ 487,195</b>	<b>100%</b>	<b>\$ 418,345</b>	<b>100%</b>	<b>\$ 580,639</b>	<b>100%</b>
Personnel	377,981	92%	422,007	87%	370,467	89%	509,558	88%
Operating	32,644	8%	65,188	13%	47,878	11%	71,081	12%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ (299,569)	-73%	\$ (254,905)	-52%	\$ (333,755)	-80%	\$ (186,461)	-32%
Downtown Parking Permits	11,184	3%	21,400	4%	21,400	5%	21,400	4%
Licenses & Permits	124,161	30%	135,700	28%	130,700	31%	135,700	23%
Fines	574,851	140%	585,000	120%	600,000	143%	610,000	105%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 103 - EMERGENCY PREPAREDNESS**

Description: Ensure and enhance the community's readiness for self-sufficiency for 72-hours following a major disaster. Increase City staff's effectiveness and confidence in providing essential services following major disasters.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
103-01 - Information Outreach	\$ 55,899	\$ 61,601	\$ 48,690	\$ 40,955
103-02 - Disaster Management Coordination	144,151	165,332	152,083	168,359
103-03 - Emergency Preparedness Training	40,757	34,991	23,703	36,223
<b>Program Total</b>	<u>\$ 240,807</u>	<u>\$ 261,924</u>	<u>\$ 224,477</u>	<u>\$ 245,537</u>

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 103 - EMERGENCY PREPAREDNESS**

Description: Ensure and enhance the community's readiness for self-sufficiency for 72-hours following a major disaster. Increase City staff's effectiveness and confidence in providing essential services following major disasters.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
103-01 - Information Outreach: Provide and disseminate contemporary information related to emergency preparedness and disaster management.	Community emergency preparedness information is up-to-date with contemporary tips and procedures.	Met
	Bi annual community survey results indicate residents rate emergency preparedness above the benchmark	Not met - below benchmark
	Blackboard Notification System is functioning successfully per annual test.	Met

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013					
<b>Total Expenditures</b>	\$	<b>55,899</b>	100%	\$	<b>61,601</b>	100%	\$	<b>48,690</b>	100%	\$	<b>40,955</b>	100%
Personnel		53,349	95%		58,762	95%		48,190	99%		38,273	93%
Operating		2,549	5%		2,839	5%		500	1%		2,681	7%
<b>Funding Source *</b>		Actual 2010-2011			Budget 2011-2012			Estimate 2011-2012			Proposed 2012-2013	
General Fund	\$	55,899	100%	\$	61,601	100%	\$	48,690	100%	\$	40,955	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 103 - EMERGENCY PREPAREDNESS**

Description: Ensure and enhance the community's readiness for self-sufficiency for 72-hours following a major disaster. Increase City staff's effectiveness and confidence in providing essential services following major disasters.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
103-02 - Disaster Management Coordination: Build and maintain cooperative relationship with other service providers likely to assist in a large- scale emergency so that coordinated rescue and response efforts will be effective.	Bi annual community survey results indicate residents rate emergency preparedness above the benchmark	Not met - below benchmark

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	\$ 144,151	100%	\$ 165,332	100%	\$ 152,083	100%	\$ 168,359	100%
Personnel	49,785	35%	68,325	41%	58,083	38%	70,456	42%
Operating	6,695	5%	7,757	5%	4,750	3%	8,103	5%
Services	87,671	61%	89,250	54%	89,250	59%	89,800	53%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 144,151	100%	\$ 165,332	100%	\$ 152,083	100%	\$ 168,359	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 103 - EMERGENCY PREPAREDNESS**

Description: Ensure and enhance the community's readiness for self-sufficiency for 72-hours following a major disaster. Increase City staff's effectiveness and confidence in providing essential services following major disasters.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
103-03 - Emergency Preparedness Training: Provide specialized and on-going training to City staff, the Community, and Council.	City Staff and Council are trained on the Emergency Preparedness Manual.	Met
	Community Emergency response Team Program (CERT) is operational.	Met

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 40,757</b>	<b>100%</b>	<b>\$ 34,991</b>	<b>100%</b>	<b>\$ 23,703</b>	<b>100%</b>	<b>\$ 36,223</b>	<b>100%</b>
Personnel	39,228	96%	32,863	94%	23,603	100%	33,940	94%
Operating	1,529	4%	2,128	6%	100	0%	2,283	6%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 40,757	100%	\$ 34,991	100%	\$ 23,703	100%	\$ 36,223	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Police Department**

**PROGRAM: 104 - TRAFFIC AND SCHOOL SAFETY**

Description: Provide for safe movement of traffic throughout Menlo Park by means of enforcement and safety education for motorists, bicyclists and pedestrians.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
104-01 - Public Traffic Safety Education	\$ 49,166	\$ 129,729	\$ 155,644	\$ 89,372
104-02 - Enforcement of Traffic Laws	1,001,631	1,317,188	1,106,772	1,153,928
<b>Program Total</b>	<u>\$ 1,050,796</u>	<u>\$ 1,446,917</u>	<u>\$ 1,262,416</u>	<u>\$ 1,243,300</u>

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 104 - TRAFFIC AND SCHOOL SAFETY**

Description: Provide for safe movement of traffic throughout Menlo Park by means of enforcement and safety education for motorists, bicyclists and pedestrians.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
104-01 - Public Traffic Safety Education: Provide information and education directed toward public awareness of traffic safety.	Traffic safety brochures are disseminated to the community with emphasis on: Bicycle, drunk driving, and child seat installation.	Met

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	\$ 49,166	100%	\$ 129,729	100%	\$ 155,644	100%	\$ 89,372	100%
Personnel	46,722	95%	125,216	97%	155,644	100%	86,490	97%
Operating	2,444	5%	4,513	3%	-	0%	2,882	3%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 45,572	93%	\$ 125,429	97%	\$ 151,344	97%	\$ 85,072	95%
Inter Governmental Revenue	3,594	7%	4,300	3%	4,300	3%	4,300	5%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Police Department**

**PROGRAM: 104 - TRAFFIC AND SCHOOL SAFETY**

Description: Provide for safe movement of traffic throughout Menlo Park by means of enforcement and safety education for motorists, bicyclists and pedestrians.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
104-02 - Enforcement of Traffic Laws: Deploy traffic and patrol officers on City streets to enforce posted speed limits and other regulatory traffic laws.	Bi annual community survey results indicate residents rate traffic enforcement above the benchmark  Achieve a reduction in reportable collisions at high risk intersections from previous fiscal year.	Not met - similar to benchmark  Met

	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Total Expenditures</b>	<b>\$ 1,001,631</b>	<b>100%</b>	<b>\$ 1,317,188</b>	<b>100%</b>	<b>\$ 1,106,772</b>	<b>100%</b>	<b>\$ 1,153,928</b>	<b>100%</b>
Personnel	951,836	95%	1,262,226	96%	1,102,072	100%	1,100,542	95%
Operating	49,794	5%	54,962	4%	4,700	0%	53,386	5%
<b>Funding Source *</b>	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
General Fund	\$ 1,001,631	100%	\$ 1,317,188	100%	\$ 1,106,772	100%	\$ 1,153,928	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

CITY OF MENLO PARK  
FISCAL YEAR 2012 – 13



PUBLIC WORKS DEPARTMENT



**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 201 - CITY FACILITIES**

Description: Provide safe, functional, and attractive City buildings, parks and grounds, using environmentally sensitive and cost-effective practices, for the enjoyment of the public and to house the provision of City services.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
201-01 - Facility/Field Capital Projects	\$ 20,942,679	\$ 30,736,020	\$ 17,366,626	\$ 9,453,347
201-02 - Facility Maintenance	1,166,043	1,271,338	1,293,370	1,339,869
201-03 - Field/Grounds Maintenance	1,342,907	1,799,253	1,558,903	1,666,056
<b>Program Total</b>	<u>\$ 23,451,628</u>	<u>\$ 33,806,611</u>	<u>\$ 20,218,899</u>	<u>\$ 12,459,271</u>

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 201 - CITY FACILITIES**

Description: Provide safe, functional, and attractive City buildings, parks and grounds, using environmentally sensitive and cost-effective practices, for the enjoyment of the public and to house the provision of City services.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
201-01 - Facility/Field Capital Projects: Plan, program, and manage capital improvement projects for City infrastructure and facilities that meet the needs of the community and are cost-effective to maintain.	Design 90% of projects on schedule.	
	Construct 90% of projects on schedule.	
	Design 90% of projects within budget.	
	Construct 90% of projects within budget.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 20,942,679</b>	<b>100%</b>	<b>\$ 30,736,020</b>	<b>100%</b>	<b>\$ 17,366,626</b>	<b>100%</b>	<b>\$ 9,453,347</b>	<b>100%</b>
Personnel	24,898	0%	20,679	0%	13,685	0%	14,224	0%
Operating	5,001,414	24%	53,779	0%	7,860,098	45%	250,027	3%
Services	138,115	1%	334,682	1%	57,305	0%	50,000	1%
Capital Improvement Projects	15,778,252	75%	30,326,880	99%	9,435,537	54%	9,139,096	97%

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 201 - CITY FACILITIES**

Description: Provide safe, functional, and attractive City buildings, parks and grounds, using environmentally sensitive and cost-effective practices, for the enjoyment of the public and to house the provision of City services.

<b>Funding Source *</b>	Actual		Budget		Estimate		Proposed	
	2010-2011		2011-2012		2011-2012		2012-2013	
General Fund	\$ 12,369	0%	\$ 36,789	0%	\$ -	0%	\$ -	0%
Rec-In-Lieu Fund	321,953	2%	3,401,266	11%	2,803,012	16%	(180,000)	-2%
Downtown Parking Permits	46,648	0%	1,734,669	6%	733,613	4%	22,688	0%
Measure A	433,674	2%	1,079,755	4%	(21,483)	0%	83,761	1%
Traffic Impact Fees	42,753	0%	335,706	1%	61,912	0%	781,304	8%
Storm Drainage	100,000	0%	100,000	0%	-	0%	-	0%
Highway Users Tax Fund	712,158	3%	1,505,550	5%	191,091	1%	416,575	4%
Sidewalk Assesment	110,357	1%	464,124	2%	428,581	2%	180,000	2%
Storm Water Mgmt Fund (NPDES)	-	0%	130,037	0%	-	0%	-	0%
Traffic Congestion Relief-2928	272,768	1%	452,000	1%	-	0%	-	0%
Landscaping/Tree Assesmnt	-	0%	30,000	0%	-	0%	-	0%
1990 Library Bond Fund	29,086	0%	91,809	0%	5,540	0%	-	0%
1992 RDA Tax Increment Bond	(183)	0%	0	0%	-	0%	-	0%
2000 RDA Tax Increment Bond	7,389,650	35%	0	0%	-	0%	-	0%
Construction Impact Fee Fund	700,327	3%	1,214,242	4%	(22,103)	0%	(480,000)	-5%
General Fund - CIP	1,071,729	5%	3,326,332	11%	(839,000)	-5%	413,557	4%
Public Improvements Grant Fund	(7,833,014)	-37%	1,505,951	5%	7,833,014	45%	-	0%
Measure T Bond	4,888,332	23%	2,972,231	10%	1,798,554	10%	-	0%
Water Fund - Operation	56,166	0%	9,211	0%	1,067	0%	-	0%
Water Fund - Capital	395	0%	7,435,048	24%	1,353,447	8%	4,930,335	52%
Special Assessments on Tax Roll	12,878	0%	-	0%	12,878	0%	-	0%
Franchise Fees	70,589	0%	72,500	0%	60,000	0%	78,300	1%
Inter Governmental Revenue	250,010	1%	861,600	3%	50,000	0%	297,100	3%
Interest and Rent Income	176,361	1%	24,000	0%	41,303	0%	-	0%
Charges For Services	624,323	3%	1,790,000	6%	712,000	4%	660,000	7%
Other Financing Sources	11,453,350	55%	2,163,200	7%	2,163,200	12%	2,249,728	24%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 201 - CITY FACILITIES**

Description: Provide safe, functional, and attractive City buildings, parks and grounds, using environmentally sensitive and cost-effective practices, for the enjoyment of the public and to house the provision of City services.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
201-02 - Facility Maintenance: Maintain, repair and renovate City buildings.	Achieve an 85% customer and employee survey satisfaction rating.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 1,166,043</b>	<b>100%</b>	<b>\$ 1,271,338</b>	<b>100%</b>	<b>\$ 1,293,370</b>	<b>100%</b>	<b>\$ 1,339,869</b>	<b>100%</b>
Personnel	632,681	54%	614,537	48%	661,810	51%	647,703	48%
Operating	312,902	27%	327,801	26%	302,560	23%	343,166	26%
Services	220,460	19%	329,000	26%	329,000	25%	349,000	26%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 1,164,043	100%	\$ 1,271,338	100%	\$ 1,293,370	100%	\$ 1,339,869	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 201 - CITY FACILITIES**

Description: Provide safe, functional, and attractive City buildings, parks and grounds, using environmentally sensitive and cost-effective practices, for the enjoyment of the public and to house the provision of City services.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
201-03 - Field/Grounds Maintenance: Maintain, repair and renovate City parks and grounds, including sports fields and playgrounds, and schedule fields in a manner that facilitates appropriate maintenance.	Abate 90% of reported hazards within 24 hours of report.  Achieve an 85% customer satisfaction rate for park user groups through an annual survey.  Bi-annual community survey results indicates residents rate quality of City parks higher than benchmark.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 1,342,907</b>	<b>100%</b>	<b>\$ 1,799,253</b>	<b>100%</b>	<b>\$ 1,558,903</b>	<b>100%</b>	<b>\$ 1,666,056</b>	<b>100%</b>
Personnel	723,350	54%	795,897	44%	813,117	52%	890,710	53%
Operating	366,030	27%	467,229	26%	404,450	26%	525,846	32%
Services	253,527	19%	456,127	25%	339,195	22%	249,500	15%
Capital Improvement Projects	-	0%	80,000	4%	2,141	0%	-	0%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 936,207	70%	\$ 1,096,239	61%	\$ 1,059,514	68%	\$ 1,216,343	73%
Bayfront Pk.Mt. Operation	190,881	14%	149,464	8%	148,342	10%	107,529	6%
Sharon Hills Park	10,715	1%	12,000	1%	12,000	1%	13,000	1%
Bayfront Park Landfill	(550,306)	-41%	(268,950)	-15%	(453,454)	-29%	(430,817)	-26%
Interest and Rent Income	125,467	9%	93,500	5%	75,500	5%	60,000	4%
Charges For Services	629,943	47%	717,000	40%	717,000	46%	700,000	42%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 202 - MENLO PARK MUNICIPAL WATER DISTRICT WATER SUPPLY**

Description: Provide a safe, sufficient, and reliable supply of water to the customers of the Menlo Park Municipal Water District for drinking, landscaping, business use, and fire protection.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
202-01 - Water Delivery System	\$ 3,990,293	\$ 5,555,795	\$ 5,421,435	\$ 6,103,950
202-02 - Water Supply	1,291,541	1,710,544	351,558	368,027
<b>Program Total</b>	<u>\$ 5,281,834</u>	<u>\$ 7,266,339</u>	<u>\$ 5,772,993</u>	<u>\$ 6,471,978</u>

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 202 - MENLO PARK MUNICIPAL WATER DISTRICT WATER SUPPLY**

Description: Provide a safe, sufficient, and reliable supply of water to the customers of the Menlo Park Municipal Water District for drinking, landscaping, business use, and fire protection.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
202-01 - Water Delivery System: Maintain the Menlo Park Municipal Water District water delivery system and coordinate with other water systems serving Menlo Park residents and businesses in order to ensure adequate water pressure and meet regulatory requirements.	Repair 95% of all reported water leaks within 8 hours of notification.  Water quality test results are in compliance with regulations 98% of the time.  Minimize the number of hours customers are without service to at or below the previous three-year average.  Bi-Annual Community Survey indicates residents rate quality of City drinking water higher than benchmark.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 3,990,293</b>	<b>100%</b>	<b>\$ 5,555,795</b>	<b>100%</b>	<b>\$ 5,421,435</b>	<b>100%</b>	<b>\$ 6,103,950</b>	<b>100%</b>
Personnel	464,116	12%	534,242	10%	540,557	10%	536,612	9%
Operating	3,336,780	84%	4,710,058	85%	4,660,878	86%	5,358,338	88%
Services	189,398	5%	311,495	6%	220,000	4%	209,000	3%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
Water Fund - Operation	3,965,039	99%	5,545,795	100%	5,411,535	100%	6,088,950	100%
Charges For Services	25,254	1%	10,000	0%	9,900	0%	15,000	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 202 - MENLO PARK MUNICIPAL WATER DISTRICT WATER SUPPLY**

Description: Provide a safe, sufficient, and reliable supply of water to the customers of the Menlo Park Municipal Water District for drinking, landscaping, business use, and fire protection.

**SERVICES:**

202-02 - Water Supply: Plan for an adequate water supply to meet current and future needs of Menlo Park Municipal Water District customers through storage, conservation, monitoring water availability and procurement/advocacy efforts and coordinate with other water systems serving Menlo Park residents and businesses.

**RESULTS:**

Annually increase the number of participants in the water conservation program.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 1,291,541</b>	<b>100%</b>	<b>\$ 1,710,544</b>	<b>100%</b>	<b>\$ 351,558</b>	<b>100%</b>	<b>\$ 368,027</b>	<b>100%</b>
Personnel	161,471	13%	223,573	13%	183,401	52%	210,144	57%
Operating	1,088,468	84%	1,334,132	78%	22,657	6%	44,383	12%
Services	41,734	3%	152,839	9%	145,500	41%	113,500	31%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
Water Fund - Operation	367,345	28%	382,164	22%	326,345	93%	338,138	92%
Water Fund - Capital	172,821	13%	543,380	32%	(760,497)	-216%	(820,110)	-223%
Interest and Rent Income	136,303	11%	140,000	8%	140,710	40%	-	0%
Charges For Services	615,072	48%	645,000	38%	645,000	183%	850,000	231%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 203 - CITY VEHICLES AND EQUIPMENT**

Description: Provide safe, dependable, and cost-effective transportation and motorized equipment to support City operations.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
203-01 - Vehicle Replacement	\$ 276,901	\$ 323,754	\$ 321,547	\$ 325,594
203-02 - Vehicle Repair and Maintenance	391,578	388,878	372,094	394,715
<b>Program Total</b>	<u>\$ 668,479</u>	<u>\$ 712,632</u>	<u>\$ 693,642</u>	<u>\$ 720,309</u>

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 203 - CITY VEHICLES AND EQUIPMENT**

Description: Provide safe, dependable, and cost-effective transportation and motorized equipment to support City operations.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
203-01 - Vehicle Replacement: Manage the process of vehicle/motorized equipment purchase, replacement, and disposal.	Adhere to vehicle replacement schedule for all City vehicles and motorized equipment 95% of the time.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 276,901</b>	<b>100%</b>	<b>\$ 323,754</b>	<b>100%</b>	<b>\$ 321,547</b>	<b>100%</b>	<b>\$ 325,594</b>	<b>100%</b>
Personnel	8,769	3%	12,197	4%	10,437	3%	14,212	4%
Operating	268,132	97%	311,557	96%	311,110	97%	311,383	96%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 10,299	4%	\$ 13,954	4%	\$ 11,747	4%	\$ 15,794	5%
Vehicle Replacement Fund	(29,316)	-11%	88,108	27%	83,618	26%	207,114	64%
Interest and Rent Income	2,497	1%	1,700	1%	1,700	1%	-	0%
Charges For Services	270,407	98%	219,992	68%	219,992	68%	102,686	32%
Other Financing Sources	23,013	8%	-	0%	4,490	1%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 203 - CITY VEHICLES AND EQUIPMENT**

Description: Provide safe, dependable, and cost-effective transportation and motorized equipment to support City operations.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
203-02 - Vehicle Repair and Maintenance: Repair and maintain vehicles/motorized equipment to keep them in good working condition and meet regulatory requirements.	90% of the vehicles/equipment are repaired within 48 hours of issuing a work order.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 391,578</b>	<b>100%</b>	<b>\$ 388,878</b>	<b>100%</b>	<b>\$ 372,094</b>	<b>100%</b>	<b>\$ 394,715</b>	<b>100%</b>
Personnel	276,435	71%	297,558	77%	292,255	79%	305,704	77%
Operating	104,373	27%	70,320	18%	58,839	16%	62,855	16%
Services	10,769	3%	21,000	5%	21,000	6%	26,000	7%
Capital Improvement Projects	-	0%	-	0%	-	0%	156	0%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 266,118	68%	\$ 329,550	85%	\$ 311,687	84%	\$ 335,158	85%
Garbage Service Fund	-	0%	-	0%	-	0%	5,000	1%
Landscaping/Tree Assesmnt	65,128	17%	25,376	7%	25,594	7%	19,312	5%
Water Fund - Operation	44,655	11%	18,352	5%	17,813	5%	19,646	5%
Charges For Services	15,677	4%	15,600	4%	17,000	5%	15,600	4%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 204 - URBAN FOREST**

Description: Provide and safely maintain public trees on City property and regulate the removal and pruning of public and private Heritage Trees to promote a pleasing natural environment and related health, aesthetic and environmental benefits.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
204-02 - City Tree Maintenance	\$ 726,384	\$ 845,345	\$ 808,344	\$ 834,177
204-03 - Heritage Trees	82,089	86,350	79,704	86,165
<b>Program Total</b>	<u>\$ 808,473</u>	<u>\$ 931,695</u>	<u>\$ 888,048</u>	<u>\$ 920,342</u>

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 204 - URBAN FOREST**

Description: Provide and safely maintain public trees on City property and regulate the removal and pruning of public and private Heritage Trees to promote a pleasing natural environment and related health, aesthetic and environmental benefits.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
204-02 - City Tree Maintenance: Maintain a healthy and safe urban forest through regular trimming and tree care practices, response to calls for service, and tree replacement for City public trees.	Investigate and trim as necessary 20% of the inventory of City street trees annually.  Respond to customer service calls for City trees within one week 85% of the time.  Replant at least one new tree for each City street tree removed throughout the year.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 726,384</b>	<b>100%</b>	<b>\$ 845,345</b>	<b>100%</b>	<b>\$ 808,344</b>	<b>100%</b>	<b>\$ 834,177</b>	<b>100%</b>
Personnel	401,488	55%	436,661	52%	445,691	55%	459,690	55%
Operating	154,646	21%	168,243	20%	157,827	20%	174,487	21%
Services	170,249	23%	240,441	28%	204,826	25%	200,000	24%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 149,708	21%	\$ 214,385	25%	\$ 195,510	24%	\$ 212,405	25%
Sidewalk Assesment	17,340	2%	-	0%	13,395	2%	-	0%
Landscaping/Tree Assesmnt	(142,131)	-20%	(85,140)	-10%	(117,619)	-15%	(104,883)	-13%
Community Development Agency Non-Housing	11,829	2%	0	0%	-	0%	-	0%
Redevelopment Services Agreement	11,009	2%	0	0%	-	0%	-	0%
Special Assessments on Tax Roll	518,930	71%	555,500	66%	555,500	69%	566,055	68%
Charges For Services	100	0%	1,000	0%	1,957	0%	1,000	0%
Other Financing Sources	159,600	22%	159,600	19%	159,600	20%	159,600	19%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 204 - URBAN FOREST**

Description: Provide and safely maintain public trees on City property and regulate the removal and pruning of public and private Heritage Trees to promote a pleasing natural environment and related health, aesthetic and environmental benefits.

**SERVICES:**

204-03 - Heritage Trees: Preserve private and public Heritage Trees through promotion and enforcement of the Heritage Tree Ordinance.

**RESULTS:**

Process 100% of Heritage Tree permit applications within an average time of 30 days.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 82,089</b>	<b>100%</b>	<b>\$ 86,350</b>	<b>100%</b>	<b>\$ 79,704</b>	<b>100%</b>	<b>\$ 86,165</b>	<b>100%</b>
Personnel	77,366	94%	67,059	78%	66,404	83%	72,624	84%
Operating	3,962	5%	6,291	7%	3,300	4%	5,542	6%
Services	761	1%	13,000	15%	10,000	13%	8,000	9%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 26,258	32%	\$ 44,350	51%	\$ 39,554	50%	\$ 49,165	57%
Charges For Services	55,831	68%	42,000	49%	40,150	50%	37,000	43%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 205 - CITY-OWNED STREET AND OTHER RIGHT-OF-WAY**

Description: Provide clean, clear and attractive streets, sidewalks, pathways, bicycle bridges, and parking lots to promote a pleasant and safe traveling experience for pedestrians, bicyclists, and motorists.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
205-01 - Right-of-Way Maintenance/Repair	\$ 490,781	\$ 552,450	\$ 467,014	\$ 562,455
205-02 - Street Fixture Maintenance	231,789	263,025	247,225	223,662
205-03 - Median/Roadway Landscaping	468,572	514,689	542,689	503,626
205-04 - Street Cleaning	256,379	274,732	274,450	241,650
205-05 - Right-of-Way Encroachments	439,621	463,208	1,313,453	365,823
<b>Program Total</b>	<b>\$ 1,887,142</b>	<b>\$ 2,068,104</b>	<b>\$ 2,844,831</b>	<b>\$ 1,897,217</b>

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 205 - CITY-OWNED STREET AND OTHER RIGHT-OF-WAY**

Description: Provide clean, clear and attractive streets, sidewalks, pathways, bicycle bridges, and parking lots to promote a pleasant and safe traveling experience for pedestrians, bicyclists, and motorists.

<b>SERVICES:</b>	<b>RESULTS:</b>				<b>STATUS:</b>			
205-01 - Right-of-Way Maintenance/Repair: Plan and manage the repair of City streets, sidewalks, pathways, and parking lots.	Maintain a citywide pavement condition index at or above the Bay Area average of 66. Each year, inspect 20% of the City's sidewalks, curbs and gutters for root damage caused by City trees and conduct repairs. Abate 100% of identified hazards within 1 day of notification. Bi-Annual Community Survey results indicate residents rate the quality of street repair and maintenance higher than the benchmark. Bi-Annual Community Survey results indicate residents rate the quality of sidewalk maintenance higher than the benchmark. Bi-Annual Community Survey results indicate residents ease of walking and bicycle travel in Menlo Park higher than benchmark.							
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 490,781</b>	<b>100%</b>	<b>\$ 552,450</b>	<b>100%</b>	<b>\$ 467,014</b>	<b>100%</b>	<b>\$ 562,455</b>	<b>100%</b>
Personnel	335,759	68%	335,939	61%	309,933	66%	333,852	59%
Operating	151,543	31%	205,231	37%	146,581	31%	217,304	39%
Services	3,480	1%	11,280	2%	10,500	2%	11,300	2%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 423,469	86%	\$ 428,008	77%	\$ 386,741	83%	\$ 424,244	75%
Construction Impact Fee Fund	-	0%	55,000	10%	10,000	2%	56,118	10%
Downtown Parking Permits	(349,706)	-71%	(366,230)	-66%	(366,230)	-78%	(324,709)	-58%
Highway Users Tax Fund	(787,653)	-160%	(897,643)	-162%	(897,643)	-192%	(892,643)	-159%
Sidewalk Assessment	(160,158)	-33%	(171,385)	-31%	(190,025)	-41%	(170,222)	-30%
Traffic Congestion Relief-2928	(4,369)	-1%	(4,500)	-1%	(4,500)	-1%	-	0%
General Fund - CIP	(158)	0%	0	0%	0	0%	0	0%
Community Development Agency Non-Housing	5,998	1%	0	0%	0	0%	0	0%
Redevelopment Services Agreement	4,983	1%	(1,968)	0%	11,503	2%	-	0%
Taxes	770,967	157%	882,643	160%	882,643	189%	882,643	157%
Special Assessments on Tax Roll	160,981	33%	190,025	34%	190,025	41%	190,025	34%
Licenses & Permits	346,815	71%	365,000	66%	365,000	78%	350,000	62%
Interest and Rent Income	47,024	10%	44,500	8%	44,500	10%	10,000	2%
Charges For Services	32,588	7%	29,000	5%	35,000	7%	37,000	7%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 205 - CITY-OWNED STREET AND OTHER RIGHT-OF-WAY**

Description: Provide clean, clear and attractive streets, sidewalks, pathways, bicycle bridges, and parking lots to promote a pleasant and safe traveling experience for pedestrians, bicyclists, and motorists.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
205-02 - Street Fixture Maintenance: Provide and maintain street lighting and other street fixtures.	Repair routine street and Civic Center light outages within three days of notification 95% of the time.  Achieve an 85% customer satisfaction rating annually.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Total Expenditures</b>	\$	<b>231,789</b>	<b>100%</b>	\$	<b>263,025</b>	<b>100%</b>	\$	<b>223,662</b>	<b>100%</b>
Personnel		26,156	11%		19,444	7%		19,175	9%
Operating		205,633	89%		243,581	93%		204,488	91%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
General Fund	\$	231,816	100%	\$	263,025	100%	\$	223,662	100%
Highway Users Tax Fund		(26)	0%		0	0%		-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 205 - CITY-OWNED STREET AND OTHER RIGHT-OF-WAY**

Description: Provide clean, clear and attractive streets, sidewalks, pathways, bicycle bridges, and parking lots to promote a pleasant and safe traveling experience for pedestrians, bicyclists, and motorists.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
205-03 - Median/Roadway Landscaping: Remove debris and maintain landscaping in medians and sidewalk areas.	Achieve an 85% customer satisfaction rating annually.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 468,572</b>	<b>100%</b>	<b>\$ 514,689</b>	<b>100%</b>	<b>\$ 542,689</b>	<b>100%</b>	<b>\$ 503,626</b>	<b>100%</b>
Personnel	328,867	70%	343,479	67%	336,934	62%	327,690	65%
Operating	126,203	27%	153,210	30%	193,055	36%	157,937	31%
Services	13,502	3%	18,000	3%	12,700	2%	18,000	4%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 350,766	75%	\$ 361,873	70%	\$ 394,281	73%	\$ 345,021	69%
Vintage Oaks Landscape Mtce	14,770	3%	19,361	4%	12,763	2%	21,840	4%
Downtown Parking Permits	46,217	10%	78,255	15%	80,444	15%	82,765	16%
Garbage Service Fund	55,936	12%	54,000	10%	54,000	10%	54,000	11%
Interest and Rent Income	883	0%	1,200	0%	1,200	0%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 205 - CITY-OWNED STREET AND OTHER RIGHT-OF-WAY**

Description: Provide clean, clear and attractive streets, sidewalks, pathways, bicycle bridges, and parking lots to promote a pleasant and safe traveling experience for pedestrians, bicyclists, and motorists.

**SERVICES:**

205-04 - Street Cleaning: Remove leaves and other debris from the roadway.

**RESULTS:**

Achieve an 85% customer satisfaction rating annually.

**STATUS:**

Bi-Annual Community Survey results indicate residents rate quality of street cleaning higher than the benchmark.

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 256,379</b>	<b>100%</b>	<b>\$ 274,732</b>	<b>100%</b>	<b>\$ 274,450</b>	<b>100%</b>	<b>\$ 241,650</b>	<b>100%</b>
Personnel	106,531	42%	66,091	24%	65,809	24%	74,464	31%
Operating	2,603	1%	22,751	8%	22,751	8%	2,187	1%
Services	147,245	57%	185,890	68%	185,890	68%	165,000	68%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 155	0%	\$ 0	0%	\$ 0	0%	\$ 0	0%
Storm Water Mgmt Fund (NPDES)	59,114	23%	(19,584)	-7%	46,800	17%	(28,558)	-12%
Landscaping/Tree Assesmnt	168,291	66%	162,766	59%	161,350	59%	149,909	62%
Special Assessments on Tax Roll	-	0%	61,250	22%	-	0%	50,000	21%
Inter Governmental Revenue	26,519	10%	68,000	25%	64,000	23%	68,000	28%
Charges For Services	2,300	1%	2,300	1%	2,300	1%	2,300	1%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 205 - CITY-OWNED STREET AND OTHER RIGHT-OF-WAY**

Description: Provide clean, clear and attractive streets, sidewalks, pathways, bicycle bridges, and parking lots to promote a pleasant and safe traveling experience for pedestrians, bicyclists, and motorists.

<b>SERVICES:</b>	<b>RESULTS:</b>				<b>STATUS:</b>			
205-05 - Right-of-Way Encroachments: Regulate utility encroachments in the right-of-way and ensure that streets and sidewalks are repaired in accordance with City standards. (Note: Encroachments for development projects are to be accounted for in the permit processing program.)	Issue 90% of routine encroachment permits within one business day of the application filing.							
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 439,621</b>	<b>100%</b>	<b>\$ 463,208</b>	<b>100%</b>	<b>\$ 1,313,453</b>	<b>100%</b>	<b>\$ 365,823</b>	<b>100%</b>
Personnel	391,781	89%	348,541	75%	415,977	32%	277,803	76%
Operating	22,088	5%	45,733	10%	853,459	65%	41,020	11%
Services	25,752	6%	68,934	15%	44,017	3%	47,000	13%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 67,041	15%	\$ 58,507	13%	\$ 125,661	10%	\$ 89,944	25%
Community Development Agency Non-Housing	11,452	3%	0	0%	0	0%	0	0%
Redevelopment Services Agreement	9,491	2%	6,073	1%	829,835	63%	-	0%
Water Fund - Operation	75,357	17%	193,878	42%	158,822	12%	79,361	22%
Interest and Rent Income	30,000	7%	44,250	10%	44,000	3%	35,018	10%
Charges For Services	246,280	56%	157,500	34%	155,135	12%	158,500	43%
Donations	-	0%	3,000	1%	-	0%	3,000	1%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 206 - STORMWATER MANAGEMENT**

Description: Provide services to manage flooding, reduce pollution, and protect and enhance creek and baylands habitats in compliance with regulatory requirements.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
206-01 - Storm Drain System	\$ 67,528	\$ 75,085	\$ 72,919	\$ 73,649
206-02 - FEMA Compliance	21,022	38,223	34,195	33,543
206-03 - Stormwater Pollution Prevention	219,400	292,312	268,526	247,219
206-04 - Creek Management	146,678	224,257	215,089	263,374
<b>Program Total</b>	<b>\$ 454,629</b>	<b>\$ 629,877</b>	<b>\$ 590,730</b>	<b>\$ 617,786</b>

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 206 - STORMWATER MANAGEMENT**

Description: Provide services to manage flooding, reduce pollution, and protect and enhance creek and baylands habitats in compliance with regulatory requirements.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
206-01 - Storm Drain System: Provide and maintain a storm drain system.	Bi-Annual Community Survey results indicate residents rate quality of storm drainage higher than benchmark.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 67,528</b>	<b>100%</b>	<b>\$ 75,085</b>	<b>100%</b>	<b>\$ 72,919</b>	<b>100%</b>	<b>\$ 73,649</b>	<b>100%</b>
Personnel	59,371	88%	63,158	84%	63,460	87%	64,596	88%
Operating Services	8,157	12%	10,127	13%	7,659	11%	7,254	10%
	-	0%	1,800	2%	1,800	2%	1,800	2%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 67,528	100%	\$ 75,085	100%	\$ 72,919	100%	\$ 73,649	100%
Storm Drainage	(25,781)	-38%	(6,000)	-8%	(1,150)	-2%	(5,000)	-7%
Interest and Rent Income	2,546	4%	1,000	1%	1,000	1%	-	0%
Charges For Services	23,235	34%	5,000	7%	150	0%	5,000	7%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 206 - STORMWATER MANAGEMENT**

Description: Provide services to manage flooding, reduce pollution, and protect and enhance creek and baylands habitats in compliance with regulatory requirements.

**SERVICES:**

206-02 - FEMA Compliance: Meet requirements for maintaining good standing in the FEMA Community Rating System so that residents can qualify for lower insurance rates.

**RESULTS:**

Determine substantial improvement status of applications within 2 weeks of submittal 90% of the time.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	\$ 21,022	100%	\$ 38,223	100%	\$ 34,195	100%	\$ 33,543	100%
Personnel	20,282	96%	32,284	84%	31,045	91%	27,453	82%
Operating	740	4%	3,439	9%	3,150	9%	3,591	11%
Services	-	0%	2,500	7%	-	0%	2,500	7%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 19,022	90%	\$ 27,223	71%	\$ 24,995	73%	\$ 23,343	70%
Charges For Services	2,000	10%	11,000	29%	9,200	27%	10,200	30%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 206 - STORMWATER MANAGEMENT**

Description: Provide services to manage flooding, reduce pollution, and protect and enhance creek and baylands habitats in compliance with regulatory requirements.

<b>SERVICES:</b>	<b>RESULTS:</b>				<b>STATUS:</b>			
206-03 - Stormwater Pollution Prevention: Provide stormwater pollution prevention services as required by the National Pollution Discharge Elimination System permit.	Submit semi-annual reports on time and respond to comments from the California Regional Water Quality Control Board within 30 days of receipt of the audit.							
	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Total Expenditures</b>	<b>\$ 219,400</b>	<b>100%</b>	<b>\$ 292,312</b>	<b>100%</b>	<b>\$ 268,526</b>	<b>100%</b>	<b>\$ 247,219</b>	<b>100%</b>
Personnel	125,686	57%	154,522	53%	148,171	55%	151,358	61%
Operating	35,766	16%	46,230	16%	38,855	14%	53,861	22%
Services	57,948	26%	91,560	31%	81,500	30%	42,000	17%
	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Funding Source *</b>	<b>\$ 38,000</b>	<b>17%</b>	<b>\$ 43,842</b>	<b>15%</b>	<b>\$ 32,569</b>	<b>12%</b>	<b>\$ 44,823</b>	<b>18%</b>
General Fund	(40,283)	-18%	68,970	24%	65,513	24%	62,896	25%
Storm Water Mgmt Fund (NPDES)	19,000	9%	0	0%	0	0%	0	0%
Community Development Agency Non-Housing	19,000	9%	40,000	14%	38,000	14%	-	0%
Redevelopment Services Agreement	183,683	84%	139,500	48%	130,000	48%	139,500	56%
Special Assessments on Tax Roll	-	0%	-	0%	2,444	1%	-	0%
Charges For Services								

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 206 - STORMWATER MANAGEMENT**

Description: Provide services to manage flooding, reduce pollution, and protect and enhance creek and baylands habitats in compliance with regulatory requirements.

<b>SERVICES:</b>	<b>RESULTS:</b>				<b>STATUS:</b>			
206-04 - Creek Management: Coordinate with regional entities in managing the creeks through bank stabilization, removal of creek vegetation, maintenance, flood planning, and public education.	Complete maintenance items on San Francisquito Creek on schedule each year.							
	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Total Expenditures</b>	<b>\$ 146,678</b>	<b>100%</b>	<b>\$ 224,257</b>	<b>100%</b>	<b>\$ 215,089</b>	<b>100%</b>	<b>\$ 263,374</b>	<b>100%</b>
Personnel	35,920	24%	39,591	18%	36,940	17%	47,119	18%
Operating	110,017	75%	124,466	56%	117,949	55%	160,055	61%
Services	741	1%	60,200	27%	60,200	28%	56,200	21%
	<u>Actual 2010-2011</u>		<u>Budget 2011-2012</u>		<u>Estimate 2011-2012</u>		<u>Proposed 2012-2013</u>	
<b>Funding Source *</b>								
General Fund	\$ 12,267	8%	\$ 19,738	9%	\$ 14,075	7%	\$ 128,061	49%
Storm Water Mgmt Fund (NPDES)	(9,883)	-7%	65,019	29%	71,014	33%	(4,186)	-2%
Special Assessments on Tax Roll	144,294	98%	139,500	62%	130,000	60%	139,500	53%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 207 - RESOURCE CONSERVATION**

Description: Protect environmental quality and conserve natural resources through developing progressive City practices and administering collaborative programs with regional entities. Assist and inform the public to increase sustainable environmental practices and minimize or eliminate practices that result in resource degradation or depletion.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
207-01 - Solid Waste Management	\$ 230,934	\$ 229,358	\$ 205,442	\$ 242,750
207-02 - Sustainable Environmental Practices	72,584	82,553	62,235	72,112
<b>Program Total</b>	<u>\$ 303,518</u>	<u>\$ 311,911</u>	<u>\$ 267,677</u>	<u>\$ 314,862</u>

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 207 - RESOURCE CONSERVATION**

Description: Protect environmental quality and conserve natural resources through developing progressive City practices and administering collaborative programs with regional entities. Assist and inform the public to increase sustainable environmental practices and minimize or eliminate practices that result in resource degradation or depletion.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
207-01 - Solid Waste Management: Provide contract administration for collection and processing services for garbage and recyclables, planning and collaboration with regional entities for service and facility improvements and information and assistance to residents, businesses, institutions and city departments.	Annually increase the number of customers that reduce garbage volume service.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 230,934</b>	<b>100%</b>	<b>\$ 229,358</b>	<b>100%</b>	<b>\$ 205,442</b>	<b>100%</b>	<b>\$ 242,751</b>	<b>100%</b>
Personnel	174,172	75%	185,107	81%	175,885	86%	187,173	77%
Operating	26,525	11%	39,251	17%	24,557	12%	50,577	21%
Services	30,236	13%	5,000	2%	5,000	2%	5,000	2%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
Garbage Service Fund	148,911	64%	225,358	98%	201,442	98%	233,998	96%
Inter Governmental Revenue	8,704	4%	4,000	2%	4,000	2%	8,753	4%
Charges For Services	250	0%	0	0%	0	0%	0	0%
Donations	73,069	32%	0	0%	0	0%	0	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.



**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 207 - RESOURCE CONSERVATION**

Description: Protect environmental quality and conserve natural resources through developing progressive City practices and administering collaborative programs with regional entities. Assist and inform the public to increase sustainable environmental practices and minimize or eliminate practices that result in resource degradation or depletion.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
207-02 - Sustainable Environmental Practices: Develop policies, coordinate with regional programs and inform and assist the public and City departments to increase sustainable environmental practices, such as energy and water conservation, air and water pollution prevention, green building design and integrated pest management.	Bi-Annual Community Survey results indicate percent of residents regularly recycling from their home is higher than benchmark.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
<b>Total Expenditures</b>	\$	<b>72,584</b>	<b>100%</b>	\$	<b>82,553</b>	<b>100%</b>	\$	<b>72,112</b>	<b>100%</b>
Personnel		64,773	89%		58,232	71%		61,834	86%
Operating		4,196	6%		6,184	7%		8,779	12%
Services		3,615	5%		18,137	22%		1,500	2%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013		
General Fund	\$	72,584	100%	\$	82,553	100%	\$	72,112	100%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 208 - TRANSPORTATION MANAGEMENT**

Description: Provide efficient movement of people and goods throughout Menlo Park by maintaining and enhancing a functional and efficient roadway network. Provide parking facilities in the Downtown area and promote the use of public transit, ride sharing, bicycles and walking as commute alternatives to the single occupant automobile.

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	Actual 2010-2011	Budget 2011-2012	Estimate 2011-2012	Proposed 2012-2013
208-01 - Congestion Management	\$ 536,765	\$ 579,192	\$ 537,075	\$ 663,048
208-02 - Transportation Demand Management	550,346	621,448	539,224	582,280
208-04 - Street Signage & Markings	311,262	338,068	291,575	306,853
208-05 - Safe Routes to School	76,435	83,636	70,070	69,233
208-06 - Neighborhood Traffic Management	107,887	176,139	132,521	146,746
<b>Program Total</b>	<b>\$ 1,582,695</b>	<b>\$ 1,798,483</b>	<b>\$ 1,570,464</b>	<b>\$ 1,768,159</b>

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 208 - TRANSPORTATION MANAGEMENT**

Description: Provide efficient movement of people and goods throughout Menlo Park by maintaining and enhancing a functional and efficient roadway network. Provide parking facilities in the Downtown area and promote the use of public transit, ride sharing, bicycles and walking as commute alternatives to the single occupant automobile.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
208-01 - Congestion Management: Establish appropriate level of service standards intended to measure roadway congestion and maintain efficient roadway and traffic signal systems.	Maintain at least 20 miles per hour average travel speed along 80% of sampled arterial corridors during the peak hours.  Maintain at least 20 miles per hour average travel speed along 80% of sampled collector roadways during the peak hours.  Maintain the General Plan designated levels of service at 80% of the signalized intersections.  Bi-Annual Community Survey results indicate residents rate ease of car travel in Menlo Park higher than the benchmark.  Bi-Annual Community Survey results indicate residents rate traffic flow on major streets higher than the benchmark.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 536,765</b>	<b>100%</b>	<b>\$ 579,192</b>	<b>100%</b>	<b>\$ 537,075</b>	<b>100%</b>	<b>\$ 663,048</b>	<b>100%</b>
Personnel	206,054	38%	186,502	32%	207,770	39%	272,269	41%
Operating	121,559	23%	228,288	39%	173,305	32%	168,461	25%
Services	209,152	39%	164,402	28%	156,000	29%	214,443	32%
Capital Improvement Projects	-	0%	-	0%	-	0%	7,875	1%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 93,394	17%	\$ 113,482	20%	\$ 116,640	22%	\$ 117,921	18%
Measure A	352,940	66%	418,322	72%	369,203	69%	456,797	69%
Traffic Impact Fees	(1,389,811)	-259%	(1,255,612)	-217%	(1,247,378)	-232%	49,130	7%
Licenses & Permits	2,196	0%	8,000	1%	8,000	1%	8,000	1%
Inter Governmental Revenue	26,519	5%	13,000	2%	13,000	2%	13,000	2%
Interest and Rent Income	21,859	4%	17,000	3%	17,000	3%	-	0%
Charges For Services	1,429,669	266%	1,265,000	218%	1,260,610	235%	18,200	3%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 208 - TRANSPORTATION MANAGEMENT**

Description: Provide efficient movement of people and goods throughout Menlo Park by maintaining and enhancing a functional and efficient roadway network. Provide parking facilities in the Downtown area and promote the use of public transit, ride sharing, bicycles and walking as commute alternatives to the single occupant automobile.

<b>SERVICES:</b>	<b>RESULTS:</b>				<b>STATUS:</b>			
208-02 - Transportation Demand Management: Provide and promote alternative modes of transportation including commuter shuttles between the industrial/commercial work centers and the Downtown Transportation Center, a commuter incentive program for the employees, completion of a system of bikeways and implementation of safe and attractive pedestrian facilities within Menlo Park.	Maintain the current levels of shuttle ridership.							
	85% of riders are satisfied with the shuttle schedules, route maps, and shuttle reliability.							
	Implement at least one component of the Comprehensive Bicycle Plan Annually.							
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 550,346</b>	<b>100%</b>	<b>\$ 621,448</b>	<b>100%</b>	<b>\$ 539,224</b>	<b>100%</b>	<b>\$ 582,280</b>	<b>100%</b>
Personnel	243,491	44%	243,606	39%	235,512	44%	224,502	39%
Operating	291,085	53%	318,219	51%	262,895	49%	312,877	54%
Services	15,770	3%	59,623	10%	40,817	8%	44,900	8%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 49,125	9%	\$ 50,697	8%	\$ 51,217	9%	\$ 35,357	6%
990 & 1000 Marsh Rd Developmnt	17,437	3%	17,000	3%	-	0%	-	0%
BAAQMD AB 434	(45)	0%	0	0%	0	0%	0	0%
Measure A	(564,424)	-103%	(463,816)	-75%	(500,290)	-93%	(516,056)	-89%
Traffic Impact Fees	63,926	12%	63,436	10%	50,621	9%	53,742	9%
Community Development Agency Non-Housing	35,010	6%	0	0%	0	0%	0	0%
Redevelopment Services Agreement	36,383	7%	43,845	7%	43,845	8%	-	0%
Taxes	679,286	123%	660,000	106%	650,000	121%	650,000	112%
Inter Governmental Revenue	173,630	32%	186,425	30%	186,425	35%	322,237	55%
Interest and Rent Income	5,031	1%	10,000	2%	10,000	2%	-	0%
Charges For Services	37,488	7%	36,861	6%	37,488	7%	37,000	6%
Other Financing Sources	17,500	3%	17,000	3%	9,917	2%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 208 - TRANSPORTATION MANAGEMENT**

Description: Provide efficient movement of people and goods throughout Menlo Park by maintaining and enhancing a functional and efficient roadway network. Provide parking facilities in the Downtown area and promote the use of public transit, ride sharing, bicycles and walking as commute alternatives to the single occupant automobile.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
208-04 - Street Signage & Markings: Improve traffic safety in the City through effective traffic control devices that meet State and ADA standards by installing and maintaining proper traffic signs, striping and markings.	Replace 1/5 of striping and markings per year or as budget permits.  Replace 1/5 of the traffic signs that do not meet standards for reflectivity and/or signs that are not visually legible.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 311,262</b>	<b>100%</b>	<b>\$ 338,068</b>	<b>100%</b>	<b>\$ 291,575</b>	<b>100%</b>	<b>\$ 306,853</b>	<b>100%</b>
Personnel	132,156	42%	191,366	57%	166,122	57%	176,612	58%
Operating	31,298	10%	41,603	12%	35,453	12%	40,240	13%
Services	147,807	47%	105,099	31%	90,000	31%	90,000	29%

<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 54,864	18%	\$ 97,424	29%	\$ 82,228	28%	\$ 97,373	32%
Measure A	239,187	77%	152,549	45%	163,439	56%	120,885	39%
Traffic Impact Fees	17,211	6%	-	0%	727	0%	500	0%
Inter Governmental Revenue	-	0%	88,095	26%	44,000	15%	88,095	29%
Charges For Services	-	0%	-	0%	1,180	0%	-	0%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 208 - TRANSPORTATION MANAGEMENT**

Description: Provide efficient movement of people and goods throughout Menlo Park by maintaining and enhancing a functional and efficient roadway network. Provide parking facilities in the Downtown area and promote the use of public transit, ride sharing, bicycles and walking as commute alternatives to the single occupant automobile.

**SERVICES:**

208-05 - Safe Routes to School:  
Provide outreach to schools and planning of safe routes for school children to walk or ride their bikes to school.

**RESULTS:**

Implement "Safe Routes to Schools" plans for at least one school annually.

**STATUS:**

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 76,435</b>	<b>100%</b>	<b>\$ 83,636</b>	<b>100%</b>	<b>\$ 70,070</b>	<b>100%</b>	<b>\$ 69,233</b>	<b>100%</b>
Personnel	72,878	95%	79,479	95%	69,170	99%	66,441	96%
Operating	3,557	5%	4,157	5%	900	1%	2,791	4%
<b>Funding Source *</b>	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
General Fund	\$ 7,076	9%	\$ 8,260	10%	\$ 7,240	10%	\$ 3,007	4%
Measure A	50,275	66%	65,304	78%	47,648	68%	62,083	90%
Traffic Impact Fees	19,085	25%	10,072	12%	15,183	22%	4,142	6%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

**LEAD DEPARTMENT: Public Works Department**

**PROGRAM: 208 - TRANSPORTATION MANAGEMENT**

Description: Provide efficient movement of people and goods throughout Menlo Park by maintaining and enhancing a functional and efficient roadway network. Provide parking facilities in the Downtown area and promote the use of public transit, ride sharing, bicycles and walking as commute alternatives to the single occupant automobile.

<b>SERVICES:</b>	<b>RESULTS:</b>	<b>STATUS:</b>
208-06 - Neighborhood Traffic Management: Work with residents on traffic issues to enhance the safety and livability in their neighborhoods.	Surveys distributed for traffic management projects are returned by at least 70% of the respondents.	

	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Total Expenditures</b>	<b>\$ 107,887</b>	<b>100%</b>	<b>\$ 176,139</b>	<b>100%</b>	<b>\$ 132,521</b>	<b>100%</b>	<b>\$ 146,746</b>	<b>100%</b>
Personnel	102,577	95%	106,887	61%	107,121	81%	78,524	54%
Operating	5,310	5%	61,002	35%	17,150	13%	59,972	41%
Services	-	0%	8,250	5%	8,250	6%	8,250	6%
	Actual 2010-2011		Budget 2011-2012		Estimate 2011-2012		Proposed 2012-2013	
<b>Funding Source *</b>								
General Fund	\$ 44,525	41%	\$ 32,359	18%	\$ 39,010	29%	\$ 18,947	13%
Measure A	58,168	54%	98,602	56%	90,666	68%	82,579	56%
Traffic Impact Fees	5,193	5%	45,178	26%	2,845	2%	45,219	31%

\* Negative Funding Source indicates revenue in excess of expenditure for this service.

# CITY OF MENLO PARK FISCAL YEAR 2012 – 13



## FUND BALANCE SUMMARY





## Estimated Fund Balances

Fund	Fiscal Year	Fund Balance Beginning of Year	Revenues & Transfers In	Expenditures & Transfers Out	Estimated Year End Fund Balance
100 - General Fund	2010-2011	\$ 25,427,041	\$ 36,744,737	\$ 42,565,846	\$ 19,605,933
	2011-2012	\$ 19,605,933	\$ 38,114,191	\$ 36,740,380	\$ 20,979,746
	2012-2013	\$ 20,979,746	\$ 40,127,786	\$ 39,831,796	\$ 21,275,736
101 - Workers' Compensation Fund	2010-2011	\$ 1,415,711	\$ 570,565	\$ 847,530	\$ 1,138,745
	2011-2012	\$ 1,138,745	\$ 515,000	\$ 308,106	\$ 1,345,639
	2012-2013	\$ 1,345,639	\$ 510,000	\$ 604,573	\$ 1,251,066
102 - Liability/Fire Insurance Fund	2010-2011	\$ (101,679)	\$ 802,250	\$ 591,515	\$ 109,056
	2011-2012	\$ 109,056	\$ 801,000	\$ 927,720	\$ (17,663)
	2012-2013	\$ (17,663)	\$ 801,000	\$ 631,600	\$ 151,737
103 - Other Post Employment Benefits	2010-2011	\$ (1,544)	\$ 608,224	\$ 634,580	\$ (27,900)
	2011-2012	\$ (27,900)	\$ 550,100	\$ 487,372	\$ 34,828
	2012-2013	\$ 34,828	\$ 581,000	\$ 581,000	\$ 34,828
420 - Peninsula Partnership Grant	2010-2011	\$ (57,655)	\$ 82,256	\$ 44,740	\$ (20,139)
	2011-2012	\$ (20,139)	\$ 92,407	\$ 63,570	\$ 8,698
	2012-2013	\$ 8,698	\$ 97,000	\$ 93,492	\$ 12,206
434 - BAAQMD AB 434	2010-2011	\$ 2,574	\$ 45	\$ -	\$ 2,620
	2011-2012	\$ 2,620	\$ -	\$ -	\$ 2,619
	2012-2013	\$ 2,619	\$ -	\$ -	\$ 2,619
452 - Public Library Fund	2010-2011	\$ 93,551	\$ 11,009	\$ 0	\$ 104,560
	2011-2012	\$ 104,560	\$ -	\$ 14,131	\$ 90,429
	2012-2013	\$ 90,429	\$ -	\$ 21,085	\$ 69,344

Fund	Fiscal Year	Fund Balance Beginning of Year	Revenues & Transfers In	Expenditures & Transfers Out	Estimated Year End Fund Balance
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Literacy Grants

2010-2011	\$ 35,188	\$ 233,529	\$ 234,987	\$ 33,730
2011-2012	\$ 33,729	\$ 186,000	\$ 179,139	\$ 40,590
2012-2013	\$ 40,590	\$ 171,500	\$ 182,844	\$ 29,246

505 - Vintage Oaks Landscape Mtce

2010-2011	\$ 130,846	\$ 883	\$ 15,652	\$ 116,077
2011-2012	\$ 116,077	\$ 1,200	\$ 13,963	\$ 103,314
2012-2013	\$ 103,314	\$ -	\$ 21,840	\$ 81,474

506 - Sharon Hills Park

2010-2011	\$ 112,961	\$ 730	\$ 11,445	\$ 102,246
2011-2012	\$ 102,246	\$ 1,000	\$ 13,000	\$ 90,245
2012-2013	\$ 90,245	\$ -	\$ 13,000	\$ 77,245

507 - Vehicle Replacement Fund

2010-2011	\$ 608,895	\$ 295,918	\$ 266,602	\$ 638,211
2011-2012	\$ 638,211	\$ 226,182	\$ 309,800	\$ 554,593
2012-2013	\$ 554,593	\$ 102,686	\$ 309,800	\$ 347,479

710 - Traffic Impact Fees

2010-2011	\$ 611,326	\$ 1,440,868	\$ 199,226	\$ 1,852,968
2011-2012	\$ 1,852,968	\$ 1,273,000	\$ 156,911	\$ 2,969,057
2012-2013	\$ 2,969,057	\$ 130,000	\$ 1,064,037	\$ 2,035,020

713 - Storm Drainage

2010-2011	\$ 258,670	\$ 25,781	\$ 100,000	\$ 184,451
2011-2012	\$ 184,451	\$ 1,150	\$ -	\$ 185,601
2012-2013	\$ 185,601	\$ 5,000	\$ -	\$ 190,601

753 - Garbage Service Fund

2010-2011	\$ 351,111	\$ 1,456,998	\$ 1,885,309	\$ (77,201)
2011-2012	\$ (77,201)	\$ 792,000	\$ 326,139	\$ 388,659
2012-2013	\$ 388,659	\$ 620,753	\$ 360,877	\$ 648,535

Fund	Fiscal Year	Fund Balance Beginning of Year	Revenues & Transfers In	Expenditures & Transfers Out	Estimated Year End Fund Balance
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754 - Bedwell Park Landfill

2010-2011	\$ 1,941,854	\$ 748,050	\$ 197,744	\$ 2,492,160
2011-2012	\$ 2,492,160	\$ 789,000	\$ 335,546	\$ 2,945,614
2012-2013	\$ 2,945,614	\$ 760,000	\$ 329,183	\$ 3,376,431

758 - Downtown Parking Permits

2010-2011	\$ 2,831,914	\$ 372,784	\$ 127,126	\$ 3,077,572
2011-2012	\$ 3,077,572	\$ 390,000	\$ 859,227	\$ 2,608,344
2012-2013	\$ 2,608,344	\$ 350,000	\$ 152,144	\$ 2,806,200

801 - Rec-In-Lieu Fund

2010-2011	\$ 3,911,198	\$ 117,998	\$ 439,951	\$ 3,589,245
2011-2012	\$ 3,589,245	\$ 222,200	\$ 3,025,212	\$ 786,233
2012-2013	\$ 786,233	\$ 180,000	\$ -	\$ 966,233

809 - Bedwell Park Maintenance

2010-2011	\$ 1,037,125	\$ 6,166	\$ 197,047	\$ 846,244
2011-2012	\$ 846,244	\$ 2,500	\$ 150,842	\$ 697,902
2012-2013	\$ 697,902	\$ -	\$ 107,529	\$ 590,373

813 - Frances Mack Trust

2010-2011	\$ 384,094	\$ 2,480	\$ 57,060	\$ 329,514
2011-2012	\$ 329,514	\$ 2,500	\$ 70,638	\$ 261,376
2012-2013	\$ 261,376	\$ -	\$ 77,870	\$ 183,506

832 - BMR Housing-Residentl/Commerl

2010-2011	\$ 10,588,890	\$ 244,389	\$ 387,129	\$ 10,446,150
2011-2012	\$ 10,446,150	\$ 240,033	\$ 660,209	\$ 10,025,974
2012-2013	\$ 10,025,974	\$ -	\$ 63,000	\$ 9,962,974

833 - Redevelopment Svcs Agreement

2010-2011	\$ -	\$ 11,076,643	\$ 1,166,188	\$ 9,910,456
2011-2012	\$ 9,910,456	\$ 70,000	\$ 9,980,456	\$ 0
2012-2013	\$ 0	\$ -	\$ -	\$ 0

834 - Measure A

2010-2011	\$ 1,606,065	\$ 1,166,436	\$ 1,737,515	\$ 1,034,986
2011-2012	\$ 1,034,986	\$ 991,830	\$ 1,141,013	\$ 885,803
2012-2013	\$ 885,803	\$ 1,281,632	\$ 1,571,681	\$ 595,754

Fund	Fiscal Year	Fund Balance Beginning of Year	Revenues & Transfers In	Expenditures & Transfers Out	Estimated Year End Fund Balance
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835 - Highway Users Tax Fund

2010-2011	\$ 1,999,034	\$ 787,653	\$ 712,131	\$ 2,074,556
2011-2012	\$ 2,074,556	\$ 897,643	\$ 191,091	\$ 2,781,109
2012-2013	\$ 2,781,109	\$ 892,643	\$ 416,575	\$ 3,257,177

836 - Rev Share-Emergency Loan

2010-2011	\$ 58,528	\$ 2,281	\$ 35,450	\$ 25,359
2011-2012	\$ 25,359	\$ 12,319	\$ 10,000	\$ 27,678
2012-2013	\$ 27,678	\$ 2,000	\$ -	\$ 29,678

837 - Commun Devel Block Grant

2010-2011	\$ 699,742	\$ (359)	\$ 412	\$ 698,971
2011-2012	\$ 698,971	\$ 120	\$ 120	\$ 698,970
2012-2013	\$ 698,970	\$ -	\$ -	\$ 698,970

838 - Landscaping/Tree Assessment

2010-2011	\$ 258,837	\$ 705,149	\$ 796,436	\$ 167,550
2011-2012	\$ 167,550	\$ 730,057	\$ 799,383	\$ 98,224
2012-2013	\$ 98,224	\$ 741,955	\$ 806,292	\$ 33,887

839 - Sidewalk Assessment

2010-2011	\$ 501,647	\$ 173,859	\$ 141,398	\$ 534,109
2011-2012	\$ 534,109	\$ 202,903	\$ 454,854	\$ 282,159
2012-2013	\$ 282,159	\$ 190,025	\$ 199,803	\$ 272,380

841 - Storm Water Mgmt Fund (NPDES)

2010-2011	\$ 321,686	\$ 330,277	\$ 339,225	\$ 312,738
2011-2012	\$ 312,738	\$ 315,744	\$ 499,071	\$ 129,411
2012-2013	\$ 129,411	\$ 329,000	\$ 359,152	\$ 99,259

842 - Traffic Congestion Relief-2928

2010-2011	\$ 756,383	\$ 4,369	\$ 272,768	\$ 487,985
2011-2012	\$ 487,985	\$ 4,500	\$ -	\$ 492,485
2012-2013	\$ 492,485	\$ -	\$ -	\$ 492,485

Fund	Fiscal Year	Fund Balance Beginning of Year	Revenues & Transfers In	Expenditures & Transfers Out	Estimated Year End Fund Balance
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843 - Construction Impact Fee

2010-2011	\$ 2,838,543	\$ 555,316	\$ 1,255,643	\$ 2,138,216
2011-2012	\$ 2,138,216	\$ 522,103	\$ 510,000	\$ 2,150,318
2012-2013	\$ 2,150,318	\$ 480,000	\$ 56,118	\$ 2,574,200

845 - Measure T Bond

2010-2011	\$ 8,014,907	\$ 24,749	\$ 4,911,821	\$ 3,127,835
2011-2012	\$ 3,127,835	\$ 4,000	\$ 1,802,554	\$ 1,329,281
2012-2013	\$ 1,329,281	\$ -	\$ -	\$ 1,329,281

851 - General Fund - CIP

2010-2011	\$ 8,910,170	\$ 2,124,375	\$ 3,199,418	\$ 7,835,127
2011-2012	\$ 7,835,127	\$ 2,223,200	\$ 1,384,200	\$ 8,674,127
2012-2013	\$ 8,674,127	\$ 2,328,028	\$ 2,741,584	\$ 8,260,571

Community Development Agency

2010-2011	\$ 20,534,270	\$ 19,474,642	\$ 39,965,776	\$ (0)
2011-2012	\$ -	\$ -	\$ 43,137	\$ (43,137)
2012-2013	\$ (43,137)	\$ -	\$ -	\$ (43,137)

853 - 1990 Library Bond Fund

2010-2011	\$ 241,475	\$ 1,396	\$ 30,482	\$ 212,389
2011-2012	\$ 212,389	\$ 1,000	\$ 19,490	\$ 193,900
2012-2013	\$ 193,900	\$ -	\$ 55,000	\$ 138,900

855 - Water Fund - Capital

2010-2011	\$ 16,944,215	\$ 749,376	\$ 922,592	\$ 16,770,999
2011-2012	\$ 16,770,999	\$ 785,710	\$ 1,378,660	\$ 16,178,050
2012-2013	\$ 16,178,050	\$ 850,000	\$ 4,960,224	\$ 12,067,826

856 - 1992 RDA Tax Increment Bond

2010-2011	\$ 42,954	\$ 183	\$ -	\$ 43,137
2011-2012	\$ 43,137	\$ -	\$ -	\$ 43,137
2012-2013	\$ 43,137	\$ -	\$ -	\$ 43,137

Fund	Fiscal Year	Fund Balance Beginning of Year	Revenues & Transfers In	Expenditures & Transfers Out	Estimated Year End Fund Balance
858 - 2000 RDA Tax Increment Bond	2010-2011	\$ 7,389,650	\$ 31,082	\$ 7,420,732	\$ 0
	2011-2012	\$ -	\$ -	\$ -	\$ -
	2012-2013	\$ -	\$ -	\$ -	\$ -
859 - RDA Public Impr Grant Fund	2010-2011	\$ -	\$ 9,469,526	\$ 1,636,511	\$ 7,833,014
	2011-2012	\$ 7,833,014	\$ 4,000	\$ 7,837,014	\$ (0)
	2012-2013	\$ (0)	\$ -	\$ -	\$ (0)
861 - Water Fund - Operation	2010-2011	\$ 7,934,771	\$ 5,229,624	\$ 5,025,490	\$ 8,138,905
	2011-2012	\$ 8,138,905	\$ 4,936,381	\$ 6,309,091	\$ 6,766,195
	2012-2013	\$ 6,766,195	\$ 6,220,000	\$ 7,124,264	\$ 5,861,931
863 - Housing Authority	2010-2011	\$ -	\$ 6,379,084	\$ 324,166	\$ 6,054,918
	2011-2012	\$ 6,054,918	\$ -	\$ 6,054,918	\$ (0)
	2012-2013	\$ (0)	\$ -	\$ -	\$ (0)
864 - General Compr Planning Fund	2010-2011	\$ -	\$ -	\$ -	\$ -
	2011-2012	\$ -	\$ 115,500	\$ 102,000	\$ 13,500
	2012-2013	\$ 13,500	\$ 250,000	\$ 657,806	\$ (394,306)
872 - Debt Service Fund-CDA	2010-2011	\$ 9,135,499	\$ 5,013,605	\$ 4,999,483	\$ 9,149,620
	2011-2012	\$ 9,149,620	\$ 5,399,295	\$ 5,279,295	\$ 9,269,618
	2012-2013	\$ 9,269,618	\$ 5,219,997	\$ 5,219,997	\$ 9,269,618
874 - 1990 Library Bond Debt Service	2010-2011	\$ 893,496	\$ 458,644	\$ 423,750	\$ 928,390
	2011-2012	\$ 928,390	\$ 425,000	\$ 427,700	\$ 925,690
	2012-2013	\$ 925,690	\$ 406,000	\$ 330,200	\$ 1,001,490
875 - 2002 Recreation GO Bond D.S.	2010-2011	\$ 2,601,099	\$ 1,351,960	\$ 1,368,400	\$ 2,584,659
	2011-2012	\$ 2,584,659	\$ 1,322,000	\$ 2,980,900	\$ 925,759
	2012-2013	\$ 925,759	\$ 1,422,000	\$ 1,417,068	\$ 930,691

# CITY OF MENLO PARK FISCAL YEAR 2012 – 13



## CAPITAL IMPROVEMENTS





**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 10-001 - Radio Replacement

**Project Description:**

The Dispatch Center utilizes an extensive network of radio equipment which has a useful lifespan of 10 to 15 years. If equipment is not replaced it can malfunction, leading to a loss of communication with police officers in the field. This would lead to an enhanced level of risk to officers and a decrease in service to the community. A multi-year Replacement Schedule was created in 2010 by the County which stipulates equipment to be replaced based on lifespan. All costs to install include labor.



Funding Source	Previously Expended	2011-12 Budgeted	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total
General Fund - CIP	\$ -	\$ -	\$ 130,000	\$ 195,000	\$ 26,000	\$ 100,000	\$ 195,000	\$ 646,000
Total	\$ -	\$ -	\$ 130,000	\$ 195,000	\$ 26,000	\$ 100,000	\$ 195,000	\$ 646,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **10-002 - Police Lot Security**

**Project Description:**

The proposed project will improve the east and south police parking area by installing new fencing and gates that will eliminate the ability of pedestrians/public to access the secured area. Additionally, the parking area will be reconfigured to provide space for additional police vehicles.



<b>Funding Source</b>	<b>Previously Expended</b>	<b>2011-12 Budgeted</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total</b>
General Fund - CIP	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
<b>Total</b>	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 13-017 - City Facilities Telephone System Upgrade

**Project Description:**

This project will replace the legacy based Nortel Meridian Option 11 phone system with a new IP based phone system. The existing legacy system is very old and as of June 5, 2009 no longer support by Avaya. Repairs are currently made with parts on the secondary market which result in a less and less reliable system as time goes on.



Funding Source	Previously Expended	2011-12 Budgeted	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total
General Fund - CIP	\$ -	\$ -	\$ 295,000	\$ -	\$ -	\$ -	\$ -	\$ 295,000
Total	\$ -	\$ -	\$ 295,000	\$ -	\$ -	\$ -	\$ -	\$ 295,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 20-010 - Street Resurfacing Project

**Project Description:**

This ongoing project will include the detailed design and selection of streets to be resurfaced throughout the City during Fiscal Year 2013-14. This project will utilize the City's Pavement Management System (PMS) to assess the condition of existing streets and assist in the selection process.



Funding Source	Previously Expended*	2011-12 Budgeted	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total
General Fund - CIP	\$ 5,345,487	\$ 2,534,744	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ 11,880,231
Measure A	877,900	274,000	-	270,000	-	270,000	-	1,691,900
Highway Users Tax Fund	4,272,018	1,500,000	225,000	2,000,000	230,000	2,000,000	250,000	10,477,018
Traffic Congestion Relief-2928	520,836	452,000	-	-	-	-	-	972,836
Construction Impact Fee	1,694,367	1,716,242	-	1,000,000	-	1,000,000	-	5,410,609
Previous Years' Funding	2,431,630	-	-	-	-	-	-	2,431,630
<b>Total</b>	<b>\$ 15,142,238</b>	<b>\$ 6,476,986</b>	<b>\$ 225,000</b>	<b>\$ 5,270,000</b>	<b>\$ 230,000</b>	<b>\$ 5,270,000</b>	<b>\$ 250,000</b>	<b>\$ 32,864,224</b>

\* For ongoing infrastructure maintenance projects, "Previously Expended" represents the amount expended for the past 10 years.

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **20-011 Sidewalk Repair Program**

**Project Description:**

This ongoing project consists of removing hazardous sidewalk offsets and replacing sidewalk sections that have been damaged by City tree roots in order to eliminate trip hazards.



<b>Funding Source</b>	<b>Previously Expended*</b>	<b>2011-12 Budgeted</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total</b>
General Fund - CIP	\$ 708,777	\$ 327,838	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 1,636,615
Highway Users Tax	323,554	5,550	-	-	-	-	-	329,104
Sidewalk Assessment	1,421,853	464,124	180,000	180,000	180,000	180,000	180,000	2,785,977
2000 RDA Tax Increment Bond	70,162	-	-	-	-	-	-	70,162
Previous Years' Funding	1,762,333	-	-	-	-	-	-	1,762,333
<b>Total</b>	<b>\$ 4,286,679</b>	<b>\$ 797,512</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 6,584,191</b>

\* For ongoing infrastructure maintenance projects, "Previously Expended" represents the amount expended for the past 10 years.

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **20-030 - El Camino Tree Planting**

**Project Description:**

This project will involve planting new trees along El Camino Real in both median and sidewalk areas in coordination with the El Camino Real/Downtown Specific Plan implementation



<b>Funding Source</b>	<b>Previously Expended</b>	<b>2011-12 Budgeted</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total</b>
General Fund - CIP	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,000</b>

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 20-038 - Storm Drain Improvements

**Project Description:**

This ongoing project will implement improvements that were identified in the Storm Drain Master Plan as high priority and will provide annual cleaning to the existing storm drains.



Funding Source	Previously Expended*	2011-12 Budget	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total Cost
General Fund - CIP	\$ 765,619	\$ 219,749	\$ 160,000	\$ 175,000	\$ 175,000	\$ 185,000	\$ 185,000	\$ 1,865,368
Storm Drainage	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
<b>Total</b>	<b>\$ 765,619</b>	<b>\$ 319,749</b>	<b>\$ 160,000</b>	<b>\$ 175,000</b>	<b>\$ 175,000</b>	<b>\$ 185,000</b>	<b>\$ 185,000</b>	<b>\$ 1,965,368</b>


\* For ongoing infrastructure maintenance projects, "Previously Expended" represents the amount expended for the past 10 years.



**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **20-054 - Downtown Irrigation Replacement**

**Project Description:**  
 This project will upgrade the current irrigation system and plant a demonstration garden in the downtown area. Design and construction estimates have increased to minimize existing streetscape damage and replace landscaping from construction.




<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budgeted</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total</b>
General Fund	\$ 14,866	\$ 150,000	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ 334,866
<b>Total</b>	<b>\$ 14,866</b>	<b>\$ 150,000</b>	<b>\$ 170,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 334,866</b>

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **20-058 Sidewalk Master Plan Implementation**

**Project Description:**

This project will involve constructing new sidewalks in areas with priority needs as identified in the Sidewalk Master Plan. Resident surveys will be conducted at high priority locations to assess the level of support prior to selecting specific sites.



<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budgeted</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total</b>
Measure A	\$ 5,072	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 600,000
<b>Total</b>	<b>\$ 5,072</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 600,000</b>

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **20-059 - Downtown Parking Utility Underground**

**Project Description:**

A project study was initiated in FY 2008/09 to investigate the use of Rule 20A funding for undergrounding utilities in the downtown parking plazas, and through recent communication with PG&E, it has been confirmed that this can be done. As a result, the City will begin the process of creating an underground utility district in the downtown area, then design and construction can begin.



<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budget</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total Cost</b>
General Fund - CIP	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 2,750,000	\$ -	\$ -	\$ 2,950,000
Downtown Parking Permits	\$ -	\$ -	\$ -	\$ -	\$ 1,800,000	\$ -	\$ -	\$ 1,800,000
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 4,550,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,750,000</b>

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **20-060 - Sustainable/Green Building Standards Cost Benefit Analysis**

**Project Description:**

Twenty eight percent of Menlo Park's greenhouse gas (GHG) emissions are from the residential and commercial sectors. Green buildings not only reduce greenhouse gas emissions by minimizing energy/water usage, but also reduce natural resource consumption and provide healthier indoor environments in comparison to non-green buildings. The level of implementation can vary from strict to voluntary based on available resources, community feedback and city council priorities. In addition, the applicability can range to only new structures or include major renovations of buildings. The city has already increased local energy efficient requirements for new construction. This study would evaluate the benefit and costs of various policies to gain greater GHG reductions. This project is part of the Climate Action Plan's five year strategy approved by Council in July 2011.



<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budget</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total Cost</b>
General Fund - CIP	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,000</b>

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **20-061 - Chrysler Pump Station Improvements**

**Project Description:**

This project will involve design (FY 2012/13) and construction (2013/14) of upgrades to the aging equipment at the Chrysler Pump Station. The existing Chrysler Pump Station is approximately 40 years old and its electrical equipment and pumps need to be upgraded and/or replaced.



<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budget</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total Cost</b>
General Fund - CIP	\$ -	\$ -	\$ 80,000	\$ 320,000	\$ -	\$ -	\$ -	\$ 400,000
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,000</b>	<b>\$ 320,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,000</b>



**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **20-062 - Complete Streets Ordinance Study**

**Project Description:**

In order to meet regional transportation funding guidelines, local agencies in the Bay Area are required to adopt a complete streets ordinance. The objective of this study is to first analyze the requirements of a complete streets ordinance. Depending on the requirements, the City would work to develop a policy that established guiding principles and practices so transportation improvements are planned, designed, constructed, operated, and maintained to encourage walking, bicycling and transit use while promoting safe operation for all users. Public outreach to the businesses, residents, school districts, and other stakeholders would be part of the process in developing the ordinance.



Funding Source	Expended To Date	2011-12 Budget	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total Cost
Measure A	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Total	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **210T10 - High Speed Rail Coordination**

**Project Description:**

The California High Speed Rail Bay Area to Central Valley route is being planned along the existing Caltrain tracks through the City of Menlo Park. This project involves City staff coordination with the Peninsula Cities Coalition, neighboring jurisdictions, the High Speed Rail Authority and elected officials to protect the City's interests during the planning and implementation stages of the California High Speed Rail Project. Funding will be used for technical expertise and consulting support.



<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budgeted</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total</b>
General Fund - CIP Measure A	\$ 140,581 -	\$ 53,500 110,612	\$ 50,000 -	\$ 50,000 -	\$ 50,000 -	\$ 50,000 -	\$ 50,000 -	\$ 444,081 110,612
<b>Total</b>	<b>\$ 140,581</b>	<b>\$ 164,112</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 554,693</b>

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 25-028 - Park Improvements (Minor)

**Project Description:**

This project addresses minor improvements to parks, such as repairing fences, irrigation systems, play equipment, resodding portions of fields and adding sand and fibar to play equipment.



<b>Funding Source</b>	<b>Previously Expended*</b>	<b>2011-12 Budget</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total Cost</b>
General Fund - CIP	\$ 465,774	\$ 325,965	\$ 12,000	\$ 120,000	\$ 120,000	\$ 130,000	\$ 130,000	\$ 1,303,739
<b>Total</b>	<b>\$ 465,774</b>	<b>\$ 325,965</b>	<b>\$ 12,000</b>	<b>\$ 120,000</b>	<b>\$ 120,000</b>	<b>\$ 130,000</b>	<b>\$ 130,000</b>	<b>\$ 1,303,739</b>

\* For ongoing infrastructure maintenance projects, "Previously Expended" represents the amount expended for the past 10 years.



**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 25-032 Belle Haven Child Development Center Outdoor Play Space Remodel

**Project Description:**

The BHCDC used to have a water feature in the back that became high maintenance and was removed and replaced with sand. Over the years, a small play structure has been added in the sand pit. The playground needs to be evaluated for fall zones and compliance with the American with Disabilities Act (ADA) and a new play area constructed as needed.




Funding Source	Expended To Date	2011-12 Budgeted	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total
General Fund - CIP	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Total	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **27-033 - City Buildings (Minor)**

**Project Description:**

This ongoing project was established in Fiscal Year 2004-05. Projects programmed on an annual basis include minor improvements that extend the useful life of systems and equipment in City Buildings. FY 2012-13 funding provides for replacing the corporation yard floor in the men's bathroom, and locker room, replacing the bathroom partition, and painting the lockers. The project will also begin the design for the replacement of the Corporation Yard roof, and other miscellaneous building improvements throughout the City.



<b>Funding Source</b>	<b>Previously Expended*</b>	<b>2011-12 Budget</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total Cost</b>
General Fund - CIP	\$ 1,238,208	\$ 478,371	\$ 275,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 3,191,579
<b>Total</b>	<b>\$ 1,238,208</b>	<b>\$ 478,371</b>	<b>\$ 275,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 3,191,579</b>

\* For ongoing infrastructure maintenance projects, "Previously Expended" represents the amount expended for the past 10 years.

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **27-040 - Administration Building Emergency Generator**

**Project Description:**

This project will replace the existing emergency generator at the administration building that provides emergency power to the building when power from PG&E is temporarily lost. The existing generator is over 25 years old and supports the operation of the police dispatch 911 system and other essential City services during an emergency.



Funding Source	Expended To Date	2011-12 Budget	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total Cost
General Fund - CIP	\$ 15,640	\$ 50,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Total	\$ 15,640	\$ 50,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **27-043 - Energy Audit of City Administration**

**Project Description:**

The city's administration building has the highest energy consumption of all the city buildings, using over 1 million kWh and 15,000 therms per year, costing \$153,000 annually. This project will conduct an energy audit of the administration building to identify ways of reducing the building's energy loads in a cost effective manner. The energy audit will provide guidance on which upgrades to undertake first, and how to use the savings to make further energy upgrades in the future. The cost of this project does not include building retrofits that will be identified as part of this project.



<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budget</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total Cost</b>
General Fund - CIP	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,000</b>

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 27-044 - Council Chambers Mics/Voting Equipment

**Project Description:**

The existing City Council Chambers microphones are customized to include the voting panel. The system is over 15 years old and the microphones can no longer be repaired. Staff is recommending replacing the microphones and voting panel system with a non custom system available on the market.



Funding Source	Expended To Date	2011-12 Budget	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total Cost
General Fund - CIP	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Total	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **27-045 - Council Chambers Audio/Video Equipment**

**Project Description:**

This upgrade will improve the City Council Chamber audio and video equipment and it will incorporate specific concepts and hardware items for audio and visual presentation systems along with improved seating for Council members. The project will replace the video switcher, cameras, video screen and Council chairs in the Council Chambers. The Panasonic video switcher, the pan, and tilt camera have reached their end of life and are no longer available or supported. The current technology is considered obsolete.



Funding Source	Expended To Date	2011-12 Budget	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total Cost
General Fund - CIP	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Total	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 30-010 - Burgess Pool Pump Ladder

**Project Description:**

The Burgess Pool main pumps are in a large pit area. In order to service this equipment, on a daily basis, city staff, aquatics contracted staff, or service contractors are required to follow OSHA requirements for Confined Spaces. This is a stringent requirement and labor intensive to comply with. The requirement would not be needed if a set of stairs were installed going into the pit area. This project will include the design costs, permits, the purchase and installation of the stairs.



Funding Source	Expended To Date	2011-12 Budgeted	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total
General Fund - CIP	\$ -	\$ -	\$ 28,000	\$ -	\$ -	\$ -	\$ -	\$ 28,000
Total	\$ -	\$ -	\$ 28,000	\$ -	\$ -	\$ -	\$ -	\$ 28,000



**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 40-008 - Library RFID Conversion Project

**Project Description:**

This project will convert all library materials from the current barcode system to the more reliable RFID format. RFID will provide savings in time, money and labor in material check-out and circulation activities. The RFID tags offer better inventory control and increased security for library materials.



Funding Source	Expended To Date	2011-12 Budgeted	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total
General Fund - CIP	\$ 63,000	\$ 65,000	\$ 29,000	\$ 29,000	\$ -	\$ -	\$ -	\$ 123,000
Public Library Fund	\$ 1,223	\$ 24,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000
<b>Total</b>	<b>\$ 64,223</b>	<b>\$ 89,000</b>	<b>\$ 29,000</b>	<b>\$ 29,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 147,000</b>



**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 40-009 - Automated Library Materials Return

**Project Description:**

The library has converted its collection of books and other materials from barcode inventory technology to a new radio frequency identification (RFID) system. The automated materials return (self check-in) and automated materials handling system will improve the check-in process and get materials back on the shelves more quickly. It will allow for an increased amount of time for staff to spend working directly with customers. The materials return system will be installed in the Main Library in an existing room adequately sized to accommodate the new equipment.



Funding Source	Expended To Date	2011-12 Budgeted	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total
General Fund - CIP	\$ -	\$ -	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ 120,000
Total	\$ -	\$ -	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ 120,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** **60-003 - Housing Element**

**Project Description:**

The Housing Element is a policy document within the General Plan that provides direction on the provision of housing in the City. Regular updates of the Housing Element are mandated by State law. The update includes identification of potential housing sites, background report, goals and policies, rezoning of property and environmental review. In addition, the following other elements of the General Plan will likely need to be updated in order to maintain required consistency: Land Use, Transportation and Circulation, Open Space and Conservation, Safety and Seismic Safety, and Noise.




<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budget</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total Cost</b>
General Fund Comprehensive Planning Fund	\$ -	\$ -	\$ 657,806	\$ -	\$ -	\$ -	\$ -	\$ 657,806
<b>Total</b>	\$ -	\$ -	\$ 657,806	\$ -	\$ -	\$ -	\$ -	\$ 657,806

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 70-079 - Safe Rotes to Oak Knoll School

**Project Description:**  
 This project will implement improvements based on the updated traffic study currently being conducted to improve the pedestrian and bicycle routes to Oak Knoll School and encourage more school children to walk or bike to school.



Funding Source	Expended To Date	2011-12 Budgeted	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total
Measure A	\$ 1,491	\$ 40,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 90,000
Total	\$ 1,491	\$ 40,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 90,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 70-081 - Willow Road Improvements @ Newbridge & Bayfront Expressway

**Project Description:**

The City/County Association of Governments (CCAG) recently partnered with Menlo Park and East Palo Alto to analyze congestion improvement projects for the Willow Road and University Avenue from US 101 to Bayfront Expressway. In Menlo Park, two projects were identified to improve traffic flow. The improvements include northbound offramp improvements from US 101 to Willow near Newbridge and a third right turn lane from Willow onto Bayfront Expressway. The City would work with C/CAG to design and construct the improvement. C/CAG has indicated that a large portion of the funding is available through their programs, the City would match a portion of the funding. The City intends to consider all modes of transportation in the design of the intersection improvements and the existing bicycle lanes will be maintained during construction.



Funding Source	Expended To Date	2011-12 Budgeted	2012-13 Proposed	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	Total
Transportation Impact Fees	\$ -	\$ -	\$ 900,000	\$ -	\$ -	\$ -	\$ -	\$ 900,000
Total	\$ -	\$ -	\$ 900,000	\$ -	\$ -	\$ -	\$ -	\$ 900,000

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 77-003 Water Main Replacement Project

**Project Description:**

This recurring project involves replacements and improvements to the Menlo Park Municipal Water District's distribution system. The locations of work are determined through maintenance records and as needed to support other major capital projects such as the emergency water supply project.



<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budgeted</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total</b>
Water Fund - Capital	\$ 593,972	\$ 1,240,787	\$ 2,700,000	\$ -	\$ -	\$ 300,000	\$ 2,200,000	\$ 6,440,787
<b>Total</b>	<b>\$ 593,972</b>	<b>\$ 1,240,787</b>	<b>\$ 2,700,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 300,000</b>	<b>\$ 2,200,000</b>	<b>\$ 6,440,787</b>

**CAPITAL IMPROVEMENT PROGRAM  
2012-2017**

**Project:** 77-017 - Emergency Water Supply

**Project Description:**

This project will involve the first phase of construction of up to three emergency standby wells to provide a secondary water supply to the Menlo Park Municipal Water District's eastern service area. An emergency water supply would be needed in the event of an outage of the SFPUC Hetch Hetchy system. Final project costs will vary depending on land acquisitions costs and the final depth and size of the wells. This project was partially funded in FY 2011-12.



<b>Funding Source</b>	<b>Expended To Date</b>	<b>2011-12 Budgeted</b>	<b>2012-13 Proposed</b>	<b>2013-14 Projected</b>	<b>2014-15 Projected</b>	<b>2015-16 Projected</b>	<b>2016-17 Projected</b>	<b>Total</b>
Water Fund - Capital	\$ 210,554	\$ 3,348,441	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 7,348,441
<b>Total</b>	<b>\$ 210,554</b>	<b>\$ 3,348,441</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,348,441</b>

General Fund 10-Year Projection <sup>(1)</sup>

Revenue Categories	Scenario	Adjusted Budget		Proposed Budget		Forecast 2014		Forecast 2015		Forecast 2016		Forecast 2017		Forecast 2018		Forecast 2019		Forecast 2020		Forecast 2021		Forecast 2022		Forecast 2023		
		2012	2013	2012	2013	2014	2015	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Property Taxes	Most Likely	\$13,021,000	(2)	\$13,658,000	(2)	\$14,231,676	(2)	\$14,833,746		\$15,427,096		\$16,044,180		\$16,685,947		\$17,353,385		\$18,047,520		\$18,769,421		\$19,520,198		\$20,301,006		
Sales Tax	Most Likely	6,203,000	(3)	6,330,000	(3)	6,492,200		6,751,888		7,021,964		7,302,842		7,594,956		7,898,754		8,214,704		8,543,292		8,885,024		9,240,425		
Transient Occupancy Tax	Most Likely	2,920,000	(4)	3,326,000	(4)	3,758,380		3,908,715		4,065,063		4,227,666		4,396,773		4,572,644		4,755,549		4,945,771		5,143,602		5,349,346		
Utility Users' Tax	Most Likely	1,135,900	(5)	1,180,500		1,226,760		1,274,870		1,324,905		1,376,941		1,431,059		1,487,341		1,545,875		1,606,749		1,670,059		1,735,902		
Franchise Fees	Most Likely	1,768,000		1,873,500		1,948,440		2,026,378		2,107,433		2,191,730		2,279,399		2,370,575		2,465,398		2,564,014		2,666,575		2,773,238		
Licenses and Permits	(6) Most Likely	3,371,465		4,266,465		4,405,127		4,549,322		4,699,273		4,855,209		5,117,074		5,285,748		5,461,154		5,643,562		5,833,252		6,130,064		
Intergovernmental Revenue	Most Likely	1,140,552	(7)	893,930		929,687		966,875		1,005,550		1,045,772		1,087,603		1,131,107		1,176,351		1,223,405		1,272,341		1,323,235		
Fines & Forfeitures	Most Likely	980,000		1,085,200		1,128,608		1,173,752		1,220,702		1,269,530		1,320,311		1,373,124		1,428,049		1,485,171		1,544,578		1,606,361		
Interest & Rent Income	Most Likely	(8) 681,188	(8)	770,018	(8)	852,719	(8)	946,152	(8)	1,051,862	(8)	1,171,620		1,220,885		1,272,120		1,325,405		1,380,821		1,438,454		1,498,392		
Charges for Services	Most Likely	6,030,515	(9)	6,326,051	(9)	6,254,403		6,504,579		6,764,762		7,035,352		7,316,766		7,609,437		7,913,814		8,230,367		8,559,582		8,901,965		
Donations	Most Likely	29,050		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	Most Likely	(10) 560,509		389,073		404,636		420,821		437,654		455,160		473,367		492,301		511,993		532,473		553,772		575,923		
<b>Total Revenues</b>		<b>\$ 37,841,179</b>		<b>\$ 40,127,786</b>		<b>\$ 41,662,846</b>		<b>\$ 43,388,518</b>		<b>\$ 45,158,940</b>		<b>\$ 47,009,986</b>		<b>\$ 48,959,483</b>		<b>\$ 50,883,293</b>		<b>\$ 52,884,041</b>		<b>\$ 54,964,805</b>		<b>\$ 57,128,784</b>		<b>\$ 59,478,857</b>		

**Expenditure Categories**

510 - Salaries and Wages	Most Likely	(11) \$19,928,789	(11)	\$20,523,319	(11)	\$21,139,018		\$21,984,579		\$22,863,962		\$23,778,521		\$24,729,661		\$25,718,848		\$26,747,602		\$27,817,506		\$28,930,206		\$30,087,414		
520 - Benefits	Most Likely	(12) 7,451,483	(12)	7,972,967	(12)	8,740,764	(12)	9,055,431		9,417,648		9,794,354		10,186,128		10,593,574		11,017,316		11,458,009		11,916,329		12,392,983		
530 - Operating Expense	Most Likely	(13) 2,733,665		2,975,466		3,094,485		3,218,264		3,346,994		3,480,874		3,620,109		3,764,914		3,915,510		4,072,131		4,235,016		4,404,416		
540 - Utilities	Most Likely			1,097,935		1,135,016		1,180,416		1,227,633		1,276,738		1,327,808		1,380,920		1,436,157		1,493,603		1,553,347		1,615,481		1,680,100
550 - Services	Most Likely	(13) 3,782,460	(13)	3,202,402		3,186,390		3,313,845		3,446,399		3,584,255		3,727,625		3,876,730		4,031,799		4,193,071		4,360,794		4,535,226		
560 - Fixed Assets & Capital Outlay	Most Likely	(13) 287,312		277,612		288,717		300,265		312,276		324,767		337,758		351,268		365,319		379,931		395,129		410,934		
570 - Travel	Most Likely			51,106		55,055		57,257		59,548		61,929		64,407		66,983		69,662		72,449		75,347		78,360		81,495
580 - Repairs & Maintenance	Most Likely	(13) 923,597		863,178		897,705		933,613		970,958		1,009,796		1,050,188		1,092,196		1,135,883		1,181,319		1,228,572		1,277,714		
590 - Special Projects Expenditures	Most Likely	(13) 257,478		362,454		376,952		392,030		407,712		424,020		440,981		458,620		476,965		496,043		515,885		536,521		
590 - Transfers Out	Most Likely			2,377,800		2,464,328		2,562,901		2,665,417		2,772,034		2,882,915		2,998,232		3,118,161		3,242,888		3,372,603		3,507,507		3,647,808
<b>Total Expenditures</b>		<b>\$38,891,625</b>		<b>\$39,831,796</b>		<b>\$41,524,604</b>		<b>\$43,150,626</b>		<b>\$44,876,651</b>		<b>\$46,671,717</b>		<b>\$48,538,585</b>		<b>\$50,480,129</b>		<b>\$52,499,334</b>		<b>\$54,599,307</b>		<b>\$56,783,279</b>		<b>\$59,054,611</b>		

<b>Total Impact to Fund Balance</b>		<b>(\$1,050,446)</b>		<b>\$295,990</b>		<b>\$138,242</b>		<b>\$237,893</b>		<b>\$282,290</b>		<b>\$338,270</b>		<b>\$420,897</b>		<b>\$403,164</b>		<b>\$384,707</b>		<b>\$365,497</b>		<b>\$345,505</b>		<b>\$424,246</b>		
<b>Encumbrances and Reappropriations</b>	(13)	<b>419,900</b>																								
<b>Downtown El Camino Specific Plan</b>	(13)	<b>225,980</b>																								
<b>Net Operating Revenue</b>		<b>(\$404,566)</b>		<b>\$295,990</b>		<b>\$138,242</b>		<b>\$237,893</b>		<b>\$282,290</b>		<b>\$338,270</b>		<b>\$420,897</b>		<b>\$403,164</b>		<b>\$384,707</b>		<b>\$365,497</b>		<b>\$345,505</b>		<b>\$424,246</b>		

**Notes to 10-year Forecast:**

- (1) Revenues and expenditures are generally anticipated to grow by inflation of 4% unless otherwise indicated.
- (2) Property Tax increases 4.9% in 2012-13 and 4.2% by 2014-15; Facebook tenant improvements complete by 2014-15
- (3) Sales Tax to grow 2% in 2012-13; 2.5% 2013-14; 4% growth thereafter.
- (4) Assumes TOT rate increase January 2013 from 10% to 12%.
- (5) Assumes 1% UUT tax rate on all utilities; assumes no change on UUT tax cap payers.
- (6) Licenses and permits increase due to annual payment from Facebook: 2013-2017 (\$800,000); 2018-2022 (\$900,000); 2023-2027 (\$1,000,000) CPI thereafter.
- (7) Intergovernmental revenues to decrease in 2012-13, San Carlos Dispatch contract expired November 2011.
- (8) Portfolio earnings recover slowly with yields growing by 2016-17.
- (9) Charges for Services increase 5% in 2012-13; Community Services increased utilization of City facilities; planning fees adjusted downward by 2013-14.
- (10) Other Financing Sources decrease due to RDA dissolution.
- (11) Reduction in dispatch; San Carlos dispatch contract expired November 2011; Salaries & Wages up 3% in 2013-14.
- (12) CalPERS rate increases assumed through 2015; labor concessions included.
- (13) 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 (\$108,000 in 2012-13)

**Does not assume:**

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



**Schedule of Fund Balances**

**ATTACHMENT C**

	6/30/2013 (Proposed)	6/30/2012 (Estimated)	6/30/2011	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006	6/30/2005	6/30/2004	6/30/2003	6/30/2002	6/30/2001
General Fund	21,275,736	20,979,746	19,605,935	23,831,011	24,744,493	26,603,074	35,121,304	33,613,206	29,149,898	30,153,559	29,289,927	27,842,190	25,470,496
Internal Service Funds													
101 Workers Compensation	1,251,066	1,345,639	1,138,745	1,415,711	1,337,642	901,967	409,059	-	-	-	-	-	-
102 Liability/Fire Insurance	151,737	(17,663)	109,056	(101,679)	(299,254)	(10,261)	(123,083)	-	-	-	-	-	-
103 Other Post Employment Benefits	34,828	34,828	(27,900)	(1,544)	(1,313)	160,409	473,897	-	-	-	-	-	-
507 Vehicle Replacement Fund	347,479	554,593	638,211	608,895	84,350	107,502	136,140	-	-	-	-	-	-
	1,785,110	1,917,397	1,858,112	1,921,383	1,121,425	1,159,617	896,013	-	-	-	-	-	-
852&854 Community Development Agency	0	0	43,138	20,491,316	22,216,042	20,498,461	17,371,387	15,427,842	15,642,527	12,576,777	12,605,830	14,174,377	19,460,337
837 Community Dev Block Grant	698,970	698,970	698,971	699,741	602,704	455,067	68,013	9,683	731	566	-	-	-
833 Redevelopment Services Agreement	0	0	9,910,456	-	-	-	-	-	-	-	-	-	-
859 Public Improvements Grant Fund	0	0	7,833,014	-	-	-	-	-	-	-	-	-	-
835 Highway Users Tax	3,257,177	2,781,109	2,074,556	1,999,033	1,411,919	1,228,501	1,556,580	1,649,179	1,004,645	747,214	799,076	534,332	-
842 Traffic Congestion Relief	492,485	492,485	487,985	756,383	603,778	415,852	392,330	142,543	1,208	89,903	-	346,515	1,523,331
836 Federal Revenue Sharing	29,678	27,678	25,359	58,529	63,382	68,580	62,211	52,531	73,501	75,226	71,249	65,344	145,181
839 Sidewalk Assessment	272,380	282,159	534,109	501,647	531,580	387,200	504,314	423,113	340,001	198,087	134,867	95,861	58,836
838 Landscape Tree Assessment	33,887	98,224	167,550	258,837	272,820	290,105	95,654	226,816	411,946	507,500	479,383	412,800	73,480
754 Bedwell Bayfront Park Landfill	3,376,431	2,945,614	2,492,160	1,941,854	1,549,600	1,126,110	858,832	582,552	350,203	156,691	-	-	310,254
832 Below Market Rate Housing	9,962,974	10,025,974	10,446,150	10,588,890	11,344,082	8,534,592	7,854,813	4,662,381	4,679,802	4,594,069	4,353,231	4,421,518	-
834 County Transportation Tax	595,754	885,803	1,036,246	1,606,065	1,602,733	1,951,700	1,668,963	1,588,060	1,603,227	1,521,334	1,597,169	1,790,854	4,235,611
452 Public Library	69,344	90,429	104,560	93,551	113,149	146,002	138,435	120,743	108,959	96,730	81,951	67,626	1,839,257
Literacy Grants	45,760	45,760	33,730	35,187	33,474	10,206	20,445	16,425	20,572	32,904	41,748	36,555	97,559
705 Narcotic Seizure	4,000	39,090	35,861	37,196	21,888	17,014	14,205	8,772	10,025	6,610	4,128	7,576	55,066
710 Traffic Impact Fees	2,035,020	2,969,057	1,852,968	611,326	773,635	1,009,640	751,859	477,291	519,592	615,930	1,525,741	1,238,699	5,138
758 Downtown Parking Permits	2,806,200	2,608,344	3,077,572	2,831,914	2,680,568	2,383,034	2,051,964	1,453,384	1,641,182	1,378,146	1,092,487	780,753	1,772,750
713 Storm Drainage Fees	190,601	185,601	184,451	258,670	253,843	234,247	182,778	14,081	80	71	-	91,231	495,276
753 Solid Waste Service	648,535	388,659	(77,201)	351,112	378,092	543,208	207,130	447,377	493,161	641,948	814,786	891,369	133,730
434 Bay Area Air Quality Mngmt	2,619	2,619	2,620	2,574	48,264	46,230	45,840	47,861	46,923	43,682	4,577	3,190	968,287
841 Storm Water Mngmt.	99,259	129,411	312,738	321,687	333,961	407,477	615,942	476,999	559,136	632,006	738,851	965,025	-
420 Peninsula Partnership	12,206	8,698	(20,139)	(57,654)	(14,010)	16,165	24,298	31,690	60,212	40,858	74,021	20,845	851,990
706 Supplemental Law Enforce Svs	(29,783)	(4,843)	29,871	4,102	(7,362)	15,986	136,068	113,616	111,512	114,320	91,816	137,661	51,449
N/A Local Law Enforce Block Grant	-	-	-	-	-	-	-	-	2,213	11,465	10,300	7,134	167,681
N/A California Law Enforcement Equip	-	-	-	-	-	-	-	-	-	-	-	124,819	-
843 Construction Impact Fees	2,574,200	2,150,318	2,138,216	2,838,543	2,457,891	2,158,579	1,410,213	-	-	-	-	-	-
809 Bedwell Bayfront Park Maintenance	590,373	697,902	846,244	1,037,124	1,201,858	1,344,994	1,431,295	1,491,526	1,646,015	1,696,361	1,756,965	1,939,274	-
801 Recreation In-Lieu	966,233	786,233	3,589,245	3,911,198	3,595,277	3,406,195	1,881,039	290,517	111,758	57,146	17,432	-	1,777,783
506 Sharon Hills Park	77,245	90,245	102,246	112,961	121,983	131,490	136,631	142,726	160,556	168,595	167,360	173,492	1,208,978
505 Vintage Oak Landscape	81,474	103,314	116,077	130,846	140,991	149,381	154,683	161,389	170,000	177,331	188,546	197,063	176,841
Miscellaneous Trust	813,013	813,013	1,000,330	835,081	974,859	1,057,194	1,208,818	1,353,202	1,718,208	1,796,322	1,334,606	1,567,274	208,883
<b>Total Special Revenue Fund</b>	<b>29,706,035</b>	<b>29,341,866</b>	<b>49,079,083</b>	<b>52,257,713</b>	<b>53,307,001</b>	<b>48,033,210</b>	<b>40,844,740</b>	<b>31,412,299</b>	<b>31,487,895</b>	<b>27,977,792</b>	<b>27,986,120</b>	<b>30,228,129</b>	<b>37,111,192</b>
Debt Service Funds													
872 Community Development Agency	9,269,618	9,269,618	9,149,620	9,135,499	9,073,768	8,349,895	8,690,632	6,849,552	-	-	-	-	-
874 Library Bond	1,001,490	925,690	928,390	893,496	817,665	725,753	690,315	631,671	611,715	592,548	606,813	589,283	508,081
875 Recreation GO Bond - 2002	930,691	925,759	2,584,659	2,601,099	2,292,567	1,683,424	1,200,558	885,125	675,692	549,507	401,338	-	-
<b>Total Debt Service Funds</b>	<b>11,201,799</b>	<b>11,121,067</b>	<b>12,662,669</b>	<b>12,630,094</b>	<b>12,184,000</b>	<b>10,759,072</b>	<b>10,581,505</b>	<b>8,366,348</b>	<b>1,287,407</b>	<b>1,142,055</b>	<b>1,008,151</b>	<b>589,283</b>	<b>508,081</b>
Capital Projects													
853 Library Addition	138,900	193,900	212,389	241,475	351,386	400,941	388,094	412,568	445,111	511,058	594,494	580,514	560,470
845 Measure T 2002 GO Bond	1,329,281	1,329,281	3,126,575	8,014,906	915,030	1,193,794	1,385,434	1,996,118	6,412,618	10,333,286	13,014,389	13,397,527	-
851 Capital Improvement General	8,260,571	8,674,127	7,835,127	8,910,170	8,928,962	10,477,685	7,199,976	5,558,135	8,835,858	8,277,240	8,579,794	9,743,914	9,694,437
856 Community Dev Agency - 1992	0	0	43,137	42,954	42,306	40,698	38,395	36,584	35,374	34,622	39,943	40,970	374,194
858 Community Dev Agency - 2000	0	0	(2)	7,389,650	7,651,943	7,687,365	7,782,425	7,865,919	12,000,548	17,226,144	22,075,475	28,547,908	35,587,315
863 Redevelopment Services CIP	0	0	6,054,918	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Projects</b>	<b>9,728,752</b>	<b>10,197,308</b>	<b>17,272,144</b>	<b>24,599,155</b>	<b>17,889,627</b>	<b>19,800,483</b>	<b>16,794,324</b>	<b>15,869,324</b>	<b>27,729,509</b>	<b>36,382,350</b>	<b>44,304,095</b>	<b>52,310,833</b>	<b>46,216,416</b>
Water Funds *	12,067,826	16,178,050	16,373,194	17,088,304	17,295,167	16,600,729	22,953,126	22,161,930	21,404,316	20,707,075	20,594,182	19,765,977	19,952,120
<b>*Water Funds reflect net assets beginning in 2008.</b>	<b>85,765,258</b>	<b>89,735,434</b>	<b>116,851,137</b>	<b>132,327,660</b>	<b>126,541,713</b>	<b>122,956,185</b>	<b>127,191,012</b>	<b>111,423,107</b>	<b>111,059,025</b>	<b>116,362,831</b>	<b>123,182,475</b>	<b>130,736,412</b>	<b>129,258,305</b>



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# COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: May 22, 2012  
Staff Report #: 12-081

Agenda Item #: F1

**REGULAR BUSINESS: Approval of a Settlement Agreement Regarding Housing Element Litigation; Approval of the Work Program for the Housing Element Update and Technical Update of the General Plan; Approval of Overall Budget of \$1,150,000 and Adoption of Resolutions Appropriating a Total of \$714,000 from General Fund Reserves for FY 2011-12; Authorization of the City Manager to Enter into Contracts in excess of \$50,000; Creation of a Housing Element Steering Committee and Appointment of Two Council Members**

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## RECOMMENDATION

Staff recommends that the City Council:

1. Approve a Settlement Agreement settling lawsuit filed by Peninsula Interfaith Action, Urban Habitat Program and Youth United for Community Action, San Mateo County Superior Court Case No. CIV 513882, and Authorize the City Manager to execute the Agreement on behalf of the City and enter into a Stipulated Judgment (Attachment C),
2. Adopt a Resolution amending the Fiscal Year 2011-12 budget appropriating \$114,000 from the General Fund Reserve for payment of Petitioner's attorney's fees as required pursuant to the terms of the Settlement Agreement (Attachment A);
3. Approve the work program for the Housing Element Update and Technical Update of the General Plan, which includes a community outreach process and selection criteria for housing sites (Attachment D);
4. Adopt a Resolution establishing an overall budget of \$1,150,000 for the Housing Element Update and Technical Update of the General Plan and amending the Fiscal Year 2011-12 budget appropriating \$600,000 from the General Fund Reserve for the consultant services (Attachment B);
5. Authorize the City Manager to enter into various contracts for consulting services in excess of \$50,000 for the Housing Element Update and Technical Update of

the General Plan, provided the total amounts of the contracts are less than the Council-approved budget for the Housing Element Update; and

6. Authorize the creation of a Housing Element Steering Committee comprised of two Planning Commissioners, two Housing Commissioners, appointed by the respective chairs, and two Council Members; and appoint two Council Members to serve on the Housing Element Steering Committee.

## **BACKGROUND**

The housing element is one of seven State-mandated elements of the City's General Plan, first required by the State in 1969. Housing element law requires local governments to adequately plan to meet their existing and projected housing needs including their share of the regional housing need. Housing element law is the State's primary market-based strategy to increase the supply and diversity of housing. The law recognizes that in order for the private sector to adequately address housing needs and demand, local governments must adopt land-use plans and regulatory schemes that provide opportunities for, and do not unduly constrain, housing development. Housing elements are specifically required to include an assessment of existing and projected housing needs; a site inventory and analysis of land suitable for residential development; a plan embodied in goals, policies and implementation strategies to meet the regional housing needs; an analysis of constraints on housing development; programs to conserve and improve existing housing stock; and the quantification of new units to be constructed, rehabilitated or conserved.

The State also requires that housing elements be updated on a schedule set by the State to account for changes in the local housing market and to identify parcels that can be rezoned for possible future housing development in order to meet continuing regional housing needs. The California Department of Housing and Community Development (HCD) is charged with the review and certification of housing elements and the periodic updates. Certification of the housing element is a requirement for most State grant and loan programs.

The City's existing Housing Element was adopted by the City Council in 1992 for the planning period through 1999. Housing elements are required to be updated within time periods identified by HCD, generally called "planning periods". Within each planning period, regional housing needs are identified for each jurisdiction. The regional housing need as well as other requirements must be met in order for HCD to consider certification of a jurisdiction's housing element.

For the planning period of 1999 through 2006, Menlo Park was required to plan for 982 units. Although the City commenced an update of the Housing Element, the City decided to wait to update the Housing Element until the 2007 through 2014 planning period. For this subsequent planning period, the City was required to plan for 993 units and complete the update by June 30, 2009. The City did not meet this deadline.

On February 28, 2012, the City Council appropriated \$150,000 for fiscal year 2011-12 for legal and consulting services for the Housing Element Update. Jeffery Baird of Baird + Driskell Planning, an expert in preparing Housing Elements, has been hired by the City to assist in analyzing the City's Housing Element and General Plan and preparing a work plan. On May 8, 2012, the City Council held a study session regarding the Housing Element law and process. The Council received presentations from a panel of experts in the field.

## **ANALYSIS**

### **Litigation and Settlement Agreement**

In January 2012, the City received a letter raising issues with the City's failure to adopt an updated Housing Element of the General Plan in compliance with State law. The letter contained a threat of litigation due to this lack of compliance. Subsequently, the City Council held closed sessions with the City Attorney and City Manager during which the Council provided direction authorizing negotiations with the parties and their legal counsel. Consistent with Council direction, the City Attorney negotiated with the legal counsel for the three housing advocacy organizations, Peninsula Interfaith Action, Urban Habitat Program and Youth United for Community Action, resulting in a draft Settlement Agreement. On May 15, 2012, the petitioners filed a Petition for Writ of Mandate in San Mateo County Superior Court, Case No. CIV 513882 suing the City for failure to adopt an updated Housing Element, failure to rezone sufficient properties to accommodate the City's allocation of the housing demand and seeking a court order to compel the City to adopt a legally adequate Housing Element. Attachment C is the proposed Settlement Agreement pertaining to the lawsuit. (A copy of the lawsuit has previously been provided to Council.)

The Settlement Agreement includes the following activities and milestones:

- By August 31, 2012, the City will prepare an Affordable Housing Analysis which will include an inventory and analysis of potential housing sites;
- By September 30, 2012, the City shall release a Draft Housing Element for public review;
- By October 31, 2012, the City shall submit the Draft Housing Element to the State Housing and Community Development Department for comment.
- By March 15, 2012, the City shall adopt a Housing Element in compliance with State law; and
- Within 60 days of adoption of the Housing Element, the City shall adopt amendments to the remainder of the General Plan to maintain consistency with the Housing Element and rezone housing sites consistent with the Housing Element.

The Settlement Agreement also includes terms related to the contents of the Housing Element, the City's Below Market Housing Program, the City's Permitting Authority and payment of the litigants' attorney's fees of \$114,000, among other terms.

By entering into this Settlement Agreement the City avoids (a) a Court order to adopt a Housing Element within 120 days, (b) a moratorium on the issuance of non-residential permits in the City and (c) more costly attorney fees (Pleasanton paid \$2 million in attorney fees as part of their settlement of similar litigation). Through the negotiated Settlement Agreement, the City has obtained additional time to conduct a more extensive public outreach process than would otherwise be possible with a court order to update the Housing Element within 120 days and allows the City to continue issuing building permits and processing land use applications in the ordinary course of business.

### **Housing Element Update and Technical Update of the General Plan Work Program**

Attachment D is the Draft Work Program for the Housing Element Update and the Technical Update of the General Plan. The Work Program, prepared by Baird + Driskell Planning in coordination with staff, includes information on the following:

- State Law Requirements;
- Relationship of Current and Future Housing Element Updates;
- Future Comprehensive Update of the General Plan;
- Work Products;
- Key Activities and Responsibilities, including community outreach;
- Key Tasks; and
- Approach to the Available Land Inventory, including criteria for selecting housing sites.

The Work Program is consistent with the timelines and content contained in the Settlement Agreement. Given the time constraints of the Settlement Agreement, the estimated budget for this Work Program is \$1,150,000. The Work Program, especially the Technical Update of the General Plan, will necessitate a number of consultant contracts to supplement staff resources and provide technical expertise, such as transportation, noise, air quality, greenhouse gas emissions, water, community facilities, and fiscal impacts and to provide additional legal services. Much of the work associated with the Technical Updates of the General Plan will better prepare the City to conduct the Comprehensive Update of the General Plan, which is scheduled to commence in Fiscal Year 2013-14.

## **Contracting Authority**

Given the time constraints associated with the Settlement Agreement, staff recommends that the City Council authorize the City Manager to enter into contracts with various consultants in excess of the current limit of \$50,000 per contract. The City will need to enter into a series of consultant contracts, some of which will be less than \$50,000, but the City will also need to enter into contracts in excess of \$50,000. By granting additional contract authority to the City Manager for this project, the City will be better prepared to meet the milestones established in the Settlement Agreement. In no event will overall consultant costs and staff costs exceed the overall approved budget without additional Council direction and authority.

## **Formation of Steering Committee**

The work program includes the creation of a Housing Element Steering Committee comprised of the following:

- 2 Council Members
- 2 Planning Commissioners
- 2 Housing Commissioners

The Steering Committee would be a Brown Act body and is expected to have four meetings in June and July and one meeting toward the end of 2012. Staff recommends that the Council appoint the two Council members on May 22, 2012. Given the time constraints associated with the Settlement Agreement, staff also recommends that the City Council authorize the chairs of the Housing Commission and Planning Commission to appoint the representatives from the two respective bodies based on an expression of interest and availability by the members. This appointment process will enable the Committee to meet in early June. Alternatively, the Committee would not be able to meet until mid-June if Commissions waited to appoint their members at their next regularly scheduled meetings. The Housing Commission's next meeting is June 6, 2012, and the Planning Commission's next meeting is June 11, 2012.

## **IMPACT ON CITY RESOURCES**

The terms of the Settlement Agreement require the payment of \$114,000 for the litigant's attorney's fees. This money was not included in the Fiscal Year 2011-12 budget and requires an appropriation. Completion of the Housing Element Update and Technical Update of the General Plan would require both staff resources dedicated to the project, as well consultant services. The Council has budgeted \$150,000 for Fiscal Year 2011-12 and \$400,000 for Fiscal Year 2012-13. Given the time constraints of the Settlement Agreement, staff estimates that an additional \$600,000 will likely be needed for the consultant services described above. Staff recommends that the City Council appropriate these additional funds from the General Fund Reserves for Fiscal Year 2011-12, thus establishing a total project budget of \$1,150,000.


## POLICY ISSUES

The housing element update process will consider a number of policy issues including issues related to the rezoning of properties and increasing of residential densities in the city.

## ENVIRONMENTAL REVIEW

Government Code Section 65759 provides in part that the California Environmental Quality Act (CEQA) does not apply to any action necessary to bring a city's general plan or relevant mandatory elements of the plan into compliance with any court order or judgment under State Housing Element law. As required by this provision, the City will conduct the environmental assessment, the content of which substantially conforms to the required content for a draft environmental impact report.

  
Justin Murphy  
Development Services Manager  
Report Author

  
Arlinda Heineck  
Community Development Director

## PUBLIC NOTICE

Public notification was achieved by posting the agenda, at least 72 hours prior to the meeting, with this agenda item being listed. In addition, the City sent an email update to subscribers to the project page for the proposal, which is available at the following address: [http://www.menlopark.org/projects/comdev\\_heu.htm](http://www.menlopark.org/projects/comdev_heu.htm) This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress. The page allows users to sign up for automatic email bulletins, notifying them when content is updated or meetings are scheduled.

## ATTACHMENTS

- A. Resolution of the City Council of Menlo Park Appropriating Funds for Payment of the Petitioner's Attorney's Fees to Settle Housing Element Litigation
- B. Resolution of the City Council of Menlo Park Appropriating Funds for Consultant Services for the Housing Element Update
- C. Settlement Agreement
- D. Work Program for the Revision to the City of Menlo Park Housing Element and Technical Update of the City of Menlo Park General Plan

**RESOLUTION NO.**

**RESOLUTION OF THE CITY OF MENLO PARK APPROPRIATING FUNDS FOR PAYMENT OF PETIONER'S ATTORNEY'S FEES ASSOCIATED WITH THE SETTLEMENT AGREEMENT WITH PENISULA INTERFAITH ACTION, URBAN HABITAT PROGRAM and YOUTH UNITED FOR COMMUNITY ACTION**

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 an appropriation of \$114,000 from the General Fund Reserve in Fiscal Year 2011-12 for attorney's fee pursuant to the terms of the Settlement Agreement with Peninsula Interfaith Action, Urban Habitat Program and Youth United for Community Action.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

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

Margaret S. Roberts, MMC  
City Clerk



**RESOLUTION NO.**

**RESOLUTION OF THE CITY OF MENLO PARK APPROPRIATING FUNDS FOR CONSULTANT SERVICES FOR THE HOUSING ELEMENT UPDATE PROJECT**

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 an overall budget of \$1,150,000 for the Housing Element Update Project and an appropriation of \$600,000 from the General Fund Reserve in Fiscal Year 2011-12 to fund consultant services for the Housing Element Update Project.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

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

Margaret S. Roberts, MMC  
City Clerk

## SETTLEMENT AGREEMENT

This Settlement Agreement and Covenant Not to Sue (“Settlement Agreement”) is entered into by and among Petitioners PENINSULA INTERFAITH ACTION, URBAN HABITAT PROGRAM and YOUTH UNITED FOR COMMUNITY ACTION, and Respondents CITY OF MENLO PARK and CITY COUNCIL OF MENLO PARK.

### 1. RECITALS

This Settlement Agreement is entered into based upon the following facts:

- 1.1 On or about January 30 and February 23, 2012, in letters to the City of Menlo Park, Petitioners asserted various shortcomings in the City’s compliance with affordable housing laws and requesting that the City take action to correct those compliance shortcomings by June 15, 2012.
- 1.2 Soon afterwards, the Parties entered into negotiations in an effort to reach a settlement.
- 1.3 The Parties have worked in good faith to arrive at this Settlement Agreement. As reflected herein, the City has an interest in making housing more available and affordable in Menlo Park, and has worked with Petitioners to arrive at a resolution of the issues that promotes the interests of Menlo Park and the surrounding communities by meeting the housing needs of lower-income families.
- 1.4 Among other things, as set forth below, the City has agreed to identify potential housing sites that will be competitive for affordable housing funding under the federal Low-Income Housing Tax Credit program, zone those sites with zoning that provides incentives for affordable housing production, and set aside a portion of local BMR funds for non-profit development of affordable housing on those sites.
- 1.5 On or about May 16, 2012, Petitioners filed a petition for writ of mandate in the San Mateo County Superior Court entitled *Peninsula Interfaith Action, et al. v. City of Menlo Park, et al.*
- 1.6 The Parties desire to fully settle and resolve the merits of the petition for writ of mandate that the Petitioners have filed, as well as potential CEQA claims, without further litigation, on the terms and conditions set forth herein.

## 2. DEFINITIONS

- 2.1 “DATE OF APPROVAL” means the date on which the last of the parties has executed this Agreement.
- 2.2 “PETITIONERS” means Peninsula Interfaith Action, Urban Habitat Program and Youth United for Community Action.
- 2.3 “DEFENDANTS” and “CITY” may be used interchangeably herein, and mean the City of Menlo Park and its City Council.
- 2.4 “PETITIONERS’ LITIGATION” means the action filed by Petitioners on or about May 16, 2012, known as *Peninsula Interfaith Action, et al. v. City of Menlo Park, et al.*
- 2.5 “HCD” means the California Department of Housing and Community Development.
- 2.6 “RHNA” means the Regional Housing Needs Allocation as set periodically by the Association of Bay Area Governments pursuant to California Government Code section 65584.
- 2.7 “EXTREMELY-LOW INCOME” means a household with an income up to 30% of the area median income, pursuant to Health & Safety Code § 50106.
- 2.8 “VERY-LOW INCOME” means a household with an income up to 50% of the area median income, pursuant to Health & Safety Code § 50105.
- 2.9 “LOW INCOME” means a household with a household income between 50% and 80% of the area median income, pursuant to Health & Safety Code § 50093.
- 2.10 “LOWER INCOME” includes EXTREMELY-LOW INCOME, VERY-LOW INCOME and LOW INCOME.
- 2.11 “PRIOR PLANNING PERIOD” means the period covering the third revision of the housing element, for which the Association of Bay Area Governments assigned the City, in or about March 2001, a RHNA comprising 982 total units, including 184 VERY-LOW INCOME units, 90 LOW-INCOME units, 245 moderate-income units, and 463 above-moderate income units.
- 2.12 “CURRENT PLANNING PERIOD” means the period covering the fourth revision of the housing element, for which the Association of Bay Area Governments assigned the City, in or about May 2008, a RHNA comprising 993 total units, including 226 VERY-LOW INCOME units,

163 LOW-INCOME units, 192 moderate-income units, and 412 above-moderate income units.

- 2.13 “NEXT PLANNING PERIOD” means the period covering the fifth revision of the housing element, and expected to begin in or about 2014.
- 2.14 “AFFORDABLE HOUSING OVERLAY OR OTHER ZONING MECHANISM” means a zoning ordinance that provides a package of incentives (such as permitting residential use in appropriate non-residential zones, increased residential density, reduced parking standards, streamlined and/or accelerated permitting) available only to developers of projects that will provide a significant percentage of deed-restricted residential units affordable to EXTREMELY-LOW INCOME, VERY-LOW INCOME and LOW INCOME households. For purposes of this settlement agreement, “a significant percentage” shall mean substantially more than 15%.
- 2.15 “PRIORITY DEVELOPMENT AREAS” means the areas surrounding the El Camino Real corridor and downtown Menlo Park, as shown within the dotted lines in the FOCUS map attached as **Exhibit A**.
- 2.16 “LIHTC PROGRAM” means the federal Low-Income Housing Tax Credit Program established by 26 U.S.C. § 42 and administered in California by the California Tax Credit Allocation Committee.
- 2.17 “AFFORDABLE HOUSING ANALYSIS” means the inventory and analysis of sites pursuant to Government Code §§ 65583 and 65583.2, which includes an analysis of the viability and competitiveness of each site in the site inventory for funding for affordable housing under the LIHTC Program.
- 2.18 “BELOW MARKET RATE” or “BMR” program means the program established in Chapter 16.96 of the Menlo Park Municipal Code with the purpose of increasing the housing supply for households that have very low, low and moderate incomes and with the primary objective of creating actual housing units.

### **AGREEMENT**

#### **3. RECITALS INCORPORATED.**

- 3.1 The above recitals and definitions are incorporated into and made a part of this Settlement Agreement.

#### **4. AFFORDABLE HOUSING ANALYSIS**

- 4.1 No later than August 31, 2012, subject to reasonable extension for unforeseen delays, the City shall prepare and issue publicly a draft

AFFORDABLE HOUSING ANALYSIS which shall include an inventory and analysis of sites that meets the requirements of Government Code §§ 65583 and 65583.2, and shall include an analysis of the viability and competitiveness of each site in the site inventory for funding for affordable housing under the LIHTC Program.

- 4.2 From that AFFORDABLE HOUSING ANALYSIS, the City shall designate available sites in the updated Housing Element as appropriate for affordable housing development, and rezone those sites, as set forth in Sections 6 and 7, below.

## **5. HOUSING ELEMENT UPDATE**

- 5.1 No later than the later of September 30, 2012, or 30 days from the public issuance of the draft AFFORDABLE HOUSING ANALYSIS, and subject to reasonable extension for unforeseen delays, the City shall prepare and issue publicly a draft updated Housing Element in compliance with California law that accommodates, at a minimum, the City's RHNA for very-low, low and moderate income households for both the Current Planning Period and the unmet RHNA share for the Prior Planning Period.
- 5.2 No later than October 31, 2012, subject to reasonable extension for unforeseen delays, the City shall submit the draft updated Housing Element to HCD for its statutory compliance review pursuant to Government Code §65585, with the goal being to obtain findings and a determination of substantial compliance by HCD. The City shall use best efforts to obtain such a determination from HCD for the updated Housing Element.
- 5.3 The City Council shall consider HCD's determination or other findings and adopt a Housing Element that substantially complies with California law for the CURRENT PLANNING PERIOD (including accommodating the unmet RHNA share for the Prior Planning Period) and includes the policies and programs described in Section 6, no later than March 15, 2013, subject to reasonable extension for unforeseen delays.
  - 5.3.1 If no findings are timely received from HCD in accordance with Government Code Section 65585, the City may still take action to adopt the updated Housing Element by the aforementioned date.
- 5.4 Within 60 days of adopting the updated Housing Element, subject to reasonable extension for unforeseen delays, the City shall complete any and all General Plan amendments necessary to make the General Plan consistent with the updated Housing Element and to accommodate in full its RHNA at each income level for the CURRENT PLANNING PERIOD and the unmet RHNA share for the Prior Planning Period.

## **6. HOUSING ELEMENT CONTENTS**

- 6.1 The draft and adopted Housing Element update referenced in Sections 5.2 and 5.3, above, shall include programs, policies and parameters to rezone adequate sites from the AFFORDABLE HOUSING ANALYSIS for affordable housing and to make all necessary zoning changes to accommodate such development and make the zoning ordinance internally consistent. Among other things:
- 6.1.1 The updated Housing Element will include a ministerial program to adopt, within 60 days of the adoption of the updated Housing Element, an AFFORDABLE HOUSING OVERLAY OR OTHER ZONING MECHANISM to facilitate the development of the required number of affordable units, including units affordable to extremely-low, very-low and low income households.
- 6.1.2 The updated Housing Element will include a ministerial program to apply the AFFORDABLE HOUSING OVERLAY OR OTHER ZONING MECHANISM to adequate sites to accommodate the lower-income RHNA, including the sites identified in the AFFORDABLE HOUSING ANALYSIS as the most competitive for the LIHTC Program.
- 6.1.3 The AFFORDABLE HOUSING OVERLAY OR OTHER ZONING MECHANISM would include a package of incentives (e.g., permitting residential use in appropriate non-residential zones, increased residential density, reduced parking standards, streamlined or accelerated permitting) available only to developers of projects that will provide a significant percentage (which shall mean substantially more than the City's inclusionary BMR requirement of 15%) of deed-restricted residential units affordable to and reserved for extremely-low, very-low and low income households. The AFFORDABLE HOUSING OVERLAY OR OTHER ZONING MECHANISM shall also include incentives (such as higher density) for owners of smaller sites to assemble them into larger parcels appropriate for LOWER INCOME residential development.
- 6.1.4 The updated Housing Element shall include the programs referenced in Sections 8.1, 8.2 and 8.3, below, relating to the City's BELOW MARKET RATE program.

## **7. SITE RE-ZONING**

- 7.1 Within 60 days of adopting the updated Housing Element, subject to reasonable extension for unforeseen delays, the City shall complete all

actions necessary to implement the ministerial rezoning programs in the adopted updated Housing Element, which are described in Section 6.1, above, and include, but are not limited to, rezoning sites appropriate for development of LOWER INCOME housing.

- 7.2 A minimum proportion, to be established during the Housing Element update process but in no event less than 35%, of the site acreage to be rezoned for affordable housing will be located inside of or within one-half mile of Menlo Park's PRIORITY DEVELOPMENT AREAS.

## **8. BELOW MARKET HOUSING PROGRAM**

- 8.1 As part of the update to the Housing Element referenced in Section 5, above, the City shall study the City's BELOW MARKET RATE program and the fees associated therewith, compare its BMR fees with those charged by other surrounding jurisdictions, and analyze the BELOW MARKET RATE program's efficacy at encouraging the creation of LOWER INCOME housing. If any changes to the BMR program or fees are determined to be appropriate, a program to implement those changes shall be included in the updated Housing Element.
- 8.2 As part of the update to the Housing Element, the City shall include a program to establish a clear policy and criteria for the allocation of funds from the City's BMR housing fund that prioritizes non-profit development of workforce rental housing affordable to low and very-low income households on sites the City has determined to be viable for LIHTC funding by setting aside a substantial portion of the uncommitted BMR fund balance and of future BMR fees received by the City for such development.
- 8.3 As part of the update to the Housing Element, the City shall consider the addition of policies and programs designed to encourage the provision of LOWER INCOME housing within the City, and include appropriate policies that meet the requirements of the Housing Element Law. Such policies and programs shall include, but are not limited to, policies and programs promoting multifamily housing, promoting extremely low income housing opportunities, promoting housing for families with children, promoting affordable senior housing, and prohibiting housing discrimination. Any policies deemed appropriate shall be included in the updated Housing Element.
- 8.4 Within 60 days of adopting the updated Housing Element, the City shall issue a notice of availability of funds to non-profit developers of housing affordable to EXTREMELY-LOW, VERY-LOW and LOW INCOME households and not less frequently than every two years thereafter, provided there is an uncommitted balance of at least \$1 million on deposit

in the City's BMR fund, with a goal of developing a substantial number of deed-restricted affordable units within three years.

## **9. NEXT PLANNING PERIOD**

9.1 The City shall use good faith efforts to adopt a timely and compliant Housing Element for the NEXT PLANNING PERIOD that fully accommodates the unmet share of the City's RHNA at each income level for that planning period. The City shall also use good faith efforts to rezone additional sites in the NEXT PLANNING PERIOD to the extent necessary to accommodate the affordable portion of the RHNA for that planning period at each income level. Good faith efforts shall include, but not be limited to, beginning the update process within a reasonable time after the new planning period begins, and including the costs of updating the Housing Element and completing the rezoning in the City's Capital Improvement Plan and budget for FY 2013-14. Nothing in this paragraph shall excuse the City's failure to timely adopt an updated housing element for the NEXT PLANNING PERIOD.

## **10. ENVIRONMENTAL REVIEW**

10.1 The Judgment in this action shall incorporate Government Code Section 65759, which provides in part that the California Environmental Quality Act ("CEQA") "does not apply to any action necessary to bring its general plan or relevant mandatory elements of the plan into compliance with any court order or judgment under this article," and the City will conduct the environmental assessment required by that provision. Pursuant to Section 65759, CEQA does not apply to any discretionary actions necessary to bring the Housing Element and relevant mandatory elements of the General Plan into compliance with State Law. The parties further agree that CEQA does not apply to the implementation of ministerial programs in the updated Housing Element.

## **11. REPORTING**

11.1 Periodically, at least quarterly, the Parties will meet to discuss the City's progress in attaining compliance with the terms of this Settlement Agreement. The City will also collaborate with organizations suggested by PETITIONERS who are interested in assisting in community outreach and education in connection with the Housing Element update contemplated in the settlement agreement for the CURRENT PLANNING PERIOD.

11.2 The City shall annually submit to HCD an implementation report as required by Government Code Section 65400, and shall provide a copy of each such report to Public Advocates within 15 days after submitting it to HCD.



## **12. JUDGMENT AND ENFORCEMENT**

- 12.1 Contemporaneous with the execution of this Settlement Agreement, the Parties shall execute a Judgment pursuant to Stipulation, in the form attached as **Exhibit B**. This Settlement Agreement (with the exception of Section 9.1) shall be incorporated into that Judgment pursuant to Stipulation, and shall be enforceable pursuant to Code of Civil Procedure Section 664.6.
- 12.2 The Court shall retain continuing jurisdiction to effectuate the provisions of the Settlement Agreement and Judgment for three (3) years from the later of adoption of the updated Housing Element as required pursuant to Section 5.3 and the adoption of the necessary zoning ordinances/rezoning pursuant to Section 7.1.
- 12.3 In the event that any Party believes that another Party is in breach of any of the terms set forth in this Settlement Agreement, the Party asserting a breach shall give written notice to the other Party of the breach, which notice shall set forth with reasonable particularity the alleged breach and action required to remedy the alleged breach. The Parties shall meet, confer, and attempt to resolve the alleged breach within thirty (30) days of such notice. If the Parties cannot resolve the alleged breach within such time, any party may seek judicial enforcement. The notice in this subsection shall be effective upon personal service or receipt by overnight courier or other mailed service providing for evidence of delivery/receipt, or by facsimile with evidence of completion of transmission, or by email with acknowledgement of receipt, to the attorney of Party to whom notice is to be given.

## **13. CITY PERMITTING AUTHORITY**

- 13.1 The City's permitting authority shall not be suspended by the Court in the judgment, provided, however, that the Court may suspend the City's permitting authority for failure to comply with the terms of Sections 5, 6 or 7 of the stipulated judgment, following notice and opportunity to cure any such failure.
- 13.2 Nothing shall preclude Petitioners from seeking the imposition of permitting restrictions or other enforcement remedies if judicial enforcement of any provision of this Settlement Agreement is required.

## **14. NO ADDITIONAL LITIGATION; PETITIONERS' WAIVER AND RELEASE**

- 14.1 The City shall not pursue an appeal or further litigation from the stipulated Judgment entered pursuant to Section 11.2.

- 14.2 Except as expressly provided herein, for and in consideration of the covenants made herein, Petitioners do hereby completely waive, release and forever discharge the City, and the City's predecessors and successors-in-interest, heirs, assigns, past, present, and future, Council members, staff, principals, agents, officers or directors, managers, employees, attorneys, insurers and all other persons or entities in any manner related thereto or acting on their behalf, from any and all claims, demands, actions, proceedings and causes of action of any and every sort, whether known or unknown, arising out of or relating to the City's failure to timely adopt an updated Housing Element and General Plan, including any environmental assessment related thereto, for the CURRENT PLANNING PERIOD. Petitioners covenant not to sue the City with respect to the Environmental Impact Report in connection with any Facebook projects and/or any other project/land use proceeding pending in the City of Menlo Park as of the Date of Approval.
- 14.3 Petitioners and the City intend this Settlement Agreement to be and constitute a full general release and to constitute a full and final accord and satisfaction extending to all claims arising out of or relating to the PETITIONERS' LITIGATION, whether the same are known, unknown, suspected or anticipated, unsuspected or unanticipated. Accordingly, except as expressly provided herein, Petitioners, by signing this Settlement Agreement, agree and warrant that they have read, understand and expressly release and waive the provisions of California Civil Code Section 1542, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Petitioners understand and acknowledge that the significance and consequence of this release and waiver of California Civil Code Section 1542 is that, except as expressly provided herein, even if Petitioners should eventually suffer additional damages or losses arising out of or relating to the PETITIONERS' LITIGATION, or should there exist other undisclosed rights, obligations or liabilities arising out of or relating to the PETITIONERS' LITIGATION, Petitioners may not make any claim for those damages, losses or obligations.

- 14.4 Except as set forth in Section 14.2, this Settlement Agreement shall not extend to any claim or cause of action arising from any transaction or occurrence subsequent to the Date of Approval, including without limitation any claim that Petitioners may assert in connection with the

City's new Housing Element update or other implementation actions pursuant to this Agreement.

## 15. ATTORNEYS' FEES

- 15.1 The City shall pay Public Advocates Inc., on behalf of Petitioners and Public Advocates' co-counsel, the Public Interest Law Project, the sum of One Hundred Fourteen Thousand Dollars (\$114,000.00) in full settlement of Petitioners' attorneys' fees and costs through the entry of Judgment Pursuant to Stipulation in PETITIONERS' LITIGATION. Payment of this settlement amount shall be made no later than June 30, 2012.
- 15.2 Except as expressly set forth herein, Petitioners and their attorneys shall have no other claim or right to, and hereby waive and release the City from, any and all other or additional consideration or payment of any kind in connection with or arising from the settlement and obtaining entry of a stipulated judgment in this matter. This waiver and release shall not apply to claims for attorneys' fees and costs incurred after the entry of judgment to enforce this Settlement Agreement or the Judgment, and the Court may order the City to pay such fees expended by Petitioners' counsel to obtain the City's compliance with the terms of the Stipulated Judgment.

## 16. OTHER PROVISIONS

- 16.1 No Admission of Liability. Nothing in this Settlement Agreement may be used or construed by the Parties or by any other person or entity as an admission of liability or fault.
- 16.2 Effective Date; Counterparts. This Settlement Agreement shall be effective as of the Date of Approval. This Settlement Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Settlement Agreement.
- 16.3 Integration. This Settlement Agreement embodies the entire agreement and understanding which exists between the signatories hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, and undertakings. No supplement, modification, or amendment of this Settlement Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Settlement Agreement shall be deemed, or shall constitute, a waiver of any other provisions whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

- 16.4 Gender/Tense. Whenever required by the context hereof, the singular shall be deemed to include the plural, and the plural shall be deemed to include the singular, and the masculine, feminine and neuter genders shall each be deemed to include the other.
- 16.5 Headings. The headings in this Settlement Agreement are inserted for convenience only and shall not be used to define, limit, or describe the scope of this Settlement Agreement or any of the obligations herein. All attachments that are labeled Exhibits are attached hereto and incorporated herein by reference.
- 16.6 California Law. This Settlement Agreement shall be construed, interpreted, and governed by the laws of California without regard to the choice of law provisions thereof.
- 16.7 Additional Documents and Good Faith Cooperation. All Parties agree to cooperate fully in good faith and execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full force and effect to the terms and intent of this Settlement Agreement.
- 16.8 No Inducement. The Parties acknowledge, warrant and represent that no promises, inducements or agreements not expressly contained herein have been made to enter into this Settlement Agreement and that this Settlement Agreement, including all Releases herein, constitute the entire agreement between the Parties, are contractual and binding and are not merely recitals.
- 16.9 Advice of Counsel. Each Party warrants and represents that prior to executing this Settlement Agreement, said Party has relied upon the advice of legal counsel of said Party's choice. The Settlement Agreement, its text and other consequences and risks have been completely explained to the Parties by their respective counsel and the Parties warrant and represent that they understand and accept the terms of this Settlement Agreement and intend, by their signatures, to enter into and be bound hereby.
- 16.10 Authority of Signatories. Each signatory to this Settlement Agreement represents and covenants that he or she possesses the necessary capacity and authority to sign and enter into this Settlement Agreement and to bind the Party on whose behalf he or she is a signatory.
- 16.11 No Waiver. The failure of the Parties, or either of them, to insist upon strict adherence to any term of this Settlement Agreement on any occasion shall not be considered a waiver thereof, or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Settlement Agreement.

16.12 Binding On Successors. This Settlement Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, and the Parties' successors, devisees, executors, heirs, administrators, managers, officers, representatives, assigns, insurers, and employees.

16.13 No Third Party Beneficiaries. The Parties do not intend to create any third party beneficiary of, or any other rights under, this Agreement.

IN WITNESS WHEREOF, the undersigned agree and stipulate to the terms and conditions stated above:

DATED: May \_\_\_\_\_, 2012

CITY OF MENLO PARK and CITY COUNCIL  
OF MENLO PARK

By: \_\_\_\_\_  
ALEX D. McINTYRE, CITY MANAGER

DATED: May \_\_\_\_\_, 2012

PENINSULA INTERFAITH ACTION

By: \_\_\_\_\_  
JENNIFER MARTINEZ,  
EXECUTIVE DIRECTOR

DATED: May \_\_\_\_\_, 2012

URBAN HABITAT PROGRAM

By: \_\_\_\_\_  
ALLEN FERNANDEZ SMITH,  
EXECUTIVE DIRECTOR

DATED: May \_\_\_\_\_, 2012

YOUTH UNITED FOR COMMUNITY ACTION

By: \_\_\_\_\_  
ISABEL ANNIE LOYA,  
EXECUTIVE DIRECTOR

**APPROVED AS TO FORM:**

DATED: May \_\_\_\_\_, 2012

By: \_\_\_\_\_  
RICHARD A. MARCANTONIO  
Attorneys for Petitioners PENISULA  
INTERFAITH ACTION, URBAN HABITAT  
PROGRAM and YOUTH UNITED FOR  
COMMUNITY ACTION

DATED: May \_\_\_\_\_, 2012

By: \_\_\_\_\_  
MICHAEL RAWSON  
Attorneys for Petitioners PENISULA  
INTERFAITH ACTION, URBAN HABITAT  
PROGRAM and YOUTH UNITED FOR  
COMMUNITY ACTION

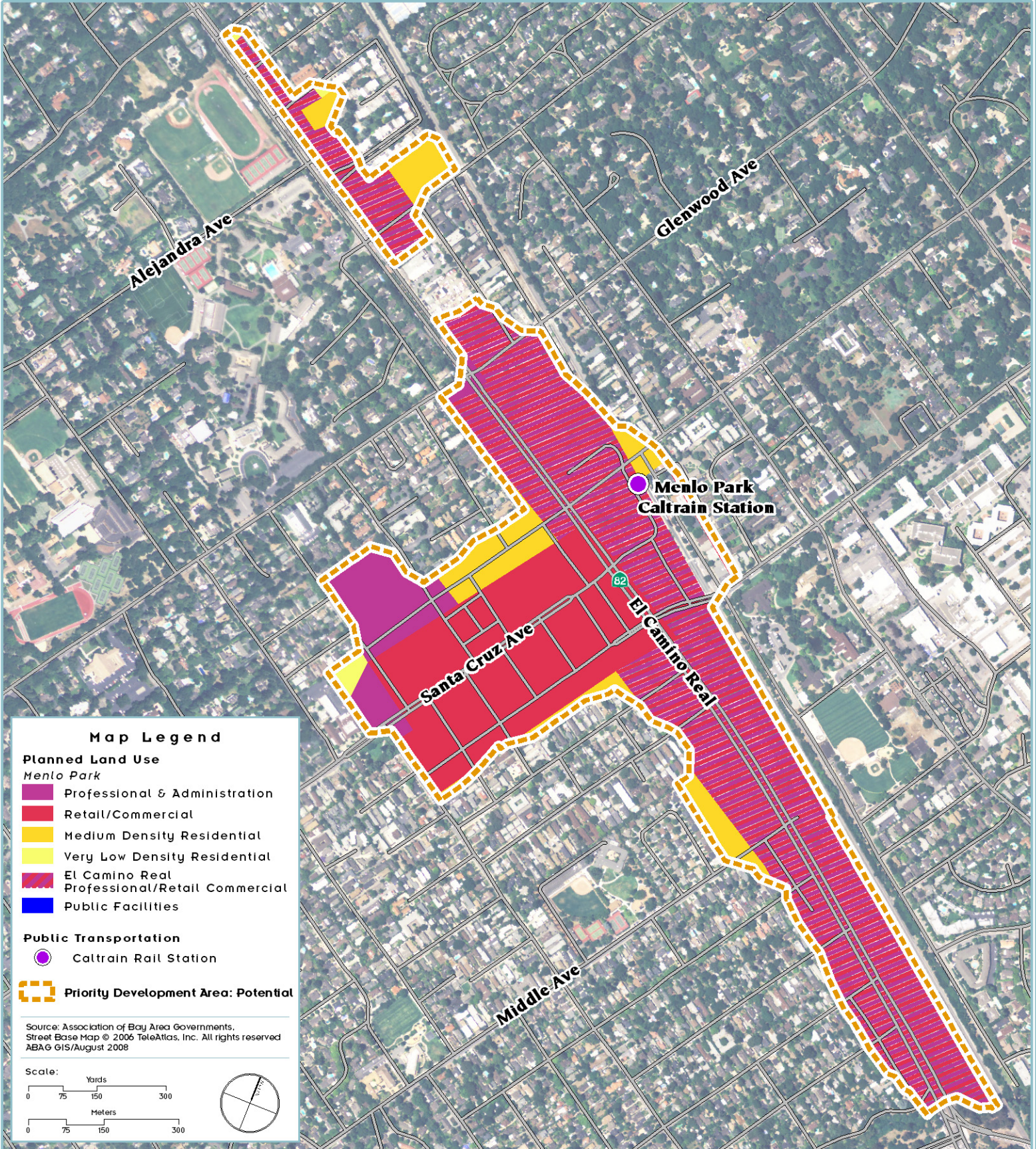
DATED: May \_\_\_\_\_, 2012

By: \_\_\_\_\_  
WILLIAM L. MCCLURE, CITY  
ATTORNEY  
  
Attorneys for Respondents CITY OF MENLO  
PARK and CITY COUNCIL OF MENLO PARK



# FOCUS

a development and conservation strategy  
for the San Francisco Bay Area



## Map Legend

### Planned Land Use

#### Menlo Park

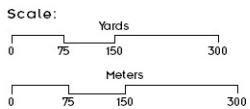
- Professional & Administration
- Retail/Commercial
- Medium Density Residential
- Very Low Density Residential
- El Camino Real Professional/Retail Commercial
- Public Facilities

### Public Transportation

- Caltrain Rail Station

### Priority Development Area: Potential

Source: Association of Bay Area Governments,  
Street Base Map © 2006 TeleAtlas, Inc. All rights reserved  
ABAG GIS/August 2008



## El Camino Real Corridor and Downtown Planned Land Use



1 RICHARD A. MARCANTONIO (SBN 139619)  
SAMUEL P. TEPPERMAN-GELFANT (SBN 240944)  
2 PUBLIC ADVOCATES, INC.  
131 Steuart Street, Suite 300  
3 San Francisco, CA 94105  
Telephone: (415) 431-7430  
4 Facsimile: (415) 431-1048

5 MICHAEL RAWSON (SBN 95868)  
CRAIG D. CASTELLANET (SBN 176054)  
6 CALIFORNIA AFFORDABLE HOUSING LAW  
PROJECT, PUBLIC INTEREST LAW PROJECT  
7 449 Fifteenth Street, Suite 301  
Oakland, CA 94612-2038  
8 Telephone: (510) 891-9794  
Facsimile: (510) 891-9727

9 Attorneys for Petitioners PENINSULA INTERFAITH  
10 ACTION, YOUTH UNITED FOR COMMUNITY  
ACTION and URBAN HABITAT PROGRAM

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 COUNTY OF ALAMEDA

13 PENINSULA INTERFAITH ACTION,  
14 URBAN HABITAT PROGRAM, and  
15 YOUTH UNITED FOR COMMUNITY  
ACTION,

16 Petitioners,

17 vs.

18 CITY OF MENLO PARK and MENLO  
19 PARK CITY COUNCIL,

20 Respondents.

CASE NO.

**JUDGMENT PURSUANT TO  
STIPULATION**

21 On or about May 16, 2012, Petitioners Peninsula Interfaith Action, Urban Habitat  
22 Program, and Youth United for Community Action (“Petitioners”) filed this action against the  
23 City of Menlo Park and its City Council (collectively, “the City”), containing two causes of action  
24 which concern the City’s failure to adopt an updated Housing Element of its General Plan, and to  
25 re-zone sites to accommodate its fair share of the region’s need for affordable housing.

26 The parties desire to fully settle and resolve the merits of the above-captioned action  
27 without further litigation. The City has reached an agreement with Petitioners to resolve this  
28



1 litigation without admission of liability or fault. A true and correct copy of the Settlement  
2 Agreement, executed by all parties, is attached to this Judgment Pursuant to Stipulation as Exhibit  
3 A. The Settlement Agreement provides that “[t]his Settlement Agreement shall be incorporated  
4 into a Judgment of the Court, . . . and shall be enforceable pursuant to Code of Civil Procedure  
5 Section 664.6.” It further provides that “[t]he Court shall retain continuing jurisdiction to  
6 effectuate the provisions of the Settlement Agreement and Judgment for three (3) years from the  
7 later of adoption of the updated Housing Element as required pursuant to Section 5.3 and the  
8 adoption of the necessary zoning ordinances/rezoning pursuant to Section 7.1” of the Settlement  
9 Agreement.

10 IT IS THEREFORE STIPULATED by the parties, through their attorneys of record, that  
11 this case has been settled pursuant to Section 664.6 of the Code of Civil Procedure on the terms  
12 set forth in the Settlement Agreement attached as Exhibit A. The parties request that the Court  
13 enter judgment accordingly, and retain jurisdiction over them to enforce the settlement agreement  
14 (with the exception of Section 9.1) until three (3) years from the later of adoption of the updated  
15 Housing Element as required pursuant to Section 5.3 and the adoption of the necessary zoning  
16 ordinances/rezoning pursuant to Section 7.1 of the Settlement Agreement.

17 IT IS SO STIPULATED:

18 DATED: May \_\_\_\_\_, 2012

By:

\_\_\_\_\_  
RICHARD A. MARCANTONIO

Attorneys for Petitioners PENISULA INTERFAITH  
ACTION, URBAN HABITAT PROGRAM, and YOUTH  
UNITED FOR COMMUNITY ACTION

23 DATED: May \_\_\_\_\_, 2012

By:

\_\_\_\_\_  
WILLIAM L. MCCLURE, CITY ATTORNEY

Attorneys for Respondents CITY OF MENLO PARK and  
CITY COUNCIL OF MENLO PARK

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**JUDGMENT**

Pursuant to the foregoing stipulation of the parties and the Court’s power under Section 664.6 of the Code of Civil Procedure,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that judgment be, and hereby is, entered in accordance with the terms of the Settlement Agreement between the parties, attached as Exhibit A hereto. This judgment expressly incorporates the terms of the attached Settlement Agreement, including but not limited to the provisions of Government Code Section 65759, which provides in part that the California Environmental Quality Act (“CEQA”) “does not apply to any action necessary to bring its general plan or relevant mandatory elements of the plan into compliance with any court order or judgment under this article,” provided the City will conduct the environmental assessment required by that provision. Pursuant to Section 65759, CEQA does not apply to any discretionary actions necessary to bring the Housing Element and relevant mandatory elements of the General Plan into compliance with State Law. The Court retains jurisdiction over the parties at their request to enforce the Settlement Agreement (with the exception of Section 9.1) until three (3) years from the later of adoption of the updated Housing Element as required pursuant to Section 5.3 and the adoption of the necessary zoning ordinances/rezoning pursuant to Section 7.1 of the Settlement Agreement.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Judge of the Superior Court

# Work Program for the Revision to the City of Menlo Park Housing Element and Technical Update of the City of Menlo Park General Plan

## *@ Home in Menlo*

### City of Menlo Park

**Maintain Menlo Park's Pleasant, Tree-Lined Neighborhoods** CELEBRATE OUR FRIENDLINESS **Provide for a Variety of Housing Needs**  
**Assure Healthy Neighborhoods with Nearby Schools, Parks, Greenbelts and Shopping**  
**Maintain a Balanced Transportation System** Support a Vital Downtown with its Unique Village Character  
**Create Safe and Functioning Pedestrian, Bicycle and Transit Mobility** **Provide Healthy living with Clean Air and Compatible noise levels** MAINTAIN ADEQUATE INFRASTRUCTURE AND SERVICES CONSERVE ENERGY AND RESOURCES **Reduce Driving** **Assure Fiscal Stability** **Maintain Safe Streets** **Provide Good Vehicular Circulation and Access** **Connect with Open Space and Bay Resources** **Assure a Quiet Vibrancy in the Community** Create Compatibility with Existing Land Uses

*Prepared for the May 22, 2012 City Council Meeting*

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## Overview of the Work Program

### Work Program Purpose and Context

This Work Program covers a complete revision to the City of Menlo Park Housing Element and a technical update to the other elements of the City of Menlo Park General Plan to assure consistency among all of the sections of the City's General Plan.

The Work Program provides a guide (budget parameters, staffing, technical support needs, process, schedule, etc.) and task checklist for the *Menlo Park Housing Element Update and Technical Update to the General Plan*.

### State Law Requirements



California planning law requires that each city (and county) have a comprehensive, long-term General Plan for the physical development of the city and of any land outside its boundaries which in the planning agency's judgment bears relation to its planning, including a city's sphere of influence. The California Supreme Court has called the General Plan the "constitution for future development." The California

Government Code defines specific purposes and content requirements for General Plans. A General Plan must cover the following elements (or topics): land use, circulation, housing, conservation, open space, noise and safety.

Regulations regarding Housing Elements are found in the California Government Code Sections 65580-65589. Unlike the other mandatory General Plan elements, the Housing Element is subject to detailed statutory requirements and mandatory review by the State of California Department of Housing and Community Development (HCD). According to State law, the Housing Element must:

- Provide goals, policies, quantified objectives and scheduled programs to preserve, improve and develop housing.
- Identify and analyze existing and projected housing needs for all economic segments of the community.
- Identify adequate sites that will be zoned and available to meet the city's fair share of regional housing needs at all income levels.

- Be internally consistent with other parts of the General Plan (this is critical to having a legally adequate General Plan).
- Be submitted to the State Department of Housing and Community Development (HCD) to determine compliance with state law.

State Housing Element law recognizes that in order for the private sector to address housing needs and demand, local governments must adopt land-use plans and implement regulations that provide opportunities for, and do not unduly constrain, housing development.

In accordance with State law, the Housing Element must be consistent and compatible with other General Plan elements. The Housing Element program must (1) identify adequate residential sites available for a variety of housing types for all income levels; (2) establish policies and programs to assist in developing adequate housing to meet the needs of extremely low, very low, low and moderate income households; (3) address governmental constraints to housing maintenance, improvement and development; (4) conserve and improve the condition of the existing affordable housing stock; and (5) promote housing opportunities for all persons.

Appendix A contains a summary of recent changes in State Law for Housing Elements. In general, over the past 8 years, State Law has become much more specific in establishing the content, analysis and policy/program requirements for local housing elements. The State Department of Housing and Community Development (HCD) has also produced more specific guidelines and other material describing the requirements. Additional information can be found at the HCD website at [http://www.hcd.ca.gov/hpd/housing\\_element2/index.php](http://www.hcd.ca.gov/hpd/housing_element2/index.php).

## **Current Housing Element Update — San Mateo County Sub-RHNA Process (RHNA 4 for the 2007-2014 Housing Element Planning Period)**

The process of setting targets for housing growth, a necessary precursor to updating any Housing Element, is called the Regional Housing Needs Allocation (RHNA) process. HCD determines housing demand for the region after some consultation with the regional planning authority. The Council of Governments (COG) for each region must then distribute responsibility for planning for this housing demand among all of its constituent cities and counties. In the San Francisco Bay Area, this task falls to the Association of Bay Area Governments (ABAG). By law, the methodology the COG adopts for the local allocation must comport with State policy objectives in the Government Code and must be adopted through a fair and open public process.

In 2004, Housing Element legislation added Government Code Section 65584.03 to explicitly state the policy objectives of the allocation exercise, to make the RHNA process more transparent, and to allow contiguous land use agencies to form a sub-region to receive and allocate a collective housing target. The legislation specifies the method to be used to calculate the sub-region's total share and allows the sub-region to determine its own local allocation methodology. This allows the shares to be determined locally and recognizes the uniqueness of each community.

The 2004 legislation allowed the City/County Association of Governments (C/CAG) and San Mateo County Department of Housing to coordinate a sub-region in 2008, called "21 Elements", thereby forming a collaborative process to bring together the County's twenty-one unique communities to accommodate growing and changing populations and to strengthen local partnerships to develop solutions to housing needs throughout the County. As each city council and the Board of Supervisors considered joining, the reasons most often cited were:

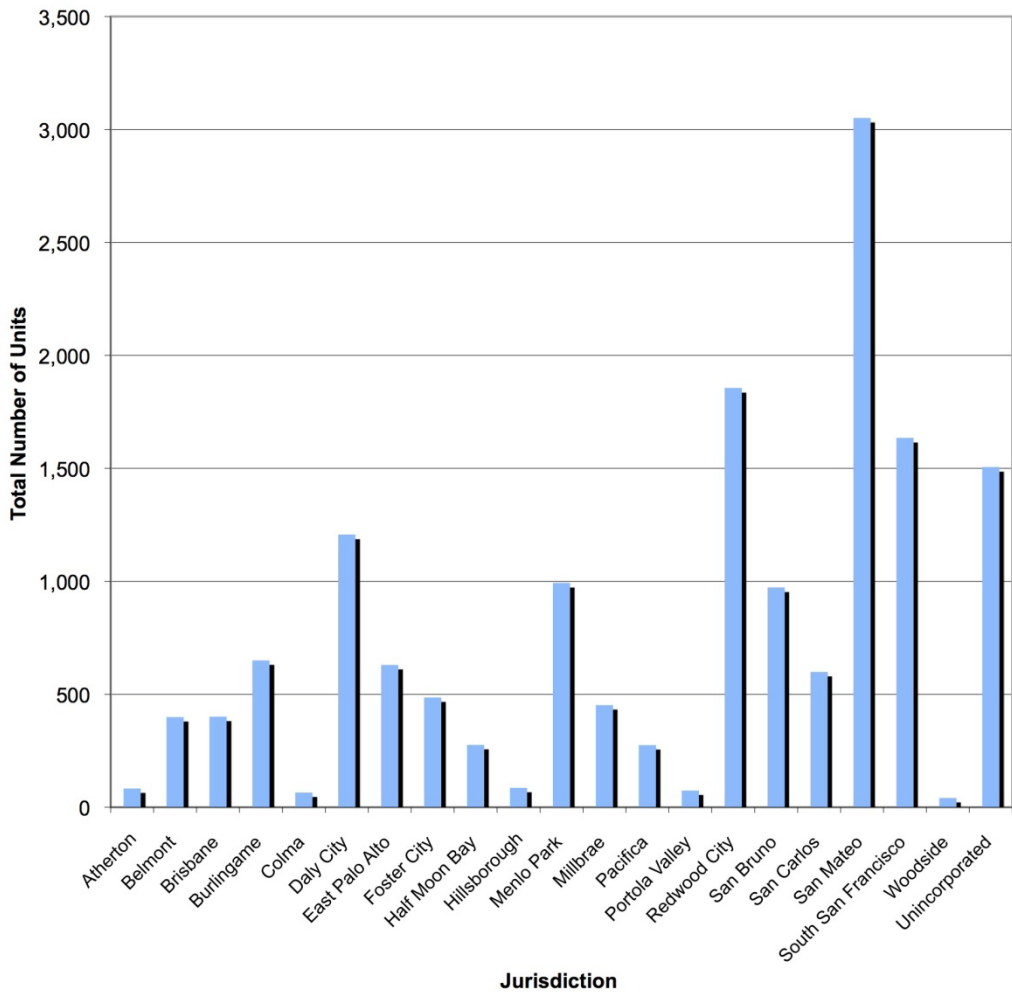
- Housing seen as a countywide challenge
- Dissatisfaction with the regional RHNA process — concession of local control
- History of cooperation — collegial structures in place, with good track record
- Sub-regional approach might enable infrastructure resource trading (e.g., water)
- Political leadership in all jurisdictions willing to take responsibility for accepting a local compromise for county-wide benefit — rather than blaming ABAG
- Greater flexibility

The jurisdictions in San Mateo County have a history of working together on issues such as storm-water pollution prevention, libraries, waste management, transportation, and even housing. Over time the City/County Association of Governments of San Mateo County (C/CAG), which began as the county's mandated Congestion Management Agency, has become the forum of choice for multi-jurisdiction problem-solving. C/CAG's governing board is composed of an elected official from each city and the County. Having equal representation from all agencies has proven to be an effective approach to developing cooperative solutions in complex and controversial areas.

The "21 Elements" effort also aims to encourage and assist with the production and certification of high quality Housing Elements in San Mateo County. More broadly, this collaboration intends to strengthen local partnerships and develop solutions to housing needs throughout the County. If the sub-region fails to perform the allocation as required, or if a member of the sub-region withdraws from the sub-regional process, ABAG, the San Francisco Bay Area COG, will step in to exercise a default responsibility.

At its meeting on October 23, 2007, the City Council approved a resolution recognizing the participation of the City of Menlo Park in the San Mateo County Sub-Region for the Regional Housing Needs Allocation (RHNA) process and accepted the assigned housing share for the City of Menlo Park for the 2007-2014 Housing Element planning period. The City of Menlo Park allocation was for 993 units. The RHNA for each jurisdiction in San Mateo County for the 2007-2014 planning period is shown in the graph below.

**Regional Housing Needs Allocation (RHNA) 2007 - 2014**



Under State law (AB 1233), the new Housing Element must demonstrate adequate sites for the un-accommodated housing need for the 1999-2006 RHNA plus the 2007-2014 RHNA numbers.



## **Next Housing Element Update — San Mateo County Sub-RHNA Process (RHNA 5 for the 2014-2022 Housing Element Planning Period)**

Housing Elements for RHNA 5 are due by October 2014, or 18 months after the Regional Transportation Plan is adopted, and two years after the RHNA allocation is supposed to be finalized. As a result of SB 375, a local government that adopts its housing element on time (or within a 120-day grace period) will not have to adopt another housing element for eight years (again by 2022). A local government that does not adopt a housing element by this deadline must adopt a new housing element every four years (again by 2018 and 2022).

## **Future Comprehensive Update to the City of Menlo Park General Plan**

The City of Menlo Park's 5-Year Capital Improvements Program (2012-2017) identifies funding for the current Housing Element revision and the 2014-2022 Housing Element update for RHNA 5. In addition, the 5-Year Capital Improvements Program identifies work for a "Comprehensive update of the remaining five elements of the General Plan after completion of work on the El Camino Real Downtown Specific Plan and the Housing Element Updates. The project would involve multiple phases including data gathering, visioning and the preparation of an Environmental Impact Report, a Fiscal Impact Analysis, and a Greenhouse Gas Reduction Strategy."

## Products

### Products Adopted as Part of the Menlo Park General Plan

Three major products will be included in the Menlo Park Housing Element Update and Technical Update to the entire Menlo Park General Plan. These products will include:

- (1) **General Plan Background** — Baseline conditions and projections for all the elements of the Menlo Park General Plan. The Background section will provide an analytical foundation for consistency among all General Plan elements. The projections should be consistent with regional and County transportation planning timeframes.
- (2) **Revised Housing Element** — All required Housing Element analysis, goals, policies and implementing programs.
- (3) **Technical Update to the Menlo Park General Plan** — The technical update to all the elements of the Menlo Park General Plan is intended to assure consistency with the Revised Housing Element. The General Plan document will include Goals, Policies and Programs, consistency updates, and background information.

An **Environmental Assessment** will be prepared for the Revised Housing Element and the Technical Update to the Menlo Park General Plan consistent with Government Code Section 65759. The primary focus of the Environmental Assessment will be on the impact of designating sites for higher density housing if required for the Housing Element.

### Technical Background Reports

Technical background reports will be prepared covering the following topics:

- (1) Demographics
- (2) Land Use
- (3) Circulation
- (4) Open Space
- (5) Conservation
- (6) Safety
- (7) Water
- (8) Noise
- (9) Air Quality and Greenhouse Gas Emissions

- (10) Community Services and Facilities
- (11) Fiscal
- (12) Current General Plan Goals, Policies and Programs
- (13) Potential Housing Sites

## **Documentation of Community Comments**

Each community outreach event or activity will provide an opportunity to (1) provide the community with information, (2) gather and document community comments, and (3) respond to questions. Community outreach activities provide an opportunity to assure a comprehensive tabulation and documentation of concerns throughout the process.

A summary report will be prepared for each outreach event. Each outreach summary report is intended to document comments in an easy-to-use format organized by the event's agenda and topics of discussion. The reports will document all comments, whether written or recorded, and will use action verbs when possible to identify clear directions or participant concerns. Photos will also be used to document outcomes and participant activities. The reports will have the following contents:

- (1) Overview and Purposes
- (2) Meeting Participants
- (3) Agenda
- (4) Listing of comments by agenda item and sub-topic
- (5) Summary of key concerns
- (6) Appendices — wall-graphics and other summary material and handouts

Variations of a community outreach module will be used corresponding to the three phases of the process (see next section of the Work Program). Community comments will be compiled into numbered "Community Conversations Reports" for easy use by the community and decision-makers as options are deliberated throughout each phase.

## Summary of Key Activities and Responsibilities

### Sequence of Steps and Schedule

The “Possible Schedule of Meetings and Other Activities” graphic provided in Appendix C illustrates the process for the Menlo Park Housing Element Revision and Technical Update to the entire Menlo Park General Plan. In general, three phases are proposed for the 9-month process between the end of May 2012 and March 2013. While this expedited schedule may eliminate certain options from consideration in the process, such as the formation of a community-based steering committee because it would take too many meetings to enable a constructive dialogue to occur, there will still be many opportunities for community dialogue consistent with Menlo Park’s long-standing approach to planning projects such as this. Menlo Park’s Housing Element must also include elements prescribed in any Settlement Agreement entered into by the City.

The three phases in the process generally cover the following:

- (1) **Phase I — Project Definition and Refinement** (3-month phase ending no later than August 31, 2012). Completion of the Draft Housing Sites Inventory as required by Housing Element law (G.C. Sections 65583, 65583.1, and 65583.2). Analysis of the suitability of each site for lower income housing, including in particular its eligibility for funding under the Low Income Housing Tax Credit (LIHTC) Program. This phase will end with the release of the Draft Housing Sites Inventory.
- (2) **Phase II — Preparation of Draft Housing Element** (2-month phase ending no later than October 31, 2012). Designation of sites suitable for lower income housing, including designation at higher densities if required, and the preparation, review and directions for the Preliminary Draft Housing Element containing all analysis and programs prescribed by Housing Element law (G.C. Sections 65583, 65583.1, and 65583.2) and by the Settlement Agreement. This phase will end with the submittal of a Draft Housing Element to the State Department of Housing and Community Development (HCD).
- (3) **Phase III — Evaluation, Review, Selection and Approval** (4-month phase ending by March, 2013). Community and HCD review of the Draft Housing Element and the Draft Technical Update to the Menlo Park General Plan, modifications, review and selection of sites for rezoning,

completion of the environmental assessment, public hearings and adoption of the Housing Element Revision and General Plan Technical Update.

## **Roles and Responsibilities**









The “Possible Schedule of Meetings and Other Activities” graphic in Appendix C shows the various participants in the process. It is proposed that a Housing Element Steering Committee be formed to help guide the process and provide policy direction and feedback for staff. The proposed make-up of the Steering Committee would include two members of the City Council, two Planning Commissioners and two Housing Commissioners. The meetings will be advertised and open to the public for comments and feedback. The members of the Steering Committee would serve as liaison to their respective body. Meetings would be structured to allow time for community comments.

City staff and consultants will provide technical materials for use in the process, and will be responsible for conducting community outreach and compiling community comments for use by the community and decision-makers. Coordination will occur at the staff level through the Planning Division of the Community Development Department. A lead consultant for the Housing Element and Technical Update to the entire Menlo Park General Plan will be hired to augment staff resources. Unlike typical consultant roles, the lead consultant will function as an extension of City staff and will serve to augment staff resources.

Below is a summary of the roles and responsibilities of participants in the Housing Element Revision and General Plan Technical Update.

# Roles and Responsibilities

Prepared for the Work Program for the Technical Update of the City of Menlo Park General Plan and Revision to the City of Menlo Park Housing Element (May 22, 2012)

								
<b>Title:</b>	City Council	Planning Commission	Other City Commissions	Housing Element Steering Committee	Community Workshops and Outreach	Stakeholder Outreach	Staff Level Input from Other Departments and Agencies	Planning Division Staff and Consultants
<b>Membership:</b>	City Council	Planning Commission	Other City Commissions (Housing, Environmental Quality, Transportation, Bicycle, P&R)	Appointed Members from the City Council, Planning and Housing Commissions	Open to all Citizens and Interest Groups	Identified Stakeholder Groups	Staff of various Departments and Agencies	Planning Division Staff, Lead Consultant and Technical Consultants
<b>Role:</b>	Direct Policy and Make Final Decisions	Recommend Policy for the Housing Element and General Plan	Recommend Policy for the Housing Element and General Plan	Input and Consensus on Strategic Policy Directions for Key Issues	Opportunity for Public Input	Technical Review and Advice on Technical Issues	Review of Products and Other Technical Input	Prepare Draft Products and Provide Administrative Support
<b>Decision-Making/ Operating Procedures:</b>	Majority	Majority	Majority	Consensus (if attainable) and Direction on Key Issues	Discussion and Comment	Discussion and Comment	Data and Input	Support Staff to Council and Commissions; Facilitate Involvement from the Public, Other Depts. and Agencies

In addition to the lead consultant for the Housing Element Revision and the General Plan Technical Update, consultant assistance will be needed in the following areas:

- (1) Traffic and Circulation
- (2) Noise
- (3) Community Outreach (outreach materials and possible assistance at community workshops)
- (4) Water
- (5) Air Quality and Greenhouse Gas Emissions
- (6) Services and Facilities
- (7) Environmental Assessment
- (8) Fiscal
- (9) Assessment of Potential Housing Sites for Low Income Housing Tax Credits (LIHTC)

## Approach to Community Outreach

Menlo Park's history of extensive community involvement in local decision-making makes the community outreach process for the Housing Element Revision and

General Plan Technical Update not only essential and highly desirable, but also a critical component of the work effort.

The approach outlined below should also be considered in light of State law contained in Government Code 65583(c)(7) — “The local government shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the program shall describe this effort.” Besides being a good practice, the California Department of Housing and Community Development (HCD) will review compliance of the City’s Housing Element process with this requirement.

***The issue before the community is: TELL US how and where we can appropriately plan for higher density housing in Menlo Park, maintain and improve the high quality of life in the community and adopt a housing element consistent with State law.***

The approach for identifying appropriate community discussion strategies and techniques around this issue is organized around four key objectives: (1) clearly define the project parameters — project givens and how the community can participate effectively; (2) provide the community and decision-makers with useful information; (3) undertake effective community involvement; and (4) accurately document community comments for use in the decision-making process. The intent is to provide information to the community and stakeholders to solicit informed participation by all in the Housing Element update process. Diligent documentation of community concerns places a value on community participation and ensures that community comments are heard and considered.

The intent of this discussion is also to conform to the City’s Community Engagement Model (CEM). For instance, the project parameters described below generally corresponds to “Stage One — Decision Analysis” in the CEM. Community information options generally correspond to “Stage Two — Process Planning” in the CEM. Community involvement options and documentation of comments generally correspond to “Stage Three — Implementation Planning” in the CEM.

The items below are organized into a menu of options or choices. They are provided in a brief form to enable a selection of a preferred package and approach as the project moves forward.

### **Project Parameters (Goals)**

- (1) **Expedite the Process.** Recognize the uniqueness of this process and comply with the schedule for the Housing Element Update (see the

- “Possible Schedule of Meetings and Other Activities” graphic attached as Appendix C).
- (2) **Address State Law Requirements.** Address State law requirements to assure “public participation of all economic segments of the community in the development of the housing element . . .”
  - (3) **“WE NEED YOUR HELP!” — Enable Quality Community Decision-Making.** Focus community discussion on housing needs, possible programs and sites. For sites, establish mechanisms so that respondents can help the City select the best sites (e.g. "We need to come up with enough sites for \_\_\_ units in Menlo Park and we need your help to select the best sites!")
  - (4) **Explain State Law and Requirements.** Provide materials and outreach opportunities to explain the complexities of State law for Housing Elements and requirements for all cities and counties in California to obtain Housing Element certification from HCD.
  - (5) **Maintain a Constructive Community Dialogue.** Facilitate a constructive community dialogue to enable the best possible decisions to be made in the interests of the community as a whole, and ensure that any land use and other policy changes fit with the character and long-term vision of the community.

#### **Options for Providing INFORMATION to the Community to Enable Informed Participation in the Housing Element Update Process**

- (1) **Fact Sheets.** Prepare 1-2 page “fact sheets” on Housing Element requirements, RHNA, the Housing Element Update process, etc.
- (2) **Housing Element Workbook.** Prepare a Housing Element Workbook for use at community outreach activities summarizing housing needs, policy options, sites information, community choices, etc. (no more than 20 pages).
- (3) **Web Information.** Provide information on the City’s website, Nextdoor system, Twitter page, etc. Provide a Q&A section on the project webpage.
- (4) **Email Subscription/Bulletins.** Enable people to subscribe to the project webpage to receive email bulletins.



- (5) **Newsletter.** Prepare a 4 page foldout newsletter to mail out to the community at two strategic times during the process. (one in July and then one when the Draft Housing Element is released for public and HCD review in October). It is recommended that the first newsletter contain a direct statement of the reasons for the process; non-negotiable or other information to help define the scope of what community engagement can influence; and information about how to get involved and a schedule of engagement opportunities.
- (6) **Press Releases.** Prepare press releases at key points in the process.
- (7) **Public Notices.** Noticing will occur in compliance with State law.
- (8) **Community Services Staff.** Community Services staff, especially those working in the Belle Haven area, can provide direct outreach to residents and program participants to encourage participation and distribute information.
- (9) **Outreach By City Commissioners.** Housing and Planning Commissioners can be asked to engage with their contacts in the community to encourage participation and distribute information.
- (10) **Mayor's Announcements.** Mayor's announcements at City Council meetings.
- (11) **Steering Committee Reports.** Members of the Steering Committee could report back to respective bodies at regularly scheduled meetings.

#### **Options for Community INVOLVEMENT in the Housing Element Update Process**

- (1) **Housing Element Steering Committee Meetings.** Steering Committee meetings will be advertised and open to the public. The meetings will be structured to allow time for community comments and feedback.
- (2) **"Open House" Community Workshops.** Various forms of community workshops could be conducted. The "open house" format would be setup as a drop-in event over a 2-4 hour time period where "stations" would be set-up on different topics (such as a "potential housing sites" station, or a "rank the housing site selection criteria" station) to provide information and opportunities for community comments and feedback. Handouts would be used to enable people to leave with information. Comment sheets would

also be provided, as well as different exercises at the various booths. Staff and decision-makers could be at the booths to answer questions.

- (3) **Standard Community Workshop.** This approach could include a combination of large group and small group presentation and discussion of issues and feedback. Handouts would be used to enable people to leave with information. Comment sheets would also be provided. The workshop would last about 2-2.5 hours but would require workshop attendance from participants for the entire 2-2.5 hour time.
- (4) **Hybrid Community Workshop.** A mix of open house and a standard workshop could include a presentation on the Housing Element and then community participation at booths setup on various topics. This approach requires people to attend at the beginning of the workshop but they can leave after they have provided their comments. There is less discussion and sharing, although City staff and decision-makers could be at the booths to answer questions.
- (5) **Comment Sheets.** Comment sheets and cards will be provided at community workshops.
- (6) **Online Survey.** One possible program is called UserVoice, which is an online survey that elicits and tabulates feedback based on a series of questions. The questions could be formatted to cover housing needs in the community, possible programs and sites. Questionnaires such as this are useful in identifying priorities and eliciting reasons for why certain options are preferable over other options. For sites, it could be setup so that respondents help us select the best sites. The City is considering adding Open City Hall, through Peak Democracy, an alternative online comment forum that can also be used to collect feedback on housing needs, possible programs and sites.
- (7) **Special Outreach to Non-Profits and Other Affordable Housing Advocates and Representative Groups and Organizations.** Meetings with invited participants and representatives of various need groups in the community would assist in complying with State law and eliciting policy recommendations based on what works for these service and advocacy agencies.
- (8) **Interactive Displays/Kiosks.** Thousands of residents participate in summer block parties, the Farmer's Market and during the Fourth of July

celebration and staff or consultants can be available with displays and other visual tools to collect comment cards or other forms of feedback and input.

- (9) **Public Review of a Preliminary Draft Housing Element BEFORE it is sent to HCD.** Conduct public study sessions and enable community feedback on a Preliminary Draft Housing Element at meetings of the Housing Commission, Planning Commission and then City Council. Based on direction, modify and produce the Draft Housing Element to send to HCD.

# Housing Element Revision Tasks

## Overview

The Housing Element is a chance to make sure the City's housing stock meets community needs. It should be prepared to respond to current and near-term future housing needs and contain updated information and strategic directions, including policies and specific actions that the City will be committed to undertaking by the year 2014 to address its housing needs. Housing Element content is prescribed in detail in State Housing Element law (Govt. Code Sec. 65580 et. seq.). The intent of the City's Housing Element Revision is to fully comply with State Housing Element requirements, provide a process that will inform and involve the community and be useful to the City in implementation.

The Housing Element tasks will build on the 21 Elements Countywide Coordination project — San Mateo County jurisdictions have been cooperating on the RHNA process and Housing Element implementation over the past four years.

## Key Tasks for the Housing Element Revision

### **TASK 1. Confirm Housing Element Legal Requirements and Refine Work Program**

Review and evaluate recent changes to State law that involve the requirements for the Housing Element relevant to Menlo Park, such as RHNA carryover requirements from the 1999-2006 Housing Element planning period. This task will involve coordination with HCD staff where appropriate and authorized by the City. The task will be to strategize on approaches to meet Housing Element and Settlement Agreement legal requirements. The Work Program provided below will be refined as needed to achieve all required tasks within the appropriate time frame.

Below is a summary of tasks required to meet Housing Element requirements. The Draft Housing Element will contain all analysis and programs required by Housing Element law (Government Code Section 65583, 65583.1, and 65583.2), even if not listed below.

### **TASK 2. Collect and Analyze Baseline Housing Data**

Collect and prepare data for issues required by State law, including data on demographics, special housing needs, farmworker housing, affordability, governmental and non-governmental constraints, energy conservation opportunities, protection of existing housing, housing needs, sites, etc.

**2.1 Current Housing Element Evaluation:** Review and evaluate the current Housing Element in terms of the status of implementation programs, the effectiveness of goals and policies, and other aspects.

**2.2 Demographics and Housing Conditions:** Prepare required demographic and housing information that includes, but is not limited to household characteristics, overcrowding, housing conditions, affordability, special needs groups, and overpaying households.

**2.3 Land Use and Development:** Describe and evaluate City land use controls, building codes, fees, permit procedures, site improvement costs, etc. Determine whether existing zoning permits all housing types. (Also produce an inventory of vacant and underdeveloped housing sites and sites having potential for redevelopment for housing with updated information on site facility constraints; and information on construction activity, including second units. This will include potential sites for rezoning.) — This topic is covered in the next section of the Work Program.

**2.4 Growth and Development Trends:** Collect information on growth and development trends and projections for housing, households, jobs, jobs/housing mix (comparing numbers, salaries and housing prices), etc. from ABAG's Projections 2009 report, Sustainable Communities Strategy (SCS) data and projections, State Department of Finance, and other sources.

**2.5 AB 1233 Carryover Analysis:** Calculate any additions to the 2007-2014 RHNA resulting from a carryover of the 1999-2006 RHNA. This will require calculating units constructed between 1999 and 2006 at each income level; and a review of existing zoning as of December 31, 2006, on a parcel-by-parcel basis to determine zoning capacity as of that date. This parcel-specific analysis may utilize information from the adequate sites inventory if the zoning was the same in 2006 as it is today.

**2.6 ABAG Housing Needs Determinations:** The Element will incorporate the 2007 to mid-2014 ABAG Housing Needs determinations (RHNA) plus the results of the carryover analysis.

**2.7 Potential Housing Constraints:** Review and evaluate current City policies, ordinances, development standards and fees that act as constraints to housing development and evaluate non-governmental constraints to housing development per Housing Element law.

**2.8 Emergency, Transitional, and Supportive Housing; Housing for the Disabled.** Provide data regarding needs for emergency shelter and for housing for the disabled. Review City ordinances regarding housing for the disabled, emergency shelters, and other special needs populations.

**2.9 BMR Housing Analysis:** Review the City's existing BMR housing program and the fees imposed, compare its BMR fees with those charged by nearby jurisdictions, and analyze the BMR program's efficacy at encouraging the production of lower income housing. Determine appropriate BMR program changes to be incorporated in the Housing Element. Provide recommendations for the allocation of funds from the BMR program.

**2.10 Overlay Affordable Housing Zone:** Review and discuss proposed Affordable Housing Zone policies and other zoning mechanisms to facilitate the development of lower income units. These mechanisms shall include incentives available only to developers of projects providing substantial lower income housing. The final Housing Element shall include detailed Overlay Affordable Housing Zone provisions at the level of detail typically included in zoning ordinances.

**2.11 Coordinate with Other Agencies:** The process will involve coordination with other local agencies (e.g., school districts, Fire District) and housing groups, community organizations and housing sponsors, etc.

**2.12 Other State Law Requirements:** Consultant will include information to respond to other State law requirements, including but not limited to group care, energy conservation, emergency housing needs, manufactured housing requirements, and the potential loss of affordable units subject to the termination of rent subsidies or restrictive covenants.

### **TASK 3. Conduct Available Sites Inventory Analysis**

Identify a parcel specific list of available sites for housing development as required by Housing Element law.

### **TASK 4. Coordinate with HCD**

To facilitate approval, initial meetings and/or conversations with HCD may occur when authorized by the City to flag and avoid any potential troublesome issues. These informal conversations can often save considerable time by avoiding problems when the Draft Housing Element is submitted.

### **TASK 5. Identify Possible Best Practices and Policy/Program Options for Meeting Housing Needs**

Review “best practices” and common terms and methods, as well as providing ideas regarding local opportunities for providing for housing needs and addressing State law requirements in Menlo Park. Special attention will be paid to second units and their role in Menlo Park. This information would be incorporated, as appropriate, into the Housing Element and for community discussion.

**TASK 6. Prepare Fact Sheets and Other Informational Materials**

Based on the data collected and review of possible housing goals, policies and programs, fact sheets will be provided as necessary for community outreach activities. Information materials are described on page 15 of the Work Program.

**TASK 7. Community Outreach Through Workshops, Outreach to Stakeholder Groups and Other Means** *(Note: This will occur at various times in the process in coordination with overall outreach tasks covered on pages 13-17 and illustrated in the “Possible Schedule of Meetings and Other Activities” graphic in Appendix C)*

**TASK 8. Prepare Preliminary Draft Housing Element for Review by the Housing Commission, Planning Commission and City Council**

**TASK 9. Modify Preliminary Draft Housing Element and Send Draft Housing Element to HCD**

**TASK 10. Respond to Comments from HCD**

Based on feedback from HCD, revise the Draft Housing Element. This task may include a meeting with HCD. Any revisions to the Draft Housing Element will be reviewed with the Steering Committee first and then will be reviewed by the Housing Commission, Planning Commission and City Council as part of the Housing Element adoption process.

**TASK 11. Finalize the Adopted Housing Element**

Incorporate changes into a final version of the adopted Housing Element. The format for the Housing Element will be compatible with the Technical Update to the Menlo Park General Plan.

## Available Land Inventory Approach

### Tasks Related to the Available Land Inventory

Assessment of potential governmental constraints to housing and potential sites for a variety of housing in a community (single family, medium density, higher density) is usually the most challenging part of the housing element preparation and review process. Further complicating this effort will be the evaluation of potential sites for their suitability for lower income housing and possible rezoning to higher density housing (30 units per acre).

The approach to identifying potential sites for possible zoning to higher density housing will occur in several steps (criteria and factors for consideration are described later in this section):

- (1) **Elimination of Large Areas of the City.** The assessment would identify large areas of the City and locations inappropriate for higher density housing (e.g. single family neighborhoods, areas with steeper slopes, environmentally sensitive areas, etc.).
- (2) **Identification of Areas Where Higher Density Housing May Make Sense.** Identification of sites that should at least be considered for higher density housing (Downtown, sites near services and facilities, convenient location to transit, etc.).
- (3) **Identification of Marginal Sites.** These could be sites where development opportunity during the Housing Element planning period is limited, brown-field sites, etc.

In addition to the identification of sites for higher density housing, the Housing Element must assess all sites for housing that cover a wide range of housing. The major steps needed for the available land inventory and the assessment of additional sites for rezoning will need to be coordinated with the technical analysis being done for traffic and circulation, water, community services and facilities, fiscal, etc. to make sure capacity exists and sites are located appropriately.



The available land inventory will cover the following:

- (1) Calculate the AB 1233 requirements for potential carryover of RHNA units from the previous planning period.
- (2) Tabulate units built, under construction and/or approved by income level since January 1, 2007.
- (3) Determine remaining RHNA need for the current Housing Element Planning Period (to 2014) by income category.
- (4) Calculate vacant, unconstrained sites.
- (5) Calculate second unit credits.
- (6) Calculate preserved, converted or rehabilitated units.
- (7) Calculate constrained vacant, mixed use and non-vacant sites.
- (8) Review and confirm criteria for assessing potential sites for rezoning.
- (9) Apply criteria and assess potential sites for rezoning.
- (10) Summarize results.

## **Information Required on Each Housing Site**

The following information is required for each site included in the land inventory:

- (1) Parcel-specific listing of sites, including the parcel number or other unique reference such as address.
- (2) General Plan Designation (Density Range)
- (3) Zoning
- (4) Parcel Size
- (5) Allowable Density
- (6) Existing Uses
- (7) Potential Constraints (Environmental, Lack of Infrastructure, Other)
- (8) Realistic Development Capacity (Units and Density)
- (9) Map showing the location of sites.

The Housing Element must include a description of the methodology used to estimate the realistic capacity for each housing site, which is not an estimate of unit capacity

based on the theoretical maximum build-out allowed by the zoning. The analysis must consider the imposition of any development standards that impact the residential development capacity of the sites identified in the inventory. Further, when establishing realistic unit capacity calculations, the analysis must consider existing development trends as well as the cumulative impact of standards such as maximum lot coverage, height, open space, parking, and floor area ratio. Alternatively, the City may specify a minimum density for each site.

## **Other Factors and Considerations for Sites Currently Planned and Zoned for Housing**

**Credit for Units Constructed or Approved.** A jurisdiction may take credit for units constructed or under construction between the base year of the RHNA period (January, 2007) and the present (time of the Draft Housing Element). Units that have been issued building permits on or after January 1, 2007 may be credited against the RHNA to determine the balance of site capacity that must be identified.

To credit units affordable to lower-and moderate-income households against the RHNA, a jurisdiction must demonstrate the units are affordable based on at least one of the following:

- (1) Subsidies, financing or other mechanisms that ensure affordability (e.g., MHP, HOME, or LIHTC financed projects, inclusionary units or RDA requirements).
- (2) Actual rents (If actual rents are not available, it may be possible to use general rent information from other sources).
- (3) Actual sales prices.

**Counting Second Units.** Government Code Section 65583.1(a) allows a city or county to identify sites for second units based on the number of second units developed in the prior housing element planning period whether or not the units are permitted by right, the need for these units in the community, the resources or incentives available for their development, and any other relevant factors, as determined by the department. To rely on second units as part of an overall adequate sites strategy to accommodate (a portion) of its share of the regional housing need, the element must include an estimate of the potential number of second units to be developed in the planning period based on an analysis that considers (a) the number of second units developed in the prior planning period, (b) community need for these types of housing units, and (c) the resources and/or incentives available that will encourage the development of second-units through the City's Housing Programs.

**Affordability of Second Units.** The housing element should also include an analysis of the anticipated affordability of second units, including, as appropriate, an approach for assessing illegal second units. The purpose of this analysis is to determine the housing need by income group that could be accommodated through second-unit development. Second-unit affordability can be determined in a number of ways, such as, (a) a survey of existing second units for their rents and other factors such as square footage, number of bedrooms, amenities, age of the structure and general location, and (b) examination of market rents for reasonably comparable rental properties to determine an average price per square foot in the community.

**Zoning to Accommodate a Range of Housing Needs including the Development of Housing Affordable to Lower Income Households.** State Law requires that jurisdictions plan for a range of housing needs (single family, multifamily, etc). This includes planning for housing needs of all income levels. The densities of sites identified in the inventory must be sufficient to accommodate the development of housing affordable to lower-income households — see Section 65583.2(c)(3)(A) &(B). Sites zoned at 30 units or more per acre in Menlo Park are considered to be suitable based on the City's location and population. In addition, Menlo Park will analyze each site's suitability to receive LIHTC tax credits.

**Calculating Preserved, Converted or Rehabilitated Units.** In addition to identifying vacant or underutilized land resources, local governments can address up to 25 percent of their adequate sites requirement, under prescribed conditions, with units that were substantially rehabilitated, converted from market-rate to affordable, or where the affordability of certain multifamily housing units are preserved. There is a (fairly restrictive) checklist that determines the eligibility for counting units under this program.

**Vacant, Mixed Use and Potentially Constrained Sites.** After taking credit for vacant sites, already built units, etc, Menlo Park can meet its remaining need through mixed use, underutilized or constrained sites. While the vacant, unconstrained site analysis is primarily rote and mathematical, this section requires more individual justification for each site in addition to the parcel-by-parcel table summarizing site development potential. Smaller sites must also be included. If potential higher density housing is possible on smaller sites, the Housing Element may have to include a program providing incentives for lot consolidation.

For this section, each potential site should be evaluated for its **realistic development potential** in the given planning period (to 2014). This is based on local market conditions, history of development in the jurisdiction, the site characteristics and other factors. It is highly individualized for each site and often the source of negotiations with HCD. For each non-vacant site, State law requires an analysis of the extent to which

existing uses may constitute an impediment to additional development, development trends, market conditions, and regulatory or other incentives to encourage additional residential development.

**Recent Development Trends.** The inventory analysis should describe recent development and/or redevelopment trends in the community. The element should also include a description of the local government’s track record and specific role in encouraging and facilitating redevelopment, adaptive reuse, or recycling to residential or more intense residential uses. If the local government does not have any examples of recent recycling or redevelopment, the housing element should describe current or planned efforts (via new program actions) to encourage and facilitate this type of development (e.g., providing incentives to encourage lot consolidation or assemblage to facilitate increased residential development capacity).

**Market Conditions.** Housing market conditions also play a vital role in determining the feasibility or realistic potential of non-vacant sites and/or underutilized sites for residential development. The Housing Element should evaluate the impact of local market conditions on redevelopment or reuse strategies. For example, high land and construction costs, combined with a limited supply of available and developable land may indicate conditions “ripe” for more intensive compact and infill development, or redevelopment and reuse.

**Availability of Regulatory and/or Other Incentives.** The analysis should describe an existing or planned financial assistance or regulatory concessions or incentives to encourage and facilitate additional or more intense residential development on non-vacant and underutilized sites.

**Analysis of Constraints.** Government Code Section 65583.2(b)(4) requires a general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis. Government Code Section 65583.2(b)(5) requires a general description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities. This information need not be identified on a site-specific basis.

## **Criteria for Assessing Sites for Potential Rezoning for Higher Density Housing**

The criteria listed below would be used while assessing sites, subject to refinement by the Steering Committee. The Criteria below are organized by those criteria that would

be used during the initial round of evaluations and additional criteria that would be included later in the site evaluation and selection process.

### **Criteria for Initial Round Evaluation of Potential Higher Density Sites**

Suitability for LIHTC

Other Criteria (not necessarily in priority order)

#### *Proximity to Modes of Transportation*

- a. Site is within one-half mile of CalTrain.
- b. Site is within one-third mile of transit stop with 15 minute and 30 minute headway to CalTrain.
- c. Site is adjacent to dedicated bike route.
- d. Site is within one-half mile of freeway on ramp (although potential conflict exists with air quality standards that would need to be considered).

#### *Proximity to Services and Amenities*

- a. Site is within one-half mile of an existing grocery store.
- b. Site is within one-half mile of an existing elementary school.
- c. Site is within one-half mile of an existing middle school.
- d. Site is within one-half mile of an existing park.

#### *Impact on Future Residents*

- a. Site is not anticipated to have odor impacts.
- b. The project is anticipated to meet noise standards with no or with reasonable mitigation measures.
- c. The site is outside geological and fire hazard areas: site is not within Alquist-Priolo zone or fault zone; site is not within earthquake induced landslide zone; site is not within high fire hazard area.
- f. The site will be at least 150 feet from overhead portions of the 230 kV line and at least 37.5 feet from underground portions of the 230 kV line.

#### *Impact Trees, Species, Historic Resources*

- a. The site will not likely require substantial removals of heritage trees.
- b. The site will not likely require an analysis related to loss of suitable habitat for, or the taking of, sensitive species.
- c. The site will not likely require an extensive analysis related to impacts on historic resources.

#### *Site Size*

- a. The site is 5 acres or more in size allowing for possible design flexibility.

- b. The site is 1 acre or more in size allowing for more State/Federal financing opportunities.

*Economic Considerations*

- a. Property owner/developer has expressed interest in the site for higher density residential development.
- b. Development of the site for residential use would not displace an existing significant revenue source (e.g., sales tax or transient occupancy tax).

*Site Location and Characteristics*

- a. Site is not anticipated to require significant extension or expansion of off-site sewer/water infrastructure improvements.
- b. Site is not anticipated to require extensive toxic remediation.

*Other Considerations*

- a. Impacts to the various elementary school districts and the high school district.
- b. Impacts to existing public services.
- c. Impacts to the existing transportation system.

**Criteria for Later Round of Evaluation**

- a. Cumulative assessment of sites for potential change to higher density housing.
- b. Site development will not significantly contribute to an overconcentration of existing and potential higher density housing into a few areas of Menlo Park, other than the designated Priority Development Area (PDA).

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## Recent Changes to State Housing Element Law 2009

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**Extremely Low-Income Households Housing Needs:** Government Code (GC) Section 65583(a) requires “ Documentation of projections and a quantification of the locality's existing and projected housing needs for all income levels, including extremely low-income households (GC 65583 (a)(1)).” Extremely low-income is a subset of the very low-income housing need and is defined as 30 percent of area median and below. The analysis should include a quantification of the number of existing households with extremely low- income, and a quantification of the number of projected number of households with extremely low-income households. The analysis should relate to the kind of housing available and suitable for Extremely Low-Income Households (such as Supportive Housing and Single-Room Occupancy units). Jurisdictions must assess whether existing zoning permits those housing types.

**Planning for Emergency Shelters – SB2:** Government Code Section 65582, 65583, and 65589.5, Chapter 614, Statutes of 2007 (SB 2) increases planning requirements for emergency shelters to require, at a minimum and regardless of the need, that all jurisdictions have a zone in place to permit at least one year-round emergency shelter without a conditional use permit or any discretionary permit requirements. If such zoning does not exist, a local government is required to designate zoning within one year of the adoption of the housing element. In addition, SB 2 amended the Housing Accountability Act (formerly known as anti-NIMBY law) to include emergency shelters, transitional housing, and supportive housing.

In accordance with Chapter 633 of Statutes 2007 (SB 2), transitional housing and supportive housing must be considered a residential use of property, and be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone. If these conditions do not currently apply, a programmatic action must be included to address the constraint. As appropriate, efforts to remove governmental constraints, especially relating to single-room occupancy units, supportive housing, transitional housing, and emergency shelters should be included.

**Analysis of the Needs of Families and Persons In Need Of Emergency Shelters:** A thorough analysis of the special housing needs for families and persons in need of emergency shelters should include (a) an estimate or count of the daily average number of persons lacking shelter (where possible, divided into single males, single females and families with children), (b) as local data allows, the number of the mentally ill, developmentally disabled, substance abusers, survivors of domestic violence, and other categories of homeless considered significant by the jurisdiction, and (c) an inventory of the resources available including shelters, transitional housing and supportive housing units (number, approximate location, and type of existing shelter beds, hotel/motel vouchers, and units of transitional housing available, and shelter

resources by type). Coordination with the adopted 10-year plan to end chronic homelessness should be part of this analysis, as the local need may be reduced by the number of supportive housing units that are identified in the 10-year plan, under certain circumstances.

Emergency Shelters, Transitional Housing, and Supportive Housing are defined in the Health and Safety Code. Identification of the Facility, Type, Population Served, Permanent/Seasonal, Current Inventory, Estimated Need, and Unmet Need should be included in the analysis.

## **Adequate Sites Inventory and Analysis**

**Counting Units Built, Under Construction and/or Approved During Planning Period:** A jurisdiction may take credit for units constructed or under construction between the base year of the RHNA period (January 2007) and the beginning of the new planning period (July 2008). Units which have been issued building permits on or after January 1 of the year falling two years prior to the due date of the jurisdiction's housing element may be credited against the RHNA to determine the balance of site capacity that must be identified. To credit units affordable to lower- and moderate-income households against the RHNA, a jurisdiction must demonstrate the units are affordable based on at least (a) subsidies, financing or other mechanisms that ensure affordability, (b) actual rents, or (c) actual sales prices. For projects approved but not yet built, the jurisdiction must demonstrate the units should be built within the remaining planning period and demonstrate affordability to very low- or low-income households.

**AB 1233 (Government Code Section 65584.09) Requirement for Carryover of Unmet RHNA Units:** A jurisdiction's RHNA from the previous housing element cycle is not required to be carried-over to the 2007-2014 planning period if the current element was found in compliance by HCD and the inventory of sites required by Section 65583(a)(3) identified adequate sites, or the program actions to rezone or provide adequate sites was fully implemented. According to HCD, the carryover of RHNA units does apply, however, if any response to the next set of questions is yes:

- a. Failed to adopt an updated housing element for the prior planning period?
- b. Adopted a housing element found out of compliance by HCD due to failure to substantially comply with the adequate sites requirement?
- c. Failed to implement the adequate sites programs to make sites available within the planning period?
- d. Failed to identify or make available adequate sites to accommodate a portion of the regional housing need?

Again, according to HCD, if the answer to any of the questions above is yes, the jurisdiction must zone or rezone adequate sites to address the un-accommodated housing need within the first year of the new planning period. To demonstrate adequate sites for the new planning period, the updated housing element must identify the un-accommodated housing need by income level.

**Sites Inventory and Suitability Analysis:** A thorough sites inventory and analysis will help a jurisdiction determine whether program actions must be adopted to "make sites available" with appropriate zoning, development standards, and infrastructure capacity to accommodate the new construction need. Preparing the inventory and accompanying site suitability analysis



consists of assessing the site suitability and then the appropriate density statutory test. Sites identified that require rezoning may be included in the inventory provided the element includes a program to accomplish the rezoning early within the planning period. Other characteristics to consider when evaluating the appropriateness of sites include physical features and location.

**Categories of Potential Housing Sites:** Land suitable for residential development should include residentially zoned sites, non-residentially zoned sites that allow residential development, underutilized residentially zoned sites capable of being developed at a higher density or with greater intensity, non-residentially zoned sites that should be redeveloped for, and/or rezoned for, residential use (via program actions). The inventory should also include sites that are in the process of being made available for residential uses via rezones or specific plans, provided the housing element includes a program that commits the local government to completing all necessary administrative and legislative actions early in the planning period.

**Information Required for the Site Inventory:** The inventory must include (a) parcel-specific listing of sites, including the parcel number or other unique reference such as address, (b) general plan and zoning designations of sites, (c) description of parcel size, (d) map showing the location of sites, (e) the existing uses of any non-residential sites, (f) general description of any known environmental constraints, and (g) general description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities. Overall, the site inventory analysis must include an estimate of the number of housing units that should be accommodated on each site identified in the land inventory within the planning period in accordance with Government Code 65583.2(c)(1&2).

**Counting Second Units:** Government Code Section 65583.1(a) allows a city or county to identify sites for second units based on the number of second units developed in the prior housing element planning period whether or not the units are permitted by right, the need for these units in the community, the resources or incentives available for their development, and any other relevant factors, as determined by the department. To rely on second units as part of an overall adequate sites strategy to accommodate (a portion) of its share of the regional housing need, the element must include an estimate the potential number of second units to be developed in the planning period based on an analysis that considers (a) the number of second units developed in the prior planning period, (b) community need for these types of housing units, (c) the resources and/or incentives available that will encourage the development of second-units, and (d) other relevant factors as allowed by HCD.

**Second-Unit Affordability:** The housing element should also include an analysis of the anticipated affordability of second units, including, as appropriate, an approach for assessing illegal second units. The purpose of this analysis is to determine the housing need by income group that could be accommodated through second-unit development. Second-unit affordability should be determined in a number of ways, such as, (a) a survey existing second units for their rents and other factors such as square footage, number of bedrooms, amenities, age of the structure and general location, and (b) examination of market rents for reasonably comparable rental properties to determine an average price per square foot in the community.

**Realistic Development Capacity:** The element must include a description of the methodology used to estimate the realistic capacity for potential housing sites. The element should not

estimate unit capacity based on the theoretical maximum buildout allowed by the zoning, but should be based on all applicable land-use controls and site improvement requirements. When establishing realistic unit capacity calculations, the jurisdiction must consider existing development trends as well as the cumulative impact of standards such as maximum lot coverage, height, open space, parking, and FARs. If a local government has adopted, through regulations or ordinance, minimum density requirements that explicitly prohibit development below the minimum density, the element may establish the housing unit capacity based on the established minimum density.

**Limited Land Availability:** Local governments with limited residential land resources or with infill and reuse goals may rely on non-residential and underutilized residential sites to accommodate the regional housing need. Examples include sites with potential for recycling, scattered sites suitable for assembly, publicly-owned surplus land, portions of blighted areas with abandoned or vacant buildings, areas with mixed-used potential, substandard or irregular lots which could be consolidated, and any other suitable underutilized land.

**Examples of Other Site Inventory Considerations:** The inventory should also describe whether any of the sites identified pursuant to Government Code Section 65583.2 are subject to pending litigation on environmental grounds that could impact their availability for development during the planning period. If a portion of the sites identified pursuant to Section 65583.2 are included within an “infill opportunity zone” pursuant to a Congestion Management Plan (CMP) (Government Code Section 65089(a) and 65088.4), the applicable development conditions or exemptions from traffic level of service standards should be described. The element must also include an analysis demonstrating the estimate of the number of units projected on small sites, if small sites are critical to providing for adequate sites, is realistic or feasible.

## Potential Constraints to Housing

**Inclusionary Requirements Constraints Analysis:** If a jurisdiction has adopted an inclusionary ordinance, the element must provide an analysis of the ordinance. For example, the element should describe the types of incentives the jurisdiction has or will adopt to encourage and facilitate compliance with inclusionary requirements, what options are available for developers to meet affordability requirements, how the ordinance interacts with density bonus law, the amount of any in-lieu fee, and what finding a developer must make in order to choose to pay the in-lieu fee. If the jurisdiction has established a housing fund to collect any in-lieu fees, the element should describe the total amount available for housing production and any planned uses for the funds.

**Constraints-Housing for Persons with Disabilities (SB520):** Housing element law requires that in addition to the needs analysis for persons with disabilities, the housing element must analyze potential governmental constraints to the development, improvement and maintenance of housing for persons with disabilities, demonstrate local efforts to remove any such constraints and provide for reasonable accommodations for persons with disabilities through programs that remove constraints. The analysis is required to cover Zoning and Land-Use Policies and Practices, Evaluation of the Permit and Processing Procedures, Review of Building Codes, Review for Reasonable Accommodation Procedure, and a Review for Programs to assist in meeting identified needs.

## Other Housing Element Considerations

**Fair Housing Laws:** Since State and federal laws uniformly outlaw most kinds of housing discrimination, the local government's role is to identify program strategies that support and implement these laws. Fair Housing laws make it illegal to discriminate against any person because of race, color, religion, sex, disability, familial status, national origin, ancestry, marital status, sexual orientation, source of income and age in the rental or sale, financing, advertising, appraisal, provision of real estate brokerage services, etc., and land-use practices. See Government Code Sections 12955 and 65008 for further information. Section 65008 also expressly prohibits localities from discriminating against residential development or emergency shelters if the intended occupants are low-income or if the development is subsidized.

A local equal housing opportunity program in the housing element must provide a means for the resolution of local housing discrimination complaints and should include a program to disseminate fair housing information and information about resources throughout the community. The element must also address any zoning or other land-use laws or practices that either expressly discriminate against a group protected by the fair housing laws or have the effect of discriminating against a group (Pursuant to Government Code Section 12955.8).

The topic of "preferences" for affordable housing should be examined from this perspective in the Housing Element. In larger and/or urban jurisdictions, more direct program actions may be appropriate, such as a commitment to use CDBG funds to support fair housing information and referral and counseling services. Jurisdictions receiving "entitlement" (i.e., CDBG, HOME) must prepare a Consolidated Plan that includes certification that the jurisdiction will affirmatively further fair housing, conduct an analysis to identify impediments to fair housing choice, and take actions to overcome the effects of any impediments identified. Many jurisdictions cross-reference and/or incorporate fair housing information and data from the Consolidated Plan into their housing element.

**Priority for Water and Sewer:** Chapter 727, Statutes of 2005 (SB 1087) establishes processes to ensure the effective implementation of Government Code Section 65589.7. This statute requires local governments to provide a copy of the adopted housing element to water and sewer providers. In addition, water and sewer providers must grant priority for service allocations to proposed developments that include housing units affordable to lower income households. Chapter 727 was enacted to improve the effectiveness of the law in facilitating housing development for lower income families and workers. For local governments, Chapter 727 now requires all cities and counties to immediately deliver the adopted housing elements of the local general plan and any amendments to water and sewer service providers.

Updates or amendments to the housing element should be sent within a month after adoption. A summary quantification of the local jurisdiction's regional housing need allocation and any other appropriate housing information should also be helpful. Jurisdictions should consult with water and sewer providers during the development and update of the housing element to facilitate effective coordination between local planning and water and sewer service functions to ensure adequate water and sewer capacity is available to accommodate housing needs, especially housing for lower income households. Water and sewer providers are required to adopt written

policies and procedures that grant priority to proposed development that includes housing affordable to lower income households. Such providers are also prohibited from denying or conditioning the approval or reducing the amount of service for an application for development that includes housing affordable to lower income households, unless specific written findings are made. Finally, all Urban Water Management Plans are required to include projected water use for single-family and multifamily housing needed for lower income households.

**Annual Reporting:** Government Code Section 65400 requires each governing body (City Council or Board of Supervisors) to prepare an annual report on the status and progress in implementing the jurisdiction's housing element of the general plan using forms and definitions adopted by the Department of Housing and Community Development (Department). HCD has developed draft regulations governing the state housing element annual progress report. Some of the specifics include:

- that annual reports are to cover the calendar year immediately preceding the April 1 reporting deadline and must be prepared and submitted on a form made available by HCD,
- data for assessing progress in meeting the local jurisdiction's RHNA, including specific project information on affordability,
- monetary/financing programs used to achieve affordability,
- non-monetary programs used to achieve affordability and utilizing some form of deed restrictions or covenants running with the land (e.g, density bonus inclusionary zoning),
- any other methods used to achieve affordability at initial occupancy and including an explanation of how the affordability of the units was determined,
- initial projected sales price or rent of the unit and the maximum qualifying household income levels applicable at the time of initial sale or rent,
- number of units affordable to above moderate income households for which building permits were issued during the reporting period by unit category, and,
- progress on implementing each program identified in the housing element.

*The websites below contain more complete information on existing and pending legislation.*

<http://www.housingadvocates.org>

<http://www.wclp.org>

<http://www.leginfo.ca.gov>

<http://www.calapa.org/>

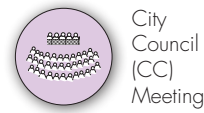
<http://www.hcd.ca.gov/hpd/>

Produced by San Mateo County Department of Housing and Baird + Driskell Community Planning.

Maintain Menlo Park's Pleasant, Tree-Lined Neighborhoods CELEBRATE OUR FRIENDLINESS Provide for a Variety of Housing Needs Assure Healthy Neighborhoods with Nearby Schools, Parks, Greenbelts and Shopping Maintain a Balanced Transportation System Support a Vital Downtown with its Unique Village Character Create Safe and Functioning Pedestrian, Bicycle and Transit Mobility Provide Healthy Living with Clean Air and Compatible Noise Levels MAINTAIN ADEQUATE INFRASTRUCTURE AND SERVICES CONSERVE ENERGY AND RESOURCES Reduce Driving Assure Fiscal Stability Maintain Safe Streets Provide Good Vehicular Circulation and Access Connect with Open Space and Bay Resources Assure a Quiet Vibrancy in the Community Create Compatibility with Existing Land Uses

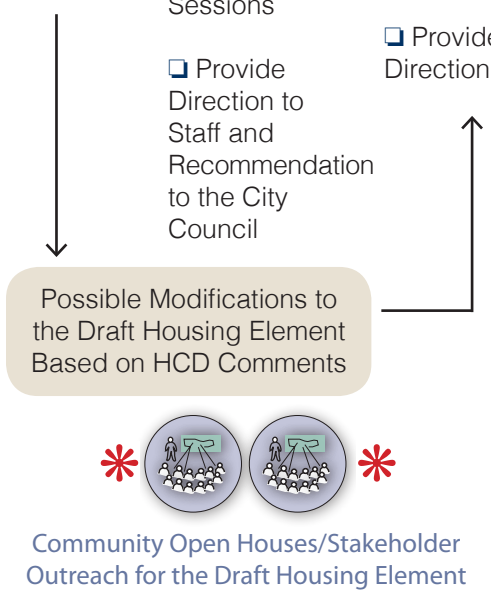
# Possible Schedule of Meetings and Other Activities

Work Program for the Technical Update of the City of Menlo Park General Plan and Revision to the City of Menlo Park Housing Element (May 22, 2012)



\* The primary City commissions reviewing the Housing Element are the Planning Commission (PC) and the Housing Commission (HC). City Commissions reviewing the Technical Update to the City's General Plan include the PC and the HC plus the Environmental Quality Commission (EQC), Transportation Commission (TC), Bicycle Commission (BC), and the Parks and Recreation Commission (PRC).

Meeting Type and Date	City Council Meeting May 2012	Steering Comm Meeting #1 June 2012	Steering Comm Meeting #2 July 2012	Stakeholder/Workshops July/Aug 2012	Steering Comm Meeting #3 Aug 2012	Steering Comm Meeting #4 Aug 2012	HC and PC Check-Ins Sept 2012	City Council Check-In Oct 2012	60-Day HCD Review Nov and Dec, 2012	Commission Meetings Nov/Dec 2012 and Jan 2013	Steering Comm Meeting #5 Jan 2013	PC Public Hearing Jan/Feb 2013	CC Public Hearing Feb/March 2013	Adoption of Housing Element and Technical Update to the General Plan
Meeting Location	City Council Chambers at City Hall	City Hall	City Hall	City Hall and Other Location (Senior Center)	City Hall	City Hall	City Council Chambers and Admin Building	City Council Chambers at City Hall		City Council Chambers at City Hall	City Hall	City Council Chambers at City Hall	City Council Chambers at City Hall	Adoption of the Updated Housing Element by mid-February to early March, 2013 following receipt of HCD comments on the Draft Housing Element.
Meeting Purposes	<ul style="list-style-type: none"> <li>Approve the Housing Element Update and General Plan Technical Update Work Program</li> <li>Confirm the Membership of the Housing Element Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>Review City Council Directions</li> <li>Review Housing Element Requirements</li> <li>Review Initial Background Information on Demographic Trends, Housing Needs, and Potential Housing Sites</li> <li>Discuss Potential Strategies for the Housing Element Update (sites, housing needs, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Review and Critique Current Housing Element Policies and Programs</li> <li>Review Additional Background Information on Potential Housing Sites</li> <li>Discuss and Refine Housing Strategy Choices</li> <li>Review Outreach Approach for Community Outreach and Stakeholder Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Present Background Information on the Housing Element</li> <li>Discuss and Refine Housing Strategy Choices</li> <li>Identify Any Other Considerations for the Housing Element Update</li> <li>A minimum of two Stakeholder Meetings would be conducted</li> </ul>	<ul style="list-style-type: none"> <li>Review Outreach Results and Stakeholder Meetings</li> <li>Present Background Information on the Housing Element and Key Findings of the Housing Needs Analysis</li> <li>Further Refine Housing Strategies</li> <li>Meetings to be coordinated with the release of the Draft Housing Sites Inventory no later than August 31, 2012</li> </ul>	<ul style="list-style-type: none"> <li>Receive Complete Background Section of the Preliminary Draft Housing Element</li> <li>Refine Policy Directions for Key Issues (basic components of the Preliminary Draft Housing Element)</li> </ul>	<ul style="list-style-type: none"> <li>Review of the Preliminary Draft Housing Element</li> <li>Present Background Information on the Housing Element and Key Findings of the Housing Needs Analysis</li> <li>Review Outreach Results</li> <li>Provide Direction on Key Issues for the Housing Element for Consideration by the City Council</li> </ul>	<ul style="list-style-type: none"> <li>Review of the Preliminary Draft Housing Element</li> <li>Present Background Information on the Housing Element</li> <li>Direct Staff to Prepare the Draft Housing Element Based on City Council Initial Review</li> <li>Submission of the Draft Housing Element to HCD no later than October 31, 2012</li> </ul>	<ul style="list-style-type: none"> <li>City Staff May Meet with HCD Staff to Review Any Comments and to Answer Questions During this Time</li> </ul>	<ul style="list-style-type: none"> <li>EQC, TC, BC, PRC, HC and PC Review of Technical Updates to the General Plan at Public Work Sessions</li> <li>Provide Direction to Staff and Recommendation to the City Council</li> </ul>	<ul style="list-style-type: none"> <li>Review of HCD Comments and Suggested Modifications to the Draft Housing Element</li> <li>Provide Direction to Staff</li> </ul>	<ul style="list-style-type: none"> <li>Public Hearing</li> <li>Recommend General Plan Amendments and Housing Element (with Modifications) to the City Council</li> <li>The Housing Commission will also review modifications to the Draft Housing Element and will make a recommendation to the Planning Commission and City Council</li> </ul>	<ul style="list-style-type: none"> <li>Public Hearing</li> <li>Adoption of the Updated Housing Element by the City Council</li> <li>Other General Plan Amendments and Rezoning will be adopted/completed concurrent with adoption of the Housing Element</li> </ul>	<ul style="list-style-type: none"> <li>Completion of GPA's and Rezoning concurrent with Housing Element adoption.</li> </ul>



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# COMMUNITY SERVICES DEPARTMENT

Council Meeting Date: April 24, 2012

Staff Report #: 12-080

Agenda item #: F-2

**REGULAR BUSINESS:** Consider a Resolution Approving a \$1,849,047 Loan from the Below Market Rate Fund to Human Investment Project (HIP) Housing for the Purchase of a 12-Unit Apartment Building at 1157 and 1161 Willow Road for Low- and Very Low- Income Housing Opportunities Reallocating \$1 Million from the Foreclosure Prevention Program and Using \$990,000 from Interest Income and Authorize the City Manager to Execute Any Documents Necessary to Consummate Such Loan

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## RECOMMENDATION

Staff recommends the City Council adopt a Resolution approving a \$1,849,047 loan from the City's Below Market Rate Housing Fund to HIP Housing for the purchase of a 12-unit apartment complex located at 1157 and 1161 Willow Road for low- and very low- income housing opportunities. Funding will come from the Below Market Rate (BMR) Fund. Staff also recommends the City Council authorize the City Manager to execute any documents necessary to complete the transaction subject to the review and approval of the City Attorney.

## BACKGROUND

In 1993, HIP Housing and the City of Menlo Park began their relationship when the City provided funding to HIP from the Redevelopment Housing Set-Aside Fund to support their efforts to provide housing through home sharing and to support their Self-Sufficiency Program. HIP owns and operates 13 housing developments in San Mateo County, which provide homes for over 400 lower income residents. Upon the elimination of the Redevelopment Agency, the City cancelled its contract with HIP, ending the operational support for the current fiscal year. About that same time, HIP found an apartment building on Willow Road in Menlo Park that they felt would work well in their property management portfolio. Having recently become aware of the City's Below Market Rate (BMR) Fund and its potential use for the purchase of apartment buildings for use as BMR housing, HIP approached the City with this loan request. The proposal was presented to the Housing Commission at their regular meeting on March 7, 2012 and was approved.



## FUNDING REQUEST

HIP Housing seeks financing from the City of Menlo Park to acquire the existing apartments at 1157 – 1161 Willow Road for rehabilitation and conversion to permanently affordable rental housing for low- and very low-income households. Financing is requested in the form of a \$1,849,047 to cover the majority of the property’s purchase price of \$1,990,000. An appraisal (attached) has been completed that values the property at \$2 million.

<b>Terms:</b>	
Purchase Price	\$1,990,000
Appraised Value	\$2,000,000
City Loan Request	\$1,849,047
Term	55-year deferred (no payments until end of term)
Interest Rate	0%
Other terms:	The City will have a right of first refusal in the event that HIP decides to sell the property at some point during the deferral period.
	Contract terms should also stipulate a requirement to maintain the property at a high level.
	Provide an opportunity for the City to repurchase the property at HIP’s cost (purchase price plus rehab costs) if another development opportunity on Willow Road requires inclusion of the site.
	The City’s loan would be secured by a deed of trust that would be in second position, subordinate to the rehabilitation loan.

HIP’s funding request is included as Attachment A, their Project Summary is included as Attachment B, their pro-forma is included as Attachment C, and their appraisal is included as Attachment E.

The funding requested would be used by HIP for the acquisition of the apartment complex for the provision of housing opportunities for low- and very low-income households from the City’s BMR wait list and HIP’s Self-Sufficiency Program. HIP has proposed a financial structure that relies heavily on the City, the County, and a non-profit development lender for the capital needs of the project, reserving their own funds for the management and operation of the units after construction.

## SITE LOCATION

The property consists of 12 apartments in two, two-story buildings built in 1958 on 0.28 acres. The property is located on Willow Road just North-East of the Highway 101 interchange, between Pierce Road and Newbridge Street. Ten of the units are one bedroom/one bath apartments and two are two bedroom/one bath apartments. There are 12 tuck-under parking spaces. The dwelling units are currently vacant except for an on-site representative of the Owner to be vacated prior to closing. Approximately half of the units have been renovated or are in the process of renovation. The current owner has installed dual pane windows and solar panels on the roofs. A complete realtor's description of the property is included as Attachment D.

## PROJECT DESCRIPTION

### Acquisition and Rehabilitation:

HIP Housing submitted an offer to purchase the property contingent upon completion of a comprehensive physical needs inspection; structural, environmental, and pest reports; an appraisal; and approval of financing. HIP Housing intends to complete all renovations indicated by the reports, including complete interior upgrades of all units. These inspections and appraisal have been completed and the results did not significantly change the initial pro forma. The attached pro forma contains an estimate of the required rehabilitation scope.

HIP Housing has proposed to the seller that the financing contingency be released 60 days after acceptance, which would mean financing approval by late June, and close of escrow within 90 days of acceptance, which would mean close of escrow by early August.

### Affordability:

HIP Housing proposes that occupancy of nine of the dwelling units be restricted to households with incomes below 50% of Area Median Income (AMI) with rents restricted to 30% of 50% of AMI, and that the remaining three units be restricted to households with incomes below 30% of AMI with rents restricted to 30% of that income (see table below). Two of the 30% AMI units would be one-bedroom units and one would be a two-bedroom unit. Maximum rents with these assumptions are shown in the attached pro forma (Attachment C).

Rent example assuming a 2-person household*:			
Income Level	Income	30% of Income	Monthly Rent
Area Median Income	\$81,300	\$24,390	\$2,032
50% AMI	\$40,650	\$12,195	\$1,016
30% AMI	\$24,390	\$7,317	\$610

\*Variance in household size affects income restrictions.

### **Additional Funding:**

HIP Housing intends to obtain additional long-term financing in the form of a fixed rate loan in an amount supported by the affordable rents and operating expenses to cover rehabilitation costs. Clearinghouse CDFI, a nonprofit lender, is providing a loan in the amount of \$505,782 at 5.75 percent interest amortized over 30 years, but due in 10 years, as shown in the attached pro forma.

HOME funding for part of the purchase price and rehabilitation costs from San Mateo County has been secured by HIP in the amount of \$240,000. These funds will be in the form of a 55-year deferred payment residual receipts loan at an interest rate of three percent. The County has indicated that a loan in this amount on those terms can be available for the project through a simple review and approval process. HIP expects the total rehabilitation costs of the project to exceed \$312,000. Other costs, including inspections, fees, taxes and insurance, construction contingency, closing costs, and replacement reserve deposit, amount to an additional \$300,000.

Rental assistance from the County has been offered for the project for the inclusion of veterans as tenants. The County has added HIP Housing to their “preferred landlord” list to facilitate that assistance. The need to provide veteran housing has emerged as a pressing issue in the area, with a particularly heavy impact in the Menlo Park vicinity given the presence of the VA facility within a mile of this site.

### **Potential for Self-Sufficiency Households and Tenant Subsidy Funding:**

HIP Housing is exploring the potential, with City approval, to provide five or more units to participants in HIP Housing’s Self-Sufficiency Program. The potential for serving such households depends on HIP Housing’s ability to obtain subsidized funding from the San Mateo County Housing Authority Provider-Based Voucher Program. This funding would enable all of the units assisted by the Program to be affordable to households below 30% AMI.

The Self-Sufficiency Program enables low-income families to transition to financial independence by providing housing subsidies, case management, connection to education and job training, and community resources. Families also benefit from monthly Life Skills Workshops on topics such as budgeting, career coaching, home buyer education, and family nutrition. In 2010-2011, Countywide, the Self-Sufficiency Program provided housing and case-management services to 89 families (250 adults and children).

Evaluations of the success of the Self-Sufficiency Program report it has been successful in helping families become self-reliant. Exit interviews of 2011 graduates report that from the time they enter the program until graduation, average income increased by 60 percent, over 80 percent had improved money management skills, and 100 percent had more hope for the future.

## Property Management:

Professional property management services will be provided by Westlake Realty Group, an established firm which has managed HIP Housing's portfolio of properties throughout San Mateo County over the past five years. Westlake has over 30 years experience managing apartment communities, including both market rate and affordable housing. Its staff has over 25 years experience managing affordable housing properties.

## IMPACT ON CITY RESOURCES

The funding request for this agreement is \$1,849,047. The current balance of the BMR Fund estimate (as of June 30, 2011) is \$10,446,150. Included in that total was \$2,339,150 in uncommitted funds. On February 14, 2012, Council approved funding to Habitat for Humanity for \$650,000 for their Neighborhood Revitalization Program, bringing the uncommitted total to \$1,689,150. The Foreclosure Prevention Program, for which Council committed \$1,000,000 on October 6, 2009, has not expended any funds for its stated purpose. Staff recommends that the \$1,000,000 from the Foreclosure Prevention Program be reallocated to HIP Housing, along with \$849,047 from the uncommitted funds, to provide for this project. Other funding commitments for BMR Funds include the Purchase Assistance Loan (PAL) Program (\$4,482,000 committed, \$2,268,951 available to lend), the Neighborhood Stabilization Program (\$2,000,000 committed), and Habitat for Humanity (\$650,000 committed, plus \$625,000 from a previous allocation that was still active at the end of FY 2010-11).

<b>Funding Request</b>	\$1,849,047
<b>BMR FUND</b>	
BMR Fund Balance as of 6/30/11	\$10,446,150
Uncommitted BMR Funds as of 6/30/2011	\$2,339,150
Habitat for Humanity approved 2/14/2012	\$650,000
Uncommitted balance as of 2/14/2012	\$1,689,150
<b>Source of Funds for Loan</b>	
Foreclosure Prevention Program funding	\$1,000,000
Interest income	\$849,047
<b>Other BMR Commitments</b>	
PAL Program Commitment	\$4,482,000
PAL Funding Available to Loan	\$2,268,951
Neighborhood Stabilization Program	\$2,000,000
Habitat for Humanity approved 2/14/2012	\$650,000
Previous funding for Habitat	\$625,000
First Habitat funding	\$500,000

Funding this project will not have an impact on any currently pending projects, except for the Foreclosure Prevention Program (FPP), which will be terminated. With the elimination of the Housing Division, however, the FPP program would not have continued. With no successful projects in its short history, the program does not seem structured to address a pressing need in a useful way. The use of BMR funds may reduce opportunities for other development assistance in the near term, but with BMR contributions expected from the Gateway project and Facebook expansion, the growth in the fund should be able to cover new projects in the long term. Of particular concern

would be assistance to Mid-Pen Housing for potential redevelopment of the Gateway Apartments on Willow Road. Staff has had preliminary discussions with Mid-Pen about the project, but no firm proposals have been received at this time.

The completion of this project will provide 12 newly rehabilitated rental units, which will be shared between the City's BMR wait list and HIP's Self-Sufficiency Program participants. They will become the first rental units to be funded in the history of the City's BMR Program. Additionally, the rehabilitation of the project, funded through other sources, will improve housing stock on Willow Road.

## **POLICY ISSUES**

The lending of funds for the purchase of apartment units to increase affordable housing opportunities is an eligible activity in the BMR program and is consistent with previous Council support for the purchase and rehabilitation of rental properties in order to expand the BMR Program. The BMR Guidelines are included as Attachment G. The Guidelines allow for the use of BMR Funds to reduce the cost of housing for very low-, low-, and moderate income households with a preference for housing that assists households with minor children (Section 13.2). The use of these funds for the purchase of the 12-unit apartment complex meets this need by reducing operating costs for HIP to a level that allows for reduced rents for their tenants to levels that serve very low- and low- income households, which could include families with minor children. Various provisions of the Guidelines contained in Section 13.3 allow the use of funds for the purchase of existing units, whether for rehabilitation and resale or to reduce the purchase price of units for households with limited incomes. While assisting in funding the purchase of an apartment complex by a non-profit organization is not specifically listed in Section 13.3, the section does allow that funding is not limited to those activities listed.

A map of BMR and Income Qualified Housing locations in Menlo Park is also included as Attachment H.

## **ENVIRONMENTAL REVIEW**

This proposal is not a project under the current California Environmental Quality Act.



Douglas Frederick  
Housing Manager  
Report Author



Cherise Brandell  
Community Services Director

## **PUBLIC NOTICE**

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

## **ATTACHMENTS**

- A. Letter from HIP Housing Requesting Funding
- B. Project Summary
- C. Project Pro Forma for Willow Road Proposal
- D. Offering Memorandum – 1157-1161 Willow Road
- E. Appraisal
- F. Resolution
- G. BMR Guidelines
- H. BMR and Income Qualified Housing in Menlo Park (map)

H:\Staff Reports\City Council\2012\052212 - HIP Proposal.doc



HIPhousing

February 9, 2012

Mr. Doug Frederick, Ph.D  
Housing Manager – Community Development Department  
City of Menlo Park  
701 Laurel Street  
Menlo Park, CA 94025

Dear Mr. Frederick,

As per our conversation of February 7, 2012, HIP Housing is submitting a proposal for financing to the City of Menlo Park for the purchase of a 12-unit apartment complex located at 1157-1161 Willow Road, Menlo Park, CA. This property will be developed as a BMR rental complex.

HIP Housing is a nonprofit organization dedicated to providing creative affordable housing solutions throughout San Mateo County. We currently own 13 below market rate rental properties in five cities that provide a total of 209 BMR units countywide. As a result, we are a local leader in the affordable housing market with expert knowledge in the field.

Founded in 1972, HIP Housing has spent four decades earning the trust of local municipalities, partnering on acquisition and rehabilitation projects with San Mateo, Redwood City, San Carlos, Daly City and South San Francisco. Additionally, we have partnered with a total of 15 San Mateo County cities, including Menlo Park, for support of our Home Sharing and Self Sufficiency programs. These programs place low-income people in housing solutions that promote financial independence.

We are very proud of our 20-year relationship with the City of Menlo Park which has promoted programs that have directly benefited hundreds of Menlo Park residents.

The purchase of the Willow Road property will allows us to deepen this relationship and make important strides forward in creating the affordable housing so desperately needed in the City of Menlo Park and by the County of San Mateo.

Human Investment Project  
364 South Railroad Avenue  
San Mateo, CA 94401

p 650 348-6660  
f 650 348-0284  
www.hiphousing.org

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- Self-Sufficiency
- Home Equity Conversion
- Property Development

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*Associate Director*  
Lois Marshall-Ward  
*Development Director*  
Norma Quiroz  
*Accounting Director*

Attached are the proposed 1157-1161 Willow Road:

- Project Summary
- Project Pro Forma including a 30-year Cash Flow Analysis

If you have any questions on these materials, please direct them to:

- Arnie Fischman Housing and Community Development Consulting  
4061 Lakeshore Avenue  
Oakland, CA 94610  
(510) 763-1058 phone and fax  
(510) 435-4807 cell  
[Arniefisch@aol.com](mailto:Arniefisch@aol.com)

Thank you for your time and attention to this proposal. We are looking forward to the possibility of creating more affordable housing in this collaborative way.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kate Comfort Harr", with a long horizontal flourish extending to the right.

Kate Comfort Harr  
Executive Director  
HIP Housing



**HIP Housing  
1157 – 1161 Willow Road Menlo Park  
Acquisition/Rehabilitation Project Summary**

HIP Housing seeks financing from the City of Menlo Park to acquire the existing apartments at 1157 – 1161 Willow Road for rehabilitation and conversion to permanently affordable rental housing for low and very low income households. Financing is requested in the form of a 3% simple interest 55 year deferred payment loan in the amount of the property's purchase price of \$1,990,000. This amount might be reduced if funding becomes available from the San Mateo County HOME/CDBG program and/or County/CalHFA MHSA funds. The potential for such additional funding is discussed below.

**The Property:**

The property consists of 12 apartments in two two story buildings. The property is located on Willow Road just North-East of the Highway 101 interchange, between Price Road and Newbridge Street. Ten of the units are one bedroom/one bath apartments and two are two bedroom/one bath apartments. There are 12 tuck-under parking spaces. The dwelling units are currently vacant except for an on-site representative of the Owner. Approximately half of the units have been renovated or are in the process of renovation. The current owner has installed dual pane windows and solar panels on the roofs.

**Acquisition and Rehabilitation:**

HIP Housing has submitted an offer to purchase the property which is contingent on completion of a comprehensive physical needs inspection, structural, environmental, and pest reports, an appraisal, and approval of financing. HIP Housing intends to complete all renovations indicated by the reports, including complete interior upgrades of all units which have not yet been upgraded by the seller. The attached pro forma contains a very preliminary estimate of the required rehabilitation scope, which will be modified to reflect the conclusions of the inspection reports.

HIP Housing has proposed to the seller that the financing contingency be released 90 days after acceptance, which would mean financing approval by early May, and close of escrow within 120 days of acceptance, which would mean close of escrow by early June.

**Affordability:**

HIP Housing proposes that occupancy of nine of the dwelling units be restricted to households with incomes below 50% of Area Median Income (AMI) with rents restricted to 30% of 50% of AMI, and that the remaining three units be restricted to households with incomes below 30% of AMI with rents restricted to 30% of 30% of AMI. Two of the 30% AMI units would be one bedroom units and one would be a two bedroom unit. Maximum rents with these assumptions are shown in the attached pro forma.

**Additional Funding:**

HIP Housing intends to obtain additional long term financing in the form of a fixed rate loan in an amount supported by the affordable rents and operating expenses. Clearinghouse CDFI, a nonprofit lender, has expressed strong interest in providing a loan in the amount and terms shown in the attached pro forma.

**Potential for Self-Sufficiency and Special Needs Households and Additional Funding:**

HIP Housing is exploring the potential, with City approval, to provide five or more units to participants in HIP Housing's Self-Sufficiency Program and/or special needs households. Special needs households might consist of developmentally disabled adults. The potential for serving such households depends on HIP Housing's ability to obtain subsidized funding from the San Mateo County Housing Authority Provider Based Voucher Program and/or the County Mental Health/CalHFA Mental Health Services Act (MHSA) program. These funding sources would enable all of the units assisted by them to be affordable to households below 30% AMI .

MHSA funding would provide additional development cost financing of up to approximately \$114,000 per assisted unit, which would reduce the amount of funding required from Menlo Park.

In the event units are provided for special needs households, HIP Housing will partner with a supportive services nonprofit experienced with the population to be housed to provide supportive services at no cost to the residents.

**Other County Funding:** HIP Housing is also exploring the potential for obtaining additional funding from the San Mateo County HOME/CDBG program. If this funding can be obtained in a timely manner, it would also reduce the amount required from Menlo Park.

**Property Management:**

Professional property management services will be provided by Westlake Realty Group, an established firm which has managed HIP Housing's portfolio of properties throughout San Mateo County for five years. Westlake has over 30 years experience managing apartment communities, including both market rate and affordable housing. Its staff likewise has over 25 years experience managing affordable housing properties.

<b>Willow Road Menlo Park</b> May 8, 2012
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Scheduled rents	No. Units	Gross Rent	Utility Allowance	Max Rent	Annual Rent
1 BR 50% AMI	8	1,040	35	1,005	96,480
1 BR 30% AMI	2	624	35	589	14,136
2 BR 50% AMI	1	1,248	45	1,203	14,436
2 BR 30% AMI	1	749	45	704	8,448
	12			2,797	133,500

Utility allowances = gas heat and gas ranges; other electric

Other Income (laundry)					1,038
Vacancy 5%					(6,727)
Total Income					126,773

**Willow Road Menlo Park**  
 May 8, 2012

**Operating Budget**

Units	12	
	Annual	PUPA
<b>RENTAL INCOME</b>		
Rental Income- Tenant	133,500	11,125
Housing Authority Income		0
Laundry Income	1,038	87
Vacancy loss	(6,727)	(561)
Interest Income - Operating		0
Interest Revenue - Security		0
NSF and Late Charges		0
Clean/Damage/Maintenance	0	0
Credit Report Fees	0	0
Miscellaneous Income	0	0
<b>Total Gross Revenue</b>	<b>127,811</b>	<b>10,651</b>
<b>MARKETING AND RENTING EXPENSES</b>		
Advertising	50	4
Credit Reports	150	13
<b>TOTAL MARKETING EXPENSES</b>	<b>200</b>	<b>17</b>
<b>Site Staff Expenses</b>		
Manager's Unit		0
Health Ins./EE Benefits	2,797	233
Payroll - Manager	10,591	883
Payroll - Maintenance	6,941	578
Payroll Taxes	1,399	117
Workers Comp	1,399	117
<b>Total Site Staff Expenses</b>	<b>23,127</b>	<b>1,927</b>
<b>Administrative Expenses</b>		
Office Expenses	431	36
Office Rent	1,099	92
Management Fees	8,330	694
Legal/mediation Expenses		0
CPA/Audit	2,671	223
Bookkeeping Services		0
Telephone, DSL, Fax	913	76
Mileage/Travel	1,872	156
Bad Debts	487	41
Office Equipment	105	9
Bank Service Charges	480	40
Licenses and Permits	1,132	94
Professional Fees	7	1
Postage & Delivery	13	1
Equipment Repairs	10	1
Misc. Admin Expenses	500	42
Seminars/Training	161	13
Computer Charges	82	7
<b>Total Administrative Expenses</b>	<b>18,293</b>	<b>1,524</b>
<b>UTILITIES EXPENSE</b>		
Electricity (solar)		0
Water	3,000	250
Gas	2,500	208
Sewer	8,694	725
Garbage Removal	7,000	583
<b>Total Utilities Expense</b>	<b>21,194</b>	<b>1,766</b>

<b>Operating &amp; Maintenance Expenses</b>		
Janitorial and Cleaning Services	269	22
Janitorial Contract	313	26
Pest Contract	1,545	129
Fire Alarm Monitoring		0
Landscape Contracts	2,000	167
Repairs Materials	1,000	83
Maint. and Repairs Contracts	3,500	292
Deco/Painting Contract	2,000	167
Deco/Painting Supplies	750	63
Miscellaneous Maintenance	500	42
<b>Total Operating &amp; Maintenance Expenses</b>	<b>11,877</b>	990
<b>TAXES AND INSURANCE</b>		
Real Estate Taxes	1,090	91
Property Insurance	3,527	294
Earthquake Insurance		0
<b>Total Taxes and Insurance</b>	<b>4,617</b>	385
<b>Total Operating Expenses</b>	<b>79,308</b>	6,609
<b>Replacement Reserves</b>	<b>6,000</b>	500
<b>Total Non-Financial Expenses</b>	<b>85,308</b>	7,109
<b>Net Operating Income</b>	<b>42,503</b>	3,542
<b>Available for Debt Service @ 1.20</b>	<b>35,419</b>	2,952
<b>Financial Expense</b>		
Interest on Mortgage		
Mortgage Principal		
Interest on Mortgage		
Mortgage Principal		
<b>Total Financial Expense</b>	<b>35,419</b>	2,952
<b>Total Expenses</b>	<b>120,727</b>	10,061
<b>Cash Flow</b>	<b>7,084</b>	590

**Willow Road Menlo Park**  
 May 8, 2012

**Sources and Uses of Funds - Predevelopment**

<b>Sources of Funds</b>	<b>Per Unit</b>	<b>Total</b>
HIP Housing Advance	7,265	87,182
	0	
	0	
<b>Total Sources</b>	<b>7,265</b>	<b>87,182</b>

<b>Uses of Funds</b>		
Appraisal	208	2,500
Environmental and Inspection Reports (below)	907	10,882
Purchase Agreement Deposit	5,000	60,000
Architect	833	10,000
Housing Consultant	250	3,000
Financing Application Loan Fees	67	800
<b>Total Predevelopment Costs</b>	<b>7,265</b>	<b>87,182</b>

<b>Surplus/(Shortfall)</b>	<b>0</b>	<b>0</b>
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<b>Environmental and Inspection Reports</b>		
Pest Report	48	575
Physical Needs Assessment	292	3,500
Structural Engineer	42	500
Asbestos and lead paint surveys	359	4,307
Phase I ESA	167	2,000
<b>Total</b>		<b>10,882</b>

**Willow Road Menlo Park**  
 May 8, 2012

**Sources and Uses of Funds - Acquisition**

<b>Sources of Funds</b>	<b>Per Unit</b>	<b>Total</b>
HIP Capital Fund Construction Loan	23,099	277,182
City of Menlo Park BMR Fund	154,087	1,849,047
Seller Credit for Pest Control Items	872	10,465
<b>Total Sources</b>	<b>178,058</b>	<b>2,136,694</b>

<b>Uses of Funds</b>		
Site Acquisition	165,833	1,990,000
Site Acquisition title and closing costs	833	10,000
Appraisal	208	2,500
Environmental and Inspection Reports	907	10,882
Architect	833	10,000
Housing Consultant	250	3,000
Financing Application Loan Fees	67	800
<b>Total Acquisition Costs</b>	<b>168,932</b>	<b>2,027,182</b>

<b>Costs incurred during construction</b>		<b>109,512</b>
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<b>Surplus/(Shortfall)</b>	<b>0</b>	<b>0</b>
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**Willow Road Menlo Park**  
 May 8, 2012  
 Detail Sources and Uses of Funds - Acquisition

Sources Funds		Menlo Park BMR Fund	HIP Capital Fund Construction Loan	Seller Credit for Pest Control Items	Total	Must = 0	
<b>Uses of Funds</b>	<b>Per Unit</b>	<b>Total</b>					
Site Acquisition	165,833	1,990,000	1,739,535	240,000	10,465	1,990,000	0
Site Acquisition title and closing costs	833	10,000		10,000		10,000	0
Appraisal	208	2,500		2,500		2,500	0
Environmental and Inspection Reports	907	10,882		10,882		10,882	0
Architect	833	10,000		10,000		10,000	0
Housing Consultant	250	3,000		3,000		3,000	0
Financing Application Loan Fees	67	800		800		800	0
Total Acquisition Costs	168,932	2,027,182	1,739,535	277,182	10,465	2,027,182	0
Total Available		2,136,694	1,849,047	277,182	10,465	2,136,694	0
<b>Surplus/(Shortfall)*</b>			109,512	0	0	109,512	

\*Surplus Menlo Park BMR Funds used for rehabilitation costs incurred during construction period



**Willow Road Menlo Park**  
 May 8, 2012  
 Attachment 2 – Development Budget  
 Construction Costs

<b>UNIT INTERIOR IMPROVEMENTS</b>	<b>Quantity</b>	<b>Unit cost</b>	<b>Total</b>
Entry Doors (including storage and laundry rooms) - replace	12	500	6,000
Interior Doors-replace	12	300	3,600
Carpet & Pad-remove and replace with new	11	900	9,900
Sheetrock Walls & Ceilings-repair	4	250	1,000
Heaters - remove and replace	12	800	9,600
Replace broken windows	4	800	3,200
Hazarous materials removal allowance	1	5,000	9,000
Window coverings	8	300	2,400
Paint-prime & paint all units	12	900	10,800
Allowance for misc. demo and removal	1	6,000	6,000
<b>KITCHEN</b>			
Cabinets - remove and replace with new	9	2,000	18,000
Countertops - remove & replace w/ new	9	800	7,200
Sink-remove and replace with new	9	400	3,600
Range and hoods -remove & replace w/ new	12	800	9,600
Refrigerator - remove and replace with new	3	600	1,800
Sheet vinyl Flooring - remove & replace with new	6	400	2,400
Light Fixtures -remove & replace w/ new	12	300	3,600
<b>BATHROOM</b>			
Cabinets-remove & replace w/ new vanity	12	300	3,600
Sink-remove & replace w/ new cultured marble countertop w/ integral sink	12	600	7,200
Remove & replace tub and shower surround and valves; misc. plumbing upgrades	8	2,000	16,000
Subfloor allowance	4	1,000	4,000
Sheet vinyl Flooring - remove & replace with new	6	400	2,400
Waterclosets-remove & replace w/ new	3	350	1,050
Light Fixtures -remove & replace w/ new	12	300	3,600
Add exhaust fans	12	800	9,600
Subtotal			155,150
Contractor O/P and Fees			21,721
Total incl. O/P			176,871

14%

<b>Exterior Improvements</b>		
Remove asphalt at rear of property and replace with planting; add dumpster pad, seal parking area		5,000
Fencing - add security fence at rear of property		8,000
Facia, joist, gutters, stairs, walkway and and downspout repairs		11,000
Exterior lighting improvements		3,000
Carport storage area improvements		1,500
Replace bollards		800
Storage room, office, and laundry room improvements		4,000
Upgrade electrical		24,000
Landscaping in front area		7,000
Full exterior paint		20,000
Seismic upgrade including strengthening posts and header connections		35,000
Subtotal		119,300
Contractor O/P and Fees		16,702
Total incl. O/P		136,002

14%

<b>Total Interior and Exterior</b>			312,873
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**Willow Road Menlo Park**  
 May 8, 2012  
 Sources and Uses of Funds - Construction

Sources of Funds	Per Unit	Total
City of Menlo Park BMR Fund	154,087	1,849,047
San Mateo County Rental Rehab Loan	20,000	240,000
HIP Housing Capital Fund Construction Loan	30,178	362,138
Seller Credit for Pest Control Items	872	10,465
<b>Total Sources</b>	<b>205,138</b>	<b>2,461,650</b>

0% 55 year interest only deferred (first position during construction)  
 3% 55 year interest only deferred/residual receipts (second position during construction)  
 2% payable at perm loan closing (unsecured)

Uses of Funds	Per Unit	Total
Acquisition	165,833	1,990,000
Title and Closing costs	833	10,000
Appraisal	208	2,500
Environmental and Inspection Reports	907	10,882
Architect and Engineering	3,333	40,000
Housing Consultant	583	7,000
Financing Application Loan Fees	690	8,281
Rehabilitation	26,073	312,873
Construction contingency @ 20%	5,215	62,575
Caretaker and security	667	8,000
Taxes and Insurance during construction	128	1,539
Soft Cost contingency	667	8,000
<b>Total Construction Period Costs</b>	<b>205,137</b>	<b>2,461,650</b>
<b>Surplus/(Shortfall)</b>	<b>0</b>	<b>0</b>

**Willow Road Menlo Park**  
 May 8, 2012  
 Detail Sources and Uses of Funds - Construction

Sources Funds			Menlo Park BMR Fund	HIP Capital Fund Construction Loan	San Mateo County Rental Rehab Loan	Seller Credit for Pest Control Items	Total	Must = 0
<b>Uses of Funds</b>	Per Unit	Total						
Acquisition	165,833	1,990,000	1,739,535		240,000	10,465	1,990,000	0
Title and Closing costs	833	10,000	0	10,000			10,000	0
Appraisal	208	2,500	0	2,500			2,500	0
Environmental and Inspection Reports	907	10,882	0	10,882			10,882	0
Architect and Engineering	3,333	40,000	0	40,000			40,000	0
Housing Consultant	583	7,000	0	7,000			7,000	0
Financing Application Loan Fees	690	8,281	0	8,281			8,281	0
Rehabilitation	26,073	312,873	109,512	203,361			312,873	0
Construction contingency @ 20%	5,215	62,575		62,575			62,575	0
Caretaker and security	667	8,000		8,000			8,000	0
Taxes and Insurance during construction	128	1,539		1,539			1,539	0
Soft Cost contingency	667	8,000		8,000			8,000	0
Total Construction Period Costs	205,137	2,461,650	1,849,047	362,138	240,000	10,465	2,461,650	0
Total Available	2,461,650	2,461,650	1,849,047	362,138	240,000	10,465	2,461,650	0
		0	0	0	0	0	0	0

**Willow Road Menlo Park**  
 May 8, 2012  
 Sources and Uses of Funds - Permanent

Sources of Funds	Per Unit	Total
First Mortgage Clearinghouse CDFI	42,148	505,782
City of Menlo Park BMR Fund	154,087	1,849,047
San Mateo County Rental Rehab Loan	20,000	240,000
Seller Credit for Pest Report Items	872	10,465
<b>Total Sources</b>	<b>217,108</b>	<b>2,605,294</b>

5.75% 30 year amortization fixed rate due in 10 years  
 0.00% 55 year interest only deferred  
 3.00% 55 year interest only deferred/residual receipts

Uses of Funds	Per Unit	Total
Acquisition	165,833	1,990,000
Title and Closing costs	917	11,000
Rehabilitation	26,073	312,873
Construction contingency @ 20%	5,215	62,575
Appraisal	208	2,500
Environmental and Inspection Reports	907	10,882
Arhitect and Engineering	3,333	40,000
Owner Housing Consultant	750	9,000
Financing Application Loan Fees	690	8,281
Caretaker and security	667	8,000
Cost Audit	125	1,500
Construction Loan Interest	181	2,173
Taxes and Insurance during construction	128	1,539
Capitalized Replacement Reserve deposit	2,083	25,000
Soft Cost Contingency	998	11,971
Developer Fee	9,000	108,000
<b>Total Development Cost</b>	<b>217,108</b>	<b>2,605,293</b>

2% 6 month construction loan period

9,000 per unit HCD permitted amount

<b>Surplus/(Shortfall)</b>	<b>0</b>	<b>0</b>
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**Willow Road Menlo Park**  
 May 8, 2012  
 Detail Sources and Uses of Funds - Permanent

Sources Funds			Menlo Park BMR Fund	San Mateo County Rental Rehab Loan	First Mortgage Clearinghouse CDFI	Seller Credit for Pest Control Items	Total
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Must = 0

Uses of Funds	Per Unit	Total					
Acquisition	165,833	1,990,000	1,739,535	240,000		10,465	1,990,000
Title and Closing costs	917	11,000			11,000		11,000
Rehabilitation	26,073	312,873	109,512		203,361		312,873
Construction contingency @ 20%	5,215	62,575			62,575		62,575
Appraisal	208	2,500			2,500		2,500
Environmental and Inspection Reports	907	10,882			10,882		10,882
Arhitect and Engineering	3,333	40,000			40,000		40,000
Owner Housing Consultant	750	9,000			9,000		9,000
Financing Application Loan Fees	690	8,281			8,281		8,281
Caretaker and security	667	8,000			8,000		8,000
Cost Audit	125	1,500			1,500		1,500
Construction Loan Interest	181	2,173			2,173		2,173
Taxes and Insurance during construction	128	1,539			1,539		1,539
Capitalized Replacement Reserve deposit	2,083	25,000			25,000		25,000
Soft Cost Contingency	998	11,971			11,971		11,971
Developer Fee	9,000	108,000			108,000		108,000
Total Development Cost	217,108	2,605,293	1,849,047	240,000	505,782	10,465	2,605,294
Total Available		2,605,294	1,849,047	240,000	505,782	10,465	2,605,294
Surplus/(Shortfall)		0	0	0	(0)	0	(0)

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**Willow Road Menlo Park**  
**May 8, 2012**  
**Attachment 3 – Operating Budget & Proforma**

**30 Year Cash Flow**

Assumptions:	
Rent Increase:	2.50%
Expenses Increase:	3.50%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	
Gross Potential Income	133,500	136,838	140,258	143,765	147,359	151,043	154,819	158,690	162,657	166,723	170,891	175,164	179,543	184,031	188,632	193,348	198,182	
Other Income	1,038	1,064	1,091	1,118	1,146	1,174	1,204	1,234	1,265	1,296	1,329	1,362	1,396	1,431	1,467	1,503	1,541	
Gross Income	134,538	137,901	141,349	144,883	148,505	152,217	156,023	159,923	163,921	168,020	172,220	176,526	180,939	185,462	190,099	194,851	199,722	
Vacancy	5.00%	6,727	6,895	7,067	7,244	7,425	7,611	7,801	7,996	8,196	8,401	8,611	8,826	9,047	9,273	9,505	9,743	9,986
Total Operating Expenses	3% first 6 years caps at 6,965	79,308	82,084	84,957	87,930	91,008	94,193	97,490	100,902	104,433	108,089	111,872	115,787	119,840	124,034	128,375	132,869	137,519
Replacement Reserve		6,000	6,180	6,365	6,556	6,753	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956
Net Operating Income		42,503	42,743	42,959	43,152	43,319	43,458	43,776	44,070	44,336	44,574	44,782	44,956	45,096	45,199	45,263	45,284	45,262
Debt Service		35,419	35,419	35,419	35,419	35,419	35,419	35,419	35,419	35,419	36,142	36,142	36,142	36,142	36,142	36,142	36,142	36,142
Cash Available for Distribution		7,084	7,323	7,540	7,733	7,899	8,039	8,357	8,650	8,917	9,155	8,639	8,814	8,954	9,057	9,121	9,142	9,120
Debt Coverage Ratio		1.20	1.21	1.21	1.22	1.22	1.23	1.24	1.24	1.25	1.26	1.24	1.24	1.25	1.25	1.25	1.25	1.25

Refinance Year 11	
Principal balance Clearinghouse	
CDFI end of year 10	420,406
New loan amortization period	30 years
New loan interest rate	7.75%
New loan annual debt service beginning year 11	36,142

**Willow Road Menlo Park**  
**May 8, 2012**  
Attachment 3 – Operating Budget & Proforma

**30 Year Cash Flow**

Assumptions:	
Rent Increase:	2.50%
Expenses Increase:	3.50%

	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Gross Potential Income	203,136	208,214	213,420	218,755	224,224	229,830	235,576	241,465	247,502	253,689	260,031	266,532	273,195
Other Income	1,579	1,619	1,659	1,701	1,743	1,787	1,832	1,877	1,924	1,973	2,022	2,072	2,124
Gross Income	204,715	209,833	215,079	220,456	225,968	231,617	237,407	243,342	249,426	255,662	262,053	268,604	275,320
Vacancy	5.00%	10,236	10,492	10,754	11,023	11,298	11,581	11,870	12,167	12,471	12,783	13,103	13,430
Total Operating Expenses		142,332	147,314	152,470	157,806	163,329	169,046	174,963	181,086	187,424	193,984	200,774	207,801
Replacement Reserve	3% first 6 years	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956	6,956
caps at 6,965													
Net Operating Income		45,192	45,072	44,900	44,672	44,384	44,034	43,619	43,133	42,575	41,939	41,221	40,418
Debt Service		36,142	36,142	36,142	36,142	36,142	36,142	36,142	36,142	36,142	36,142	36,142	36,142
Cash Available for Distribution		9,050	8,930	8,758	8,529	8,242	7,892	7,477	6,991	6,433	5,797	5,079	4,276
Debt Coverage Ratio		1.25	1.25	1.24	1.24	1.23	1.22	1.21	1.19	1.18	1.16	1.14	1.12

Refinance Year 11	
Principal balance Clearinghouse	
CDFI end of year 10	420,406
New loan amortization period	30
New loan interest rate	7.75%
New loan annual debt service beginning year 11	36,142

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**APPRAISAL OF**

Twelve-Unit Apartment Property  
1157-1161 Willow Road  
Menlo Park, California



**PREPARED FOR**

Mr. Nathan DeSa  
Senior Commercial Underwriter  
Clearinghouse CDFI  
Lake Forest, California

Date of Value: March 19, 2012  
Date of Report: April 10, 2012

**PREPARED BY**

Joseph I. Napolliello, MAI  
**Real Estate Appraisal and Consultation**  
San Bruno, California



# Joseph I. Napoliello, MAI

*Commercial – Industrial – Residential – Real Estate Appraisal and Consultation*

April 10, 2012

Mr. Nathan DeSa  
Senior Commercial Underwriter  
Clearinghouse CDFI  
23861 El Toro Road, Suite 401  
Lake Forest, California 92630

Re: Appraisal of  
Twelve-Unit Apartment Property  
1157-1161 Willow Road  
Menlo Park, California  
Our Job # 201125

Dear Mr. DeSa:

In accordance with your recent request and authorization, we have inspected and appraised the twelve-unit apartment property at 1157-1161 Willow Road in the City of Menlo Park, County of San Mateo, California. The appraisal was made for the purpose of providing you with an independent opinion of market value in the undivided fee simple interest in the property as of March 19, 2012, the date of our physical visit to the property.

The accompanying report has been prepared for your use, as our client, for real estate loan underwriting purposes and may not be used by or distributed to any other parties without our written consent.

The report, which has been prepared to the standards addressed in the Uniform Standards of Professional Appraisal Practice (USPAP), describes in summary fashion the area, neighborhood, site, improvements, highest and best use, and our method of appraisal. It contains the pertinent data considered in reaching our valuation conclusions. Please note in particular, the Statement of Limiting Conditions and Assumptions found in the report.

The property was inspected and appraised by Joseph I. Napoliello, MAI, without significant professional assistance from any other persons. We performed an appraisal

Mr. Nathan DeSa  
April 10, 2012  
Page 2.

process using data and analyses considered necessary to produce a credible value conclusion(s) and prepared a summary report as described in USPAP.

Based on our visual inspection of the site and improvements, investigation, and analyses undertaken, we have formed the opinion that as of March 19, 2012, and subject to the definition of value, assumptions and limiting conditions, and certification contained in the report, the property had an undivided fee simple market value, as is, of

**TWO MILLION DOLLARS**  
**(\$2,000,000)**

**Extraordinary Valuation Assumption:** Some of the apartments are in various stages of renovation and need finishes such as carpets, cabinets and appliances. We have valued the property as if it were complete to arrive at an as-is value. Our valuation assumes the necessary work will be done in a professional and workmanlike manner.

This letter of transmittal is not intended to be a report of our data and conclusions. The report, which follows, must be read in its entirety to allow the user to fully comprehend the market data we relied on, our value conclusions, assumptions, and limiting conditions. The above value opinions do not include any personal property, fixtures, or intangibles.

Respectfully submitted,



Joseph I. Napoliello, MAI  
Certified General Real Estate Appraiser  
CA #AG003794

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**Addenda**

Definitions, Certification, Limiting Conditions and Assumptions  
Qualifications of the Appraiser  
Preliminary Title Report  
Owner's Financial Statement

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

**Subject of Appraisal:** Twelve-unit apartment property at  
1157-1161 Willow Road  
Menlo Park  
County of San Mateo, California 94025  
APN: 062-093-300 and 062-093-310

**Nature of Assignment:** Provide an independent opinion of market value in the undivided fee simple interest for real estate loan underwriting.

**Owner of Record:** John K. Mooney and Patricia Ann Mooney, husband and wife as joint tenants as to tract one and two

**Date of Valuation:** March 19, 2012

**Lot Size:** ±12,000 sq. ft. or ±0.276 acres

**Improvements:** The site is improved with a twelve-unit apartment property constructed circa 1958. The design is conventional and is typical for the neighborhood. The two-story, wood-frame building is of average quality and assumed to be in average-to-good condition and it has been renovated over time. It has gross building area of approximately 10,380 square feet and a rentable area of approximately 6,820 square feet. This results in a floor area ratio of approximately 0.865 : 1. There are 12 on-site parking spaces.

Unit Mix:

Two (2) two-bedroom, one-bath apartments  
Ten (10) one-bedroom, one-bath apartments

**Zoning:** R3, Apartment District, under the jurisdiction of the City of Menlo Park

**Highest and Best Use:** Continuation of the current use subject to repairs and renovations

**Valuation:** \$2,000,000, as is

**Site Value: Not Estimated**

**Cost Approach: Not Estimated**

**Sales Comparison Approach: \$2,040,000**

Income Approach: \$1,953,000  
Potential Gross Income: \$209,280  
PGIM: 10.50  
Stabilized NOI: \$128,956  
Stabilized OAR: 6.25%  
Market Value / Unit: \$166,667  
Market Value / Sq. Ft.: \$193

**Extraordinary Assumption:**

Some of the apartments are in various stages of renovation and need finishes such as carpets, cabinets and appliances. We have valued the property as if it were complete to arrive at an as-is value. Our valuation assumes the necessary work will be done in a professional and workmanlike manner.

**DESCRIPTION OF ASSIGNMENT, MARKET AND PROPERTY**

**Subject of Appraisal:** Twelve-unit apartment property  
1157-1161 Willow Road  
City of Menlo Park  
County of San Mateo  
State of California  
Zip: 94025  
APN: 062-093-300 and 062-093-310

**Client:** Mr. Nathan DeSa  
Senior Commercial Underwriter  
Clearinghouse CDFI  
23861 El Toro Road, Suite 401  
Lake Forest, California 92630

Other intended users: We understand the appraisal may also be used by the City of Menlo Park

**Nature of Assignment:** The purpose of this appraisal is to provide our client an independent opinion of market value in the undivided fee simple interest in the above referenced property. We understand the appraisal will be used for real estate loan underwriting.

**Scope of Work:** In preparing this appraisal, the appraiser:

1. Inspected the subject site and the exterior of the improvements as well as the interior of all twelve units,
2. collected and analyzed regional, city and neighborhood data,
3. collected and analyzed pertinent data on the physical and legal characteristics of the site and improvements including environmental issues, zoning data, legal description and other related matters,
4. collected, verified (with at least one party to the transaction), and analyzed comparable improved sales, and rentals,
5. analyzed the highest and best use of the property,
6. developed an independent opinion of value using the sales comparison and income approaches to value, and reconciled the indications to a final opinion of value.

Market data was developed from a number of data services and contacts with real estate brokers and other appraisers.

---

**Joseph I. Napoliello, MAI**

The property was inspected by Joseph Napoliello, MAI. No other persons provided significant professional assistance in the valuation of the property or the writing of the report to the appraiser.

The comparables selected for analysis of the value of the property have been confirmed with at least one of the principals to the transactions or their employees or brokers or agents involved or through two separate, independent sources. We have also relied on public data from the assessor's and recorder's offices and the planning department to supplement our direct contacts. Our findings are presented in a summary narrative report format and we have used the type of data and analyses necessary to produce a credible appraisal of the property.

The appraisal process and development of the report were intended to meet the standards outlined in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Ethics of the Appraisal Institute and the Appraisal Foundation.

**Form of Report:** USPAP Standard 2-2(b), Summary Report

**Effective Date of Value:** March 19, 2012, a current date of value

**Date of Report:** April 10, 2012

**Owner of Record:** John K. Mooney and Patricia Ann Mooney, husband and wife as joint tenants as to tract one and two

Sales in the Past 3 Years: None

Currently Marketed: The property was listed for sale in January 2012 for \$1,990,000. It is currently in contract for the asking price.

**Market Area:**

Market analysis, according to the *Dictionary of Real Estate Appraisal, Fourth Edition*, is

1. *The identification and study of the market for a particular economic good*



or service.

2. A study of market conditions for a specific type of property.

Four forces typically influence a real estate market: 1. Social Forces, 2. Economic Forces, 3. Governmental Forces, and 4. Environmental Forces. Value comes from certain economic factors: utility, scarcity, desire, and effective purchasing power. In this and the following sections we will analyze these forces and factors in relation to the property.

**Market Area Boundaries**

The property under appraisal is located in the incorporated city of Menlo Park. It is further located in southern San Mateo County, one of the nine counties that make up the San Francisco Bay Area. Menlo Park is located approximately twenty-five miles southeast of San Francisco and roughly seventeen miles northwest of San Jose. The city is located along U.S. Highway 101 and is bounded on the north by unincorporated San Mateo County and the North Fair Oaks district, on the east by the cities of East Palo Alto and Palo Alto (Santa Clara County), on the south by Palo Alto and unincorporated San Mateo County and on the west by the town of Atherton and county areas. The property is further located along an arterial street east of downtown Menlo Park and east of Highway 101 in the Belle Haven neighborhood.

The San Francisco Bay Area is the fourth largest metropolitan area in the United States. It has a total population of over seven million. Located approximately 450 miles north of Los Angeles, the Bay Area is a center of international commerce and a popular tourist destination, as well. The largest cities are San Jose, San Francisco and Oakland. San Francisco is a major headquarters city with over 80 million square feet of office space in its downtown. San Jose, at the heart of the Silicon Valley, is now the most populous city in the area. It is also a major headquarters city and the center of the technology industry in California. Oakland is a major port and industrial city with a smaller, but still significant commercial presence. San Mateo County is centrally located between San Francisco and San Jose and the Pacific Ocean and the San Francisco Bay.

<b>Bay Area Population</b>		<b>Land Area</b>	<b>Density</b>
<b>Density</b>	<b>2011</b>	<b>Sq. Mi.</b>	<b>/ Sq. Mi.</b>
Alameda	1,521,157	737.6	2,062.3
Contra Costa	1,056,064	719.9	1,467.0
Marin	254,692	519.8	490.0
Napa	137,639	753.7	182.6
San Francisco	812,820	46.7	17,405.1
San Mateo	724,702	449.1	1,613.7
Santa Clara	1,797,375	1,290.7	1,392.6
Solano	414,509	829.2	499.9
Sonoma	487,125	1,575.9	309.1
<b>Totals</b>	<b>7,206,083</b>	<b>6,922.6</b>	<b>1,041.0</b>

Source:  
State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State; County Profiles

### **San Mateo County**

With a 2011 population of just over 724,000, San Mateo County is comprised of twenty incorporated cities and has a large unincorporated area along its coast. It is bounded by San Francisco on the north, the San Francisco Bay on the east, Santa Clara and Santa Cruz Counties on the south and the Pacific Ocean on the west. It has a total land area of approximately 449.1 square miles. Most development is along the bay plain between U.S. Highway 101 and Interstate 280. The westerly hills and lands along the coast are very lightly developed south of Pacifica.

The county has a diverse economic base. There are significant industrial areas in the north in Brisbane and South San Francisco, a number of large retail shopping centers, many hotels and related businesses near San Francisco International Airport, and a growing office and technology component around the U.S. Highway 101/State Highway 92 corridor. Leading industries are computer and electronic products, chemical, plastics and rubber products and food products. Median household income according to the 2009 American Community Survey was \$84,426, which is 140% higher than the statewide figure.

The County has an elected Board of Supervisors and a professional county manager. The county is generally supportive of growth and development subject to constraints such as congestion and limited water resources along the coast. Cities in the county provide public education through various school districts. There are three community colleges in the county and two four-year private colleges. Besides various downtown and neighborhood shopping districts, regional shopping centers in the county include the Serramonte Shopping Center in Daly City, the 280 Metro Center in Colma, and Hillsdale Shopping Center and Bridgepointe Shopping Center in San Mateo. Public transit is provided by the San Mateo County Transit District known as SamTrans.

Overall, the County of San Mateo benefits from a good location between major metropolitan centers. The population is well educated and enjoys a high level of income. Growth has stabilized and property prices are generally high. It should continue to be a desirable location to live and work into the foreseeable future.

### **City of Menlo Park**

Located in the central portion of the San Francisco Peninsula, the City of Menlo Park was founded in 1854 and incorporated in 1874 and reincorporated in 1927. It is a city of approximately 19 square miles in size. Development started in the 1850s and the city sits astride the county line with adjacent Santa Clara County. The January 2011 population was 32,185, which represents an increase of approximately 1% over the 2009 population of 31,858.

Menlo Park is divided between a bay plain and hills to the west of El Camino Real, a major north/south corridor connecting San Francisco and San Jose. The city has a mix of residential and commercial uses. There is minimal land available for development along the bay and the portions of the city west of U.S. Highway 101 are essentially fully developed. There is some commercial development along the U.S.

Highway 101 corridor and the El Camino Real corridor near the old downtown along Santa Cruz Avenue. The major employer in Menlo Park is Stanford University (actually set in adjacent Palo Alto). Menlo Park is also home to many financial service and venture capital businesses that are active in financing Silicon Valley industries. Median household income as reported by the census bureau was \$107,261. The median home price was \$1,094,000 in March of 2012, down 5.5% from the prior year but well above the countywide figure.

The city has an elected city council with five members and there is a professional city manager. Shopping districts include the Central Business District along Santa Cruz Avenue and El Camino Real. There are eight middle and elementary schools in the city plus private schools but no high schools or colleges. The Sequoia Union High School District serves southern San Mateo County and the nearest public high schools are in Woodside and Redwood City, a short distance away. Stanford University is located just to the south and there are three junior colleges in San Mateo County.

The immediate neighborhood is primarily low-density residential and character. The subject faces Willow Road, which is a high traffic arterial, but the setting is along a frontage street to the actual roadway. Most properties along the immediate block are one or two-story residences or apartment properties. There is a corner grocery market at the end of the block. Further to the northeast along Willow Road property uses are primarily commercial with some retail and research and development properties, as well. About one mile to the northeast, where Willow Road intersects Highway 84, land uses are primarily research and development or office type uses. It is in this area were a proposed expansion of *Facebook* would include up to 3,000 new employees.

Side streets away from Willow Road are primarily low-density residential. Most homes are smaller single or two-story residences. Home prices in this portion of Menlo Park are substantially lower than properties found west of Highway 101. Apartment rents are also slightly lower than prices west of Highway 101 but there are many larger, luxury developments closer to downtown Menlo Park.

In summary, the subject is located in the city of Menlo Park in the southern portion of San Mateo County in an area with higher than average home prices close to many high-tech businesses. The immediate neighborhood, however, has smaller homes that are typically lower than area averages in price and rentals are also lower than those typically found in the primary market areas near downtown. We anticipate this market will improve over time as there have been significant improvements along Willow Road with more development and redevelopment likely in the immediate area.

**Site Description:**

The site is located along a frontage street to Willow Road. It is commonly identified as 1157-1161 Willow Road, Menlo Park, California 94025. It actually consists of two assessor's parcels identified by the San Mateo Assessor as:

**APN:** 062-093-300 and 062-093-310

**CENSUS TRACT:** 6117

**TB MAP CODE:** 790-J1

**ELEMENTARY SCHOOL DISTRICT:** Ravenswood City  
Elementary School District

**HIGH SCHOOL DISTRICT:** Sequoia Union High School  
District

**SITE DIMENSIONS:** 100 feet by 120 feet

**SITE SIZE:**  $\pm$ 12,000 square feet or  $\pm$ 0.276 acres  
(approximate)

**SITE SHAPE:** Rectangular (See site sketch and plat map,  
which follow)

**STREET FRONTAGE(S):** 100 feet along the northwesterly  
line of Willow Road. There is also a public alley at the rear  
of the subject that is one-lane and width.

**STREET IMPROVEMENTS:** Two-lane, asphalt paved  
collector street with curb-side parking, concrete curbs,  
gutters and sidewalks. Streetlamps are on utility poles.  
Fire hydrants are typically on one corner per block. The  
alley is asphalt paved with concrete curbs but there is no  
parking.

**TOPOGRAPHY:** Mostly level and at grade with adjacent  
properties.

**AVAILABILITY OF UTILITIES:** All are available to the site  
including sanitary and storm sewer, water, electricity, gas,  
and telephone.

**SOIL AND SUBSOIL CONDITIONS:** We were not  
provided with a report of soil conditions affecting the  
property. The site appears to have adequate soils  
conditions for the current use or any likely future use  
based on the age of the improvements and the character  
of nearby uses, as well. Drainage appears adequate. Our  
valuation assumes this to be the case and we reserve the

right to review our conclusions should this not be factual.

**FLOOD ZONE:** Zone X, Map 060321 0008 D, dated April 21, 1999

**ALQUIST-PRIOLO SPECIAL STUDIES ZONE:** None

**WETLANDS:** None

**KNOWN/OBSERVED ENVIRONMENTAL HAZARDS:**  
None observed – we checked the state’s GeoTracker website and did not uncover any reported environmental issues with the subject site.

**OTHER NEARBY DETRIMENTAL CONDITIONS:** None noted but there is significant traffic along Willow Road.

**PLOTTAGE/ASSEMBLAGE POTENTIAL:** None – the subject and adjoining parcels are fully improved.

**LEGAL DESCRIPTION:** See preliminary title report in the addenda.

**CC&R’S/PRIVATE RESTRICTIONS:** None of record

**EASEMENTS/CONDITIONS:**

Exceptions 7 and 8: easement for utilities, street lighting, storm drains, and water lines.

One exception also includes an easement for a common/shared driveway that is not spelled out in the preliminary title report.

These easements run along the center of the combined parcel in an area used for driveway access. They do not have a detrimental impact on the existing use.

**SPECIAL ASSESSMENTS:** None

**ZONING:** The site is zoned R3, Apartment District, under the jurisdiction of the City of Menlo Park.

**GENERAL PLAN:** The general plan land use designation is Medium Density Residential.

Typical development standards include:

Sample Permitted Uses: single-family dwellings, duplexes, accessory buildings.

Sample Conditional Uses: three or more dwelling units, private schools and churches, day care centers, convalescent homes.

Minimum Lot Area: 7,000 square feet

Minimum Lot Dimensions: 80 feet wide, 100 feet deep for lots over 10,000 square feet.

Setbacks: front yard-15% of total lot width but no less than 20 feet; side yard-10 feet; rear yard-15% of total lot width but no less than 15 feet.

Lot Coverage: maximum 35%

Building Height: 35 feet

Driveways/Parking: no more than 20% of lot area

Landscaping: not less than 50% of lot area

Density: one unit per 3,333 square feet

The current use is a legal, non-conforming use. If a non-conforming apartment property is destroyed the zoning code does permit redevelopment. The property may be redeveloped to the density that existed prior to destruction as long as current building codes are satisfied.

**REASONABLE PROBABILITY OF ZONING/LAND USE**

**CHANGE:** None - the city has been working on updating it housing element for the general plan but we do not anticipate this will have a significant impact on the use or marketability or value of the subject.

**OVERALL SITE UTILITY:** Average overall site utility based on size, mid-block setting and topography. The site is fairly typical of smaller apartment parcels in the city.

**Property Taxes:**

Taxes	062-093-300	062-093-310	Totals
Assessed Land	\$10,799	\$10,799	\$21,598
Improved	\$72,407	\$72,308	\$144,715
Personal Property			
Total	\$83,206	\$83,107	\$166,313
Base Property Tax	\$925.32	\$924.22	\$1,849.54

Direct Charges	\$4,735.50	\$4,595.84	\$9,331.34
Total	\$5,660.82	\$5,520.06	\$11,180.88
Total Direct Assessments	\$4,735.50	\$4,595.84	\$9,331.34
Base Property Tax Rate	1.112%	1.112%	1.112%
Total Rate	6.803%	6.642%	6.723%

**Improvements**  
**Description:**

The site is improved with a twelve-unit apartment property constructed circa 1958. The design is conventional and is typical for the neighborhood. The two-story, wood-frame building is of average quality and assumed to be in average-to-good condition and it has been renovated over time. It has gross building area of approximately 10,380 square feet and a rentable area of approximately 6,820 square feet. This results in a floor area ratio of approximately 0.865 : 1. There are 12 on-site parking spaces.

The improvements are further summarized in the following paragraphs.

The building was constructed circa 1958.

The building has the following improved areas:

Gross Measured (Building) Area: 10,380 sq. ft.

Rentable (Leasable) Area: 6,820 sq. ft.

We will use the gross building area for comparison purposes as this is the most commonly applied measure in the market.

PLEASE NOTE: Square footage estimates are approximations based on public records and on-site measurements (for rentable area) that are rounded. Such measurements tend to be imprecise because of varying measuring techniques, building irregularities, unseen conditions and limited access to interior space. Further, square footage figures are used for comparison and are not the primary basis for valuation. It is understood that square footage figures for other properties are imprecise, as well, and this is taken into consideration in the valuation process. Valuation is not based on the square footage of the lot or improvements but takes into account all the legal, physical, income and locational characteristics of the

property.

FAR: 0.87 : 1

Parking: Twelve on-site carport parking spaces

Parking Ratio: One per dwelling unit

The building is set on a mid-block lot. The improvements are set back from the street and form a U-shape with a small separation between the two buildings.

There are two separate assessor's parcels and it appears that the two buildings could be sold separately. The pending purchase contract is for both buildings as one property and we have developed our valuation and description of the property as if it were one parcel. We frequently find similar properties in the market area operated as a single parcel. There may be a slight enhancement to value by selling each separately but we find most buyers usually opt to keep the two parcels as one.

Basic Structure: Wood-frame buildings on concrete slab foundations.

Exterior Description: The buildings have conventional mid-century designs with apartments above carport parking. The two larger two-bedroom units are located on the ground floor with the ten one-bedroom apartments located on the upper level.

The building has stucco siding and all of the windows have been updated with vinyl sliders. The roof is recently replaced composition shingle and the property has a solar system, as well. The exterior has been painted recently and the second level decking has also been replaced recently. The carports are built-in but it appears it may be possible to enclose the spaces. Each building has additional storage space and there is an on-site laundry.

Interior Description: The apartments are conventional in design and layout. Access to the bathrooms in the one-bedroom units is via the bedroom, however.

The two four-room, two-bedroom, one-bath apartments



have a gross living area of approximately 880 square feet. Each has a living room, kitchen with dining area, two bedrooms and one full bath. The units are both partially updated and have wall-to-wall carpeting in the living areas, drywall walls and ceilings (8 feet), and incandescent lighting. The kitchens have updated hardwood cabinets, granite countertops, gas range/oven, double stainless steel sink and vinyl flooring. The baths have vinyl flooring, tile wainscot, shower over tub, pedestal sink and standard toilet.

The three-room, one-bedroom, one-bath apartments range from approximately 462 to 528 square feet in gross living area. Most have similar layouts with entry into the living room and kitchen, bath and bedroom along the perimeter. The condition of each varies considerably.

The one-bedroom units in the 1157 building are summarized as follows:

- #2 – Needs complete renovation.
- #3 - Older bath, newer kitchen.
- #4 - Partially renovated, needs kitchen installation.
- #5 - Needs complete renovation.
- #6 - Partially renovated, needs bath installation.

The one-bedroom units in the 1161 building are summarized as follows:

- #2 – Older updates in marketable condition.
- #3 - Needs complete renovation.
- #4 - Partially renovated.
- #5 - Partially renovated.
- #6 - Partially renovated, needs new kitchen.

Most of the necessary work appears to be cosmetic in nature. We did not note any significant structural issues.

The units are relatively typical in size and layout for the market area. Condition, subject to repair and renovation, would be above average. Completion of the repairs in the manner already commenced would result in a property of average overall quality.

See the floor plans that follow.

The buildings are not fire sprinklered.

Each unit has a separate gas-fired wall furnace.

We assume all systems are functional.

The site is attractively landscaped at the front with above average fencing and lawn areas. The parking lot is asphalt paved.

Overall quality is average. The building is typical of older average quality construction for this market area.

Overall condition is fair to average or better. The building has been generally well maintained, but, as noted, a number of the units need significant repairs and renovation to be marketable.

The building appears to have average function for the current use or any other logical use.

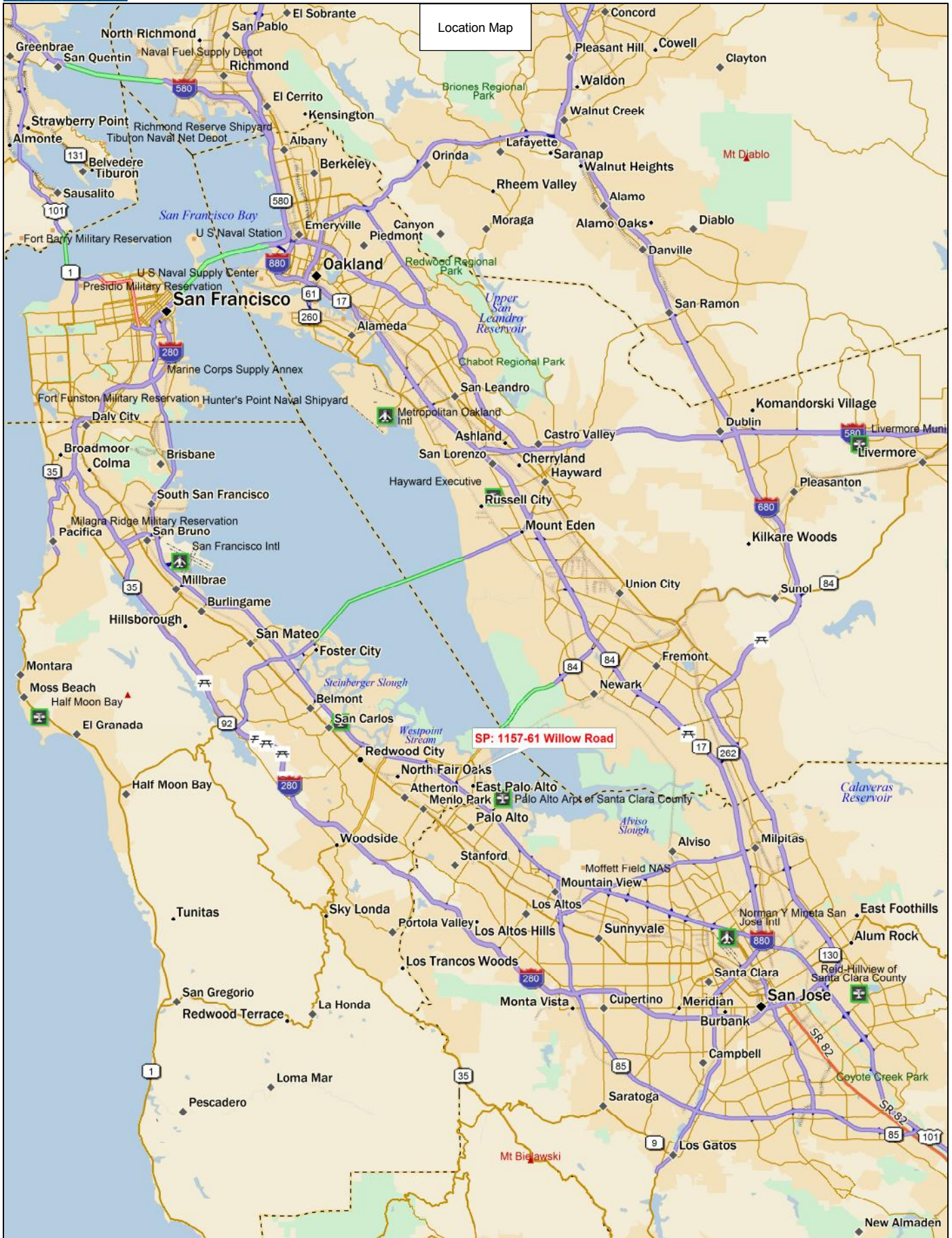
It appears that the building would have good marketability if available for sale or lease in the current market subject to repairs and renovation. As is, the property has a more limited marketability because of the need for additional work.

Actual Age: 54 years (1958)

Effective Age: +/-20 to 25 years

Remaining Economic Life: 25 to 30 years

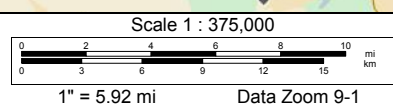
The site is improved with a twelve-unit apartment building of average quality and fair to average condition. It appears to be adequately maintained and has average function for the present or any likely future use. It has a number of useful years remaining and would be competitive in the local market after repairs and renovation.



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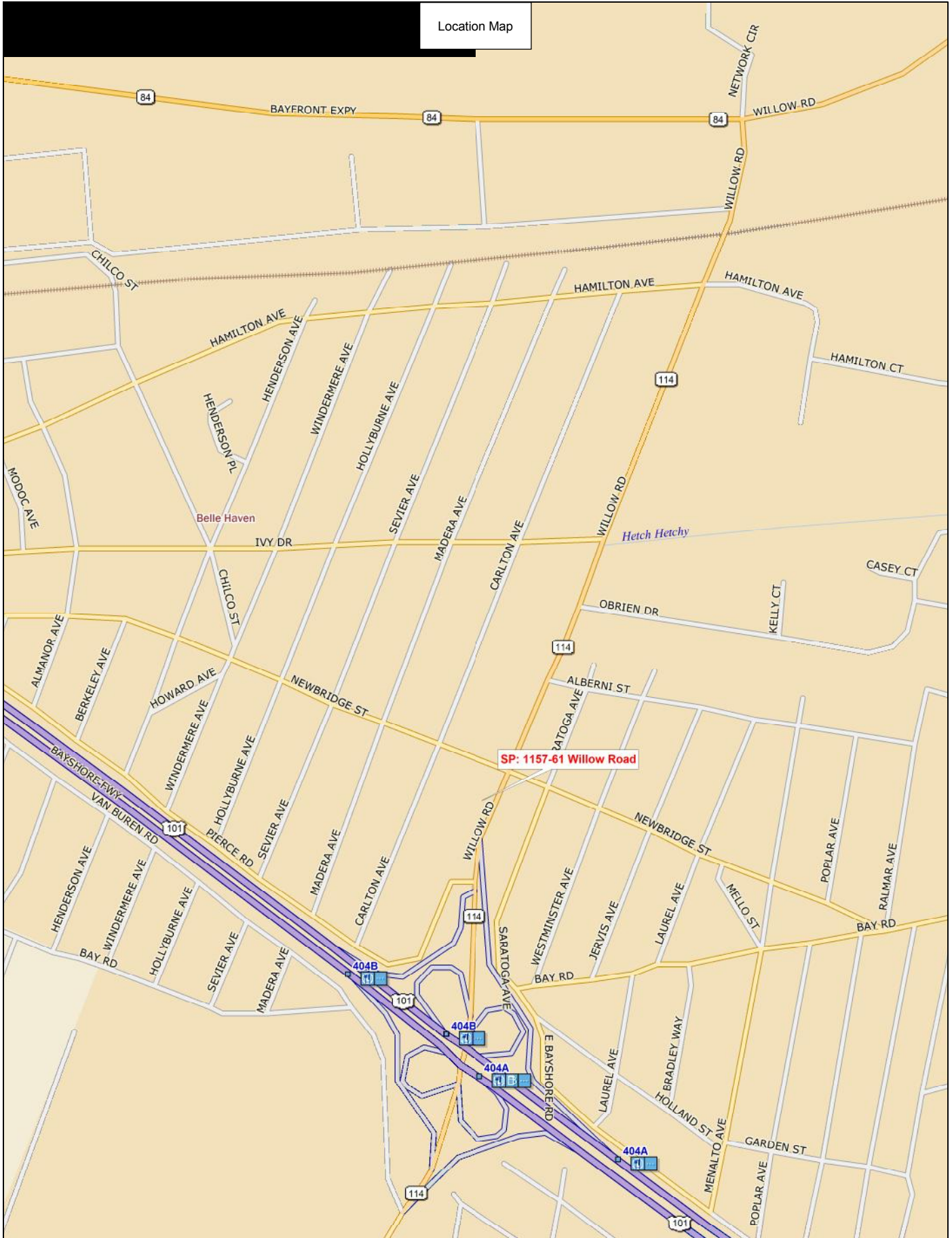
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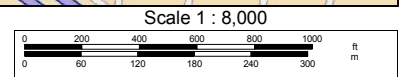
Location Map



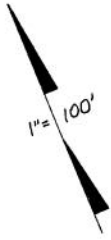
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Data Zone 14-6



7 TAX CODE AREA



NEWBRIDGE PARK RSM 14/6  
 NEWBRIDGE PARK MAP NO. 2 RSM 14/51  
 PARCEL MAP VOL 15/46

12

ASSASSOR'S MAP COUNTY OF SAN MATEO, CALIF.

# SKETCH/AREA TABLE ADDENDUM

Case No **willow**

Property Address **1157-1161 Willow Road**

City **Menlo Park**

County **Santa Clara**

State **California**

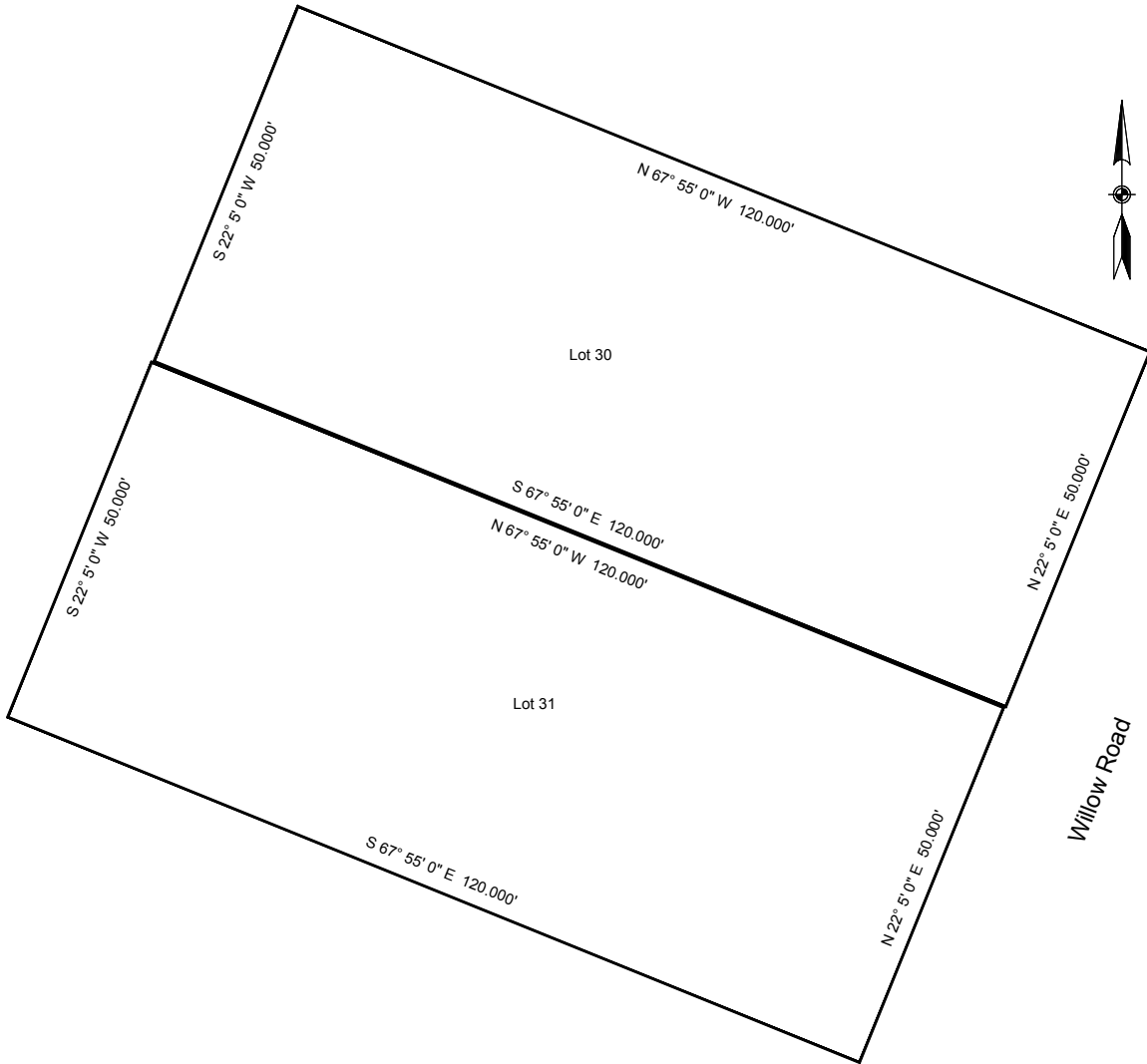
Zip

Borrower

Lender/Client

Appraiser Name **Joe Napoliello, MAI**

Appr Address **131 Darby Place, #1, San Bruno, CA 94066**



Scale: 1 = 25

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
SITE	Subject Site-Lot 31	5999.9947	
	Subject Site-Lot 30	6000.0005	11999.9952
TOTAL SITE / LAND AREA (rounded)			12000

AREA BREAKDOWN	
Breakdown	Subtotals

# SKETCH/AREA TABLE ADDENDUM

Case No **willow**

Property Address **1157-1161 Willow Road**

City **Menlo Park**

County **Santa Clara**

State **California**

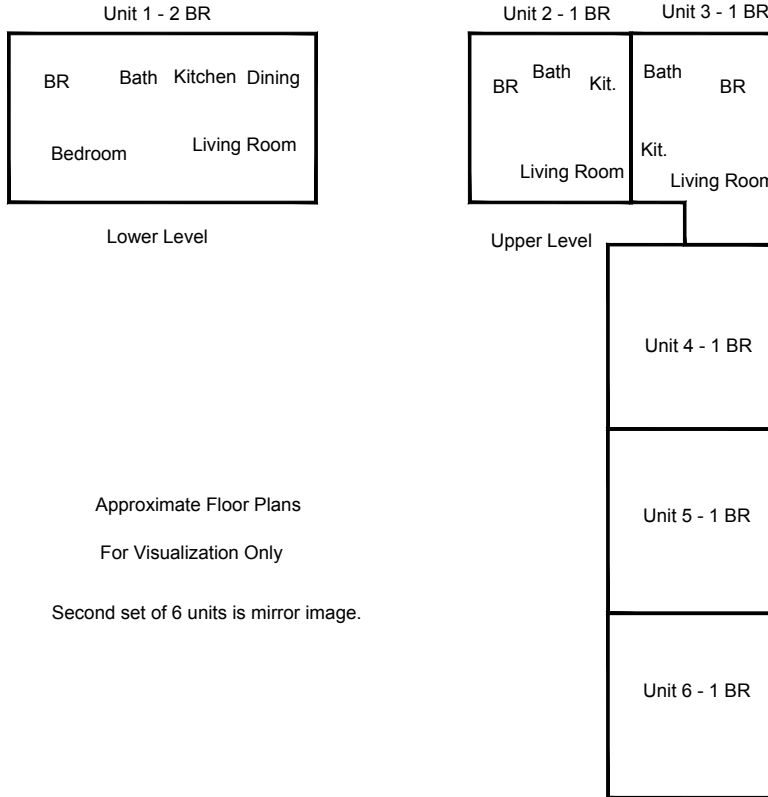
Zip

Borrower

Lender/Client

Appraiser Name **Joe Napoliello, MAI**

Appr Address **131 Darby Place, #1, San Bruno, CA 94066**



Willow Road

Scale: 1 = 25

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	Unit 1	880.0000	880.0000
GLA2	Unit 2	462.0000	
	Unit 3	484.0000	
	Unit 4	528.0000	
	Unit 5	528.0000	
	Unit 6	528.0000	2530.0000
<b>TOTAL LIVABLE (rounded)</b>			<b>3410</b>

LIVING AREA BREAKDOWN		
Breakdown	Subtotals	
Unit 1	22.000 x 40.000	880.0000
Unit 2	21.000 x 22.000	462.0000
Unit 3	12.000 x 27.500	330.0000
	7.000 x 22.000	154.0000
Unit 4	22.000 x 24.000	528.0000
Unit 5	22.000 x 24.000	528.0000
Unit 6	22.000 x 24.000	528.0000
<b>7 Calculations Total (rounded)</b>		<b>3410</b>



Figure 6 - Views of Subject



Front View of Subject



Rear View of Subject





Street Scene – Willow Road



Street Scene – Rear Alley



Interior View – Two Bedroom Unit



Interior View – Two-Bedroom Unit





Interior View - Two-Bedroom Unit



Interior View – Two-Bedroom Unit



Interior View – Two-Bedroom Unit



Interior View – One-Bedroom Unit



Interior View - One-Bedroom Unit



Interior View – One-Bedroom Unit



Interior View - One-Bedroom Unit



Interior View – One-Bedroom Unit





Interior View - Two-Bedroom Unit



Interior View – One-Bedroom Unit



Carport Parking



Side Yard



**MARKET ANALYSIS, HIGHEST AND BEST USE AND METHODOLOGY****Economic Trends:**

*FedViews - March 9, 2012 San Francisco Federal Reserve Bank  
"Mark Spiegel, vice president at the Federal Reserve Bank of San  
Francisco, states his views on the current economy and the outlook.*

- *Labor market conditions continued to improve in February. Payrolls increased by 227,000, with a gain of 233,000 jobs in the private sector offsetting government job losses. In addition, payroll figures for December and January were revised significantly upward. The unemployment rate remained unchanged in February at 8.3%. The labor force participation rate rose to 63.9% from 63.7%.*
- *The payroll increase was slightly better than expectations. Analysts were already anticipating continued improvement in the labor market following an earlier ADP National Employment Report showing solid private-sector job growth in February. We expect continued slow improvement in the labor market for the remainder of this year, with the unemployment rate remaining over 8%.*
- *Some other data releases were also modestly surprising on the upside. Real fourth-quarter 2011 gross domestic product growth was revised upwards to 3.0%, mildly above expectations. The Conference Board's consumer confidence index jumped in February to 70.8, its highest level since February 2011, largely due to the improved job market outlook. Light vehicle sales were also strong, with 15.1 million units sold in February. Retailers reported solid sales of apparel in February, which many stores attributed in part to exceptionally mild weather.*
- *However, some data releases suggested softening. Personal consumption expenditures have been relatively flat since October 2011. And recent increases in oil and gasoline prices may weigh on the consumption of other goods and services. The ISM manufacturing report's new orders index fell in February to 52.4 from 54.1 in January. Market participants had expected a modest increase to 54.5. Manufacturing has been a relative bright spot in the moderately paced recovery. Construction spending also dipped -0.1% in January, although data for November and December were modestly revised upwards.*
- *Given the mixed data, we expect growth in the first half of 2012 to slow from the fourth quarter of 2011 to about a 2% pace. We then expect growth to pick up in the second half of 2012, with GDP registering about a 2¼% growth rate for the year as a whole.*
- *Recent data show an increase in overall inflation, primarily reflecting increases in oil and gasoline prices. Indeed, in the latter part of 2011, overall inflation deviated markedly from core inflation, which excludes changes in food and energy prices. We expect overall, or headline, inflation to continue to exceed core inflation during the first half of the year. The personal consumption expenditures price index (PCEPI) is expected to run about 2¼% in the first half of the year, while the core PCEPI is expected to run about 1¾%. However, these figures are expected to moderate over the latter half of the year as the effects of energy price increases wear off. For the full year 2012, the PCEPI is expected to come in a bit under 2%. Notably, both overall and core inflation are expected to come in below the Federal Open Market Committee's announced 2.0% inflation target.*
- *Exports have played an important role in the U.S. recovery to date. However, continued difficulties in Europe are expected to weigh on economic performance in that region. This is particularly true in the euro area, where austerity measures recently adopted by a number of countries in the European periphery, combined with diminished, but continued, financial headwinds in that region, are likely to reduce European demands for U.S. exports. In contrast, economic performance in Asia is expected to remain*

*relatively robust.*

- *Because of the prominent role played by exports in the current recovery and the relative weakness of Europe, much attention has recently been paid to the possibility of a slowdown in Asian demand for U.S. goods and services. China is a particular focus of concern. China's government recently lowered its growth target for 2012 to 7.5%. But China's five-year plan had already called for 7-7.5% growth, so this is not considered a major policy change.*
- *While the Chinese economy appears to be slowing, there are also signs of resilience. China's manufacturing purchasing managers index edged up in February to 51. A score exceeding 50 indicates expansion. In addition, the Chinese government, which until recently had been tightening monetary policy in response to rising inflation, has moved towards an easier policy stance. The People's Bank of China has reduced reserve requirements. And one-year lending rates have not been raised since the middle of 2011."*

The Fed continues to expect stable core inflation but we worry that that CPI does not fully measure all costs as energy and food prices have jumped. There remains a risk of higher mortgage interest rates over the intermediate term as rates have hit historic lows with little room to fall significantly farther. Even with low mortgage rates home prices continue to trend downward as it is difficult to qualify for mortgage financing. The broad real estate market is having a long, slow rebound. Locally, food and energy prices have been moving higher as have rental rates for apartments in areas with strong employment growth such as San Francisco, San Mateo County and Santa Clara County. Outside of the West Bay counties, employment growth has been more modest. Gold prices have fallen back from the all-time high recently but oil prices remain over \$100 per barrel with the expectation that gas prices may go higher in 2012. Real estate development will likely remain slow for some time and some prices appear to be moving sideways in many markets. We have seen some improvement in the core R&D and office market areas and there appears to be demand for high-density multi-family land but other real estate sectors and those outside the core of the Bay Area remain slow. Any expansion in the economy is likely to be modest and there still continues to be a small chance of a second (double dip) recession as housing prices remain weak and given debt concerns in the U.S. and economic conditions in Europe and slowing growth in China.

**Market Analysis:**

Market analysis is a multi-step process used to support the highest and best use estimate and to help in the selection of appropriate comparable market data. As the subject is a small apartment property this analysis will be cursory.

Product Definition: The subject is a conventional small-scale apartment property that is in need of repairs and renovations to be fully marketable.

Market Delineation: This is a smaller subset of the apartment market as the most likely buyer would be a local party comfortable with construction on a limited scale.

Demand Factors: The apartment market has been one of the stronger sectors in the real estate market. It is

characterized by reasonably strong demand and a limited supply of available properties. Overall capitalization rates remain low relative to other forms of investment in the real estate market. Rental prices have also been under upward pressure all though we anticipate prices will moderate over time after a strong run up.

Supply Factors: There is a limited supply of property for sale. In the broad market there has been some newer construction but this is typically high-density, transit-oriented development that is not competitive with the subject property. The available supply of competitive properties for the subject is essentially fixed at this time.

Residual Demand: Available properties that are well-maintained and priced appropriately see favorable demand with reasonable marketing times.

Subject Capture: The subject is unique in that it is vacant and in need of significant work to be marketable. The amount of capital necessary to complete the property is reasonable. Upon completion, the subject would enjoy average or better demand based on condition although the location remains in transition. It will likely be a more favorable location over time based on development in nearby commercial areas.

**Highest and Best Use:**

Highest and best use is defined in the Fourth Edition of *The Dictionary of Real Estate Appraisal* as:

*The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*

Based on the current zoning of the site, its legal, physical and economic characteristics, the current use of the site is its highest and best use at this time.

If the subject were vacant, current zoning would only permit development of four multifamily units. The site has favorable physical characteristics for development. There is an easement across the center of the parcel but this would not pose a significant limitation on construction given the character of construction in the market area. There has been limited new development in the market

area because of overall economic conditions. We have seen increased interest in land for development across various markets in the core of the Bay Area, however. We anticipate the real estate market will see increased activity over the next two years if overall economic conditions continue to improve. We do expect, however, any growth and development to be moderate. Development and construction costs in this market remain high. Based on other apartment projects in this market area we have found feasibility rent for similar quality projects at around \$2.50 per square foot. Market rents for projects remain slightly below this level but could eclipse this figure in the near term leading to more new construction. Limited land availability, however, will not lead to more competitive supply in the subject market area. It is our opinion that the subject, if it were vacant, will have good demand but it would likely remain vacant in the near term.

As improved, the subject exceeds the allowable density of development for the R3 zoning. The improvements are older but they are typical of many properties found in the Menlo Park and Redwood City market areas. Subject to completion of repairs, the improvements would have a number of years of useful and economic life remaining. There are no alternate uses that would produce a higher level of income and it is our opinion that apartment use is the most feasible and maximally productive.

The slight difference between highest and best use as if vacant and as improved is a result of economic conditions.

**Methodology:**

According to the Fourth Edition of *The Dictionary of Real Estate Appraisal*, an appraisal approach is:

*A systematic way of developing a value indication using methods and techniques; examples are cost approach, income capitalization approach, and sales comparison approach.*

See the addenda for the definitions of each approach.

Based on the improvements now in place, the most logical approaches to valuing the property are the sales comparison and income approaches. The cost approach has not been applied. The subject is over 50 years old with significant physical deterioration and obsolescence. There

are very few land sales of similar parcels from this mature market area. Further, the improvements are of a general purpose use and this approach is rarely used by typical investors.

**SALES COMPARISON APPROACH**

To develop an opinion of the value of the property under the sales comparison approach we obtained and analyzed information on a number of recent sale transactions and listings in the market area of the subject property and other areas considered comparable. Certain elements of comparison are used to analyze the market data and adjust for various points of difference. The primary elements of comparison for improved sales are as follows.

Property Rights Conveyed	Financing Terms
Conditions of Sale	Market Conditions (time)
Location	Physical Characteristics
Income Characteristics	

Location includes not only the actual position of the site, i.e. corner versus interior site, but also the quality and characteristics of the neighborhood. Physical characteristics include elements such as building size, quality, condition, style, age, utility, size, and amenities.

**Market Data**

The comparable sales are summarized on the table that follows this page. A detailed discussion of the comparables and the warranted adjustments are found on the pages that follow.

**SUMMARY OF IMPROVED SALES**  
**1157-1161 Willow Road, Menlo Park**

434

No.	Location/APN	Date of Sale	Year Built / Use	Total Units	Bldg. Area /		Total	Sale Price			Stabilized PGIM / OAR
					Land Area / FAR			Per Sq. Ft. per Sq. Ft.	Bldg.	Land	
1	2451 Middlefield Road Redwood City 054-091-420	March-12 18 Units / 8 Stu. 10 1Br.	1964 10 1Br.	18	± 15,680 sq.ft. ± 11,275 sq.ft. 1.39 :1		\$2,200,000	\$140	\$195	\$122,222 \$47,826	N/A 6.46%
2	1670 Union Avenue Redwood City 059-072-100	February-12 15 Units / 4 Stu. 10 1Br. 1 2Br.	1963 10 1Br. 1 2Br.	15	± 12,525 sq.ft. ± 10,450 sq.ft. 1.20 :1		\$2,660,000	\$212	\$255	\$177,333 \$63,333	12.11 6.40%
3	1518 Oxford Street Redwood City 059-054-080	December-11 11 Units / 10 1Br. 1 2Br.	1961 10 1Br. 1 2Br.	11	± 14,426 sq.ft. ± 17,820 sq.ft. 0.81 :1		\$2,400,000	\$166	\$135	\$218,182 \$70,588	10.50 7.10%
4	1114 Hopkins Avenue Redwood City 052-182-110	November-11 14 Units / 10 1Br. 4 2Br.	1964 10 1Br. 4 2Br.	14	± 15,016 sq.ft. ± 8,700 sq.ft. 1.73 :1		\$2,320,000	\$155	\$267	\$165,714 \$50,435	12.64 6.07%
5	94 Renato Court Redwood City 059-172-160	October-11 14 Units / 10 1Br. 4 2Br.	1954 10 1Br. 4 2Br.	14	± 9,506 sq.ft. ± 16,988 sq.ft. 0.56 :1		\$2,885,000	\$303	\$170	\$206,071 \$62,717	11.94 5.58%
6	3242 Rollison Road Redwood City 055-031-260	August-11 10 Units / 2 1Br. 8 2Br.	1962 2 1Br. 8 2Br.	10	± 9,370 sq.ft. ± 10,000 sq.ft. 0.94 :1		\$1,320,000	\$141	\$132	\$132,000 \$34,737	9.71 6.98%

**SUBJECT:**

1157-1161 Willow Road  
Menlo Park

N/A  
12 Units / 10 1Br. 2 2Br.  
± 10,380 sq.ft.  
± 12,000 sq.ft.  
0.87 :1



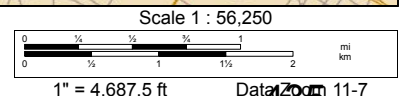
Location Map



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**LOCATION:** 2451 Middlefield Road  
**CITY:** Redwood City **COUNTY:** San Mateo  
**BLDG./PARCEL NAME:** N/A  
**APN:** 054-091-420  
**NEIGHBORHOOD:** Mixed-use  
  
**LAND AREA:** 11,275 **SQ. FT. ±** 0.259 **ACRES ±**  
**TOPOGRAPHY:** Mostly level  
**PARCEL SHAPE:** Rectangular  
**ZONING:** R4  
**PRESENT USE:** 18 Units / 8 Stu. 10 1Br.  
**HIGHEST & BEST USE:** Current Use  
**ENVIRONMENTAL ISSUES:** None reported **SITE:** Fully improved  
**UNITS CMRL/RESIDL/RMS:** / Cmrl. 18 / Residl. 46 / Rms.  
**PROPERTY SUMMARY:** This is a conventional apartment property with a mix of smaller units. It is located along a busy commercial street in an area with a mix of commercial, industrial, retail and residential uses. The property sold for just slightly below list price of \$2,250,000 after approximately 120 days on market.  
  
**DATE OF SALE:** 3/29/2012  
**DOCUMENT:** 2012042099  
**BUYER:** Lisa M. Sieber & Jennifer J. Hurwick  
**SELLER:** Dave A. and Leticia R. Naslund  
  
**SALE PRICE - AS IS:** \$2,200,000  
**FINANCING:** N/A, All cash to seller  
**CASH EQUIVALENT:** \$2,200,000 **LOAN AMOUNT:** N/A  
**PRICE/SQ. FT./BLDG:** \$140 **LOAN-TO-VALUE:** N/A  
**PRICE/SQ. FT./LAND:** \$195 **PRICE/RM:** \$47,826  
**PRICE/DU:** \$122,222 **PGIM:** N/A  
**NON REALTY ITEMS:** None **OAR:** 6.46%  
**CONDITIONS OF SALE:** Market  
**SALES IN PRIOR 3 YRS.:** None during prior 3 years



<b>LOCATION:</b>	1670 Union Avenue		
<b>CITY:</b>	Redwood City	<b>COUNTY:</b>	San Mateo
<b>BLDG./PARCEL NAME:</b>	N/A		
<b>APN:</b>	059-072-100		
<b>NEIGHBORHOOD:</b>	Residential		
<b>LAND AREA:</b>	10,450	<b>SQ. FT. ±</b>	0.240 <b>ACRES ±</b>
<b>TOPOGRAPHY:</b>	Mostly level		
<b>PARCEL SHAPE:</b>	Rectangular		
<b>ZONING:</b>	R3		
<b>PRESENT USE:</b>	15 Units / 4 Stu. 10 1Br. 1 2Br.		
<b>HIGHEST &amp; BEST USE:</b>	0		
<b>ENVIRONMENTAL ISSUES:</b>	None reported	<b>SITE:</b>	Fully improved
<b>UNITS CMRL/RESIDL/RMS:</b>	/ Cmrl. 15 / Residl.	42 / Rms.	
<b>PROPERTY SUMMARY:</b>	This is a conventional apartment property with a mix of smaller units. It is located along a residential street in an area with mostly residential uses near a commercial corridor. The property sold for just slightly below list price of \$2,698,000 after just 23 days on market.		
<b>DATE OF SALE:</b>	2/2/2012		
<b>DOCUMENT:</b>	201214411		
<b>BUYER:</b>	Leong Family Trust		
<b>SELLER:</b>	Doriba Trust		
<b>SALE PRICE - AS IS:</b>	\$2,660,000		
<b>FINANCING:</b>	N/A, All cash to seller		
<b>CASH EQUIVALENT:</b>	\$2,660,000		
<b>PRICE/SQ. FT./BLDG:</b>	\$212		
<b>PRICE/SQ. FT./LAND:</b>	\$255		
<b>PRICE/DU:</b>	\$177,333		
<b>NON REALTY ITEMS:</b>	None		
<b>CONDITIONS OF SALE:</b>	Market		
<b>SALES IN PRIOR 3 YRS.:</b>	None during prior 3 years		
		<b>LOAN AMOUNT:</b>	N/A
		<b>LOAN-TO-VALUE:</b>	N/A
		<b>PRICE/RM:</b>	\$63,333
		<b>PGIM:</b>	12.11
		<b>OAR</b>	6.40%



<b>LOCATION:</b>	1518 Oxford Street		
<b>CITY:</b>	Redwood City	<b>COUNTY:</b>	San Mateo
<b>BLDG./PARCEL NAME:</b>	N/A		
<b>APN:</b>	#REF!		
<b>NEIGHBORHOOD:</b>	Residential		
<b>LAND AREA:</b>	17,820	<b>SQ. FT. ±</b>	0.409 <b>ACRES ±</b>
<b>TOPOGRAPHY:</b>	Mostly level		
<b>PARCEL SHAPE:</b>	Rectangular		
<b>ZONING:</b>	R3		
<b>PRESENT USE:</b>	11 Units / 10 1Br. 1 2Br.		
<b>HIGHEST &amp; BEST USE:</b>	0		
<b>ENVIRONMENTAL ISSUES:</b>	None reported	<b>SITE:</b>	Fully improved
<b>UNITS CMRL/RESIDL/RMS:</b>	/ Cmrl. 11 / Residl.		34 / Rms.
<b>PROPERTY SUMMARY:</b>	This is a conventional apartment property with mostly smaller units. It is located along a residential street in an area with mostly residential uses near a commercial corridor. It was listed for \$2,495,000 and sold quickly for \$2,400,000.		
<b>DATE OF SALE:</b>	12/1/2011		
<b>DOCUMENT:</b>	2011146735		
<b>BUYER:</b>	Randall W. Ores Trust & RBM Ores Trust		
<b>SELLER:</b>	Ott Family LP		
<b>SALE PRICE - AS IS:</b>	\$2,400,000		
<b>FINANCING:</b>	N/A, Conventional		
<b>CASH EQUIVALENT:</b>	\$2,400,000	<b>LOAN AMOUNT:</b>	N/A
<b>PRICE/SQ. FT./BLDG:</b>	\$166	<b>LOAN-TO-VALUE:</b>	N/A
<b>PRICE/SQ. FT./LAND:</b>	\$135	<b>PRICE/RM:</b>	\$70,588
<b>PRICE/DU:</b>	\$218,182	<b>PGIM:</b>	10.50
<b>NON REALTY ITEMS:</b>	None	<b>OAR</b>	7.10%
<b>CONDITIONS OF SALE:</b>	Market		
<b>SALES IN PRIOR 3 YRS.:</b>	Sold in 2008 for \$1,911,000		





<b>LOCATION:</b>	1114 Hopkins Avenue	
<b>CITY:</b>	Redwood City	<b>COUNTY:</b> San Mateo
<b>BLDG./PARCEL NAME:</b>	N/A	
<b>APN:</b>	052-182-110	
<b>NEIGHBORHOOD:</b>	Residential	
<b>LAND AREA:</b>	8,700 <b>SQ. FT. ±</b>	0.200 <b>ACRES ±</b>
<b>TOPOGRAPHY:</b>	Mostly level	
<b>PARCEL SHAPE:</b>	Rectangular	
<b>ZONING:</b>	R-5-O	
<b>PRESENT USE:</b>	14 Units / 10 1Br. 4 2Br.	
<b>HIGHEST &amp; BEST USE:</b>	0	
<b>ENVIRONMENTAL ISSUES:</b>	None reported	<b>SITE:</b> Fully improved
<b>UNITS CMRL/RESIDL/RMS:</b>	/ Cmrl. 14 / Residl.	46 / Rms.
<b>PROPERTY SUMMARY:</b>	This is a conventional apartment property weighted to medium to larger units. It is located along a street with a mix of residential and commercial uses surrounded by a low-density residential neighborhood. It was on the market for an extended period with a most recent list price of \$2,399,000.	
<b>DATE OF SALE:</b>	11/8/2011	
<b>DOCUMENT:</b>	201113854	
<b>BUYER:</b>	Kaveh Trust	
<b>SELLER:</b>	Rehbock 1993 Family Trust	
<b>SALE PRICE - AS IS:</b>	\$2,320,000	
<b>FINANCING:</b>	First Republic Bank, Conventional	
<b>CASH EQUIVALENT:</b>	\$2,320,000	<b>LOAN AMOUNT:</b> \$1,624,000
<b>PRICE/SQ. FT./BLDG:</b>	\$155	<b>LOAN-TO-VALUE:</b> 70.0%
<b>PRICE/SQ. FT./LAND:</b>	\$267	<b>PRICE/RM:</b> \$50,435
<b>PRICE/DU:</b>	\$165,714	<b>PGIM:</b> 12.64
<b>NON REALTY ITEMS:</b>	None	<b>OAR</b> 6.07%
<b>CONDITIONS OF SALE:</b>	Market	
<b>SALES IN PRIOR 3 YRS.:</b>	None during prior 3 years	



<b>LOCATION:</b>	94 Renato Court		
<b>CITY:</b>	Redwood City	<b>COUNTY:</b>	San Mateo
<b>BLDG./PARCEL NAME:</b>	N/A		
<b>APN:</b>	059-172-160		
<b>NEIGHBORHOOD:</b>	Residential		
<b>LAND AREA:</b>	16,988	<b>SQ. FT. ±</b>	0.390 <b>ACRES ±</b>
<b>TOPOGRAPHY:</b>	Mostly level		
<b>PARCEL SHAPE:</b>	Irregular		
<b>ZONING:</b>	R3		
<b>PRESENT USE:</b>	14 Units / 10 1Br. 4 2Br.		
<b>HIGHEST &amp; BEST USE:</b>	Current Use		
<b>ENVIRONMENTAL ISSUES:</b>	None reported	<b>SITE:</b>	Fully improved
<b>UNITS CMRL/RESIDL/RMS:</b>	/ Cmrl. 14 / Residl.		46 / Rms.
<b>PROPERTY SUMMARY:</b>	This is a conventional apartment building with all updated units of above average quality. It is located on a short residential street just west of El Camino Real. The property was listed for \$2,950,000 and sold for \$2,885,000 after 101 days on the market. It supports the upper end of the range as a renovated property.		
<b>DATE OF SALE:</b>	10/31/2011		
<b>DOCUMENT:</b>	2011129940		
<b>BUYER:</b>	Okada Brothers Inc.		
<b>SELLER:</b>	94 Renato Court LP		
<b>SALE PRICE - AS IS:</b>	\$2,885,000		
<b>FINANCING:</b>	N/A, Conventional		
<b>CASH EQUIVALENT:</b>	\$2,885,000	<b>LOAN AMOUNT:</b>	N/A
<b>PRICE/SQ. FT./BLDG:</b>	\$303	<b>LOAN-TO-VALUE:</b>	N/A
<b>PRICE/SQ. FT./LAND:</b>	\$170	<b>PRICE/RM:</b>	\$62,717
<b>PRICE/DU:</b>	\$206,071	<b>PGIM:</b>	11.94
<b>NON REALTY ITEMS:</b>	None	<b>OAR</b>	5.58%
<b>CONDITIONS OF SALE:</b>	Market		
<b>SALES IN PRIOR 3 YRS.:</b>	None during prior 3 years		



<b>LOCATION:</b>	3242 Rolison Road	
<b>CITY:</b>	Redwood City	<b>COUNTY:</b> San Mateo
<b>BLDG./PARCEL NAME:</b>	N/A	
<b>APN:</b>	055-031-260	
<b>NEIGHBORHOOD:</b>	Mixed-use	
<b>LAND AREA:</b>	10,000 <b>SQ. FT. ±</b>	0.230 <b>ACRES ±</b>
<b>TOPOGRAPHY:</b>	Mostly level	
<b>PARCEL SHAPE:</b>	Rectangular	
<b>ZONING:</b>	R3	
<b>PRESENT USE:</b>	10 Units / 2 1Br. 8 2Br.	
<b>HIGHEST &amp; BEST USE:</b>	Current Use	
<b>ENVIRONMENTAL ISSUES:</b>	None reported	<b>SITE:</b> Fully improved
<b>UNITS CMRL/RESIDL/RMS:</b>	/ Cmrl. 10 / Residl.	38 / Rms.
<b>PROPERTY SUMMARY:</b>	This is a conventional apartment building with a mix weighted toward two-bedroom units. It is located on a mixed-use street with commercial, industrial and residential uses. It fronts the freeway soundwall. It was listed for \$1,395,000 in 2010 and reduced to \$1,360,000 in August 2011 and sold shortly thereafter at \$1,320,000.	
<b>DATE OF SALE:</b>	8/19/2011	
<b>DOCUMENT:</b>	2011120835	
<b>BUYER:</b>	George J. Saman	
<b>SELLER:</b>	Kansal Family Trust	
<b>SALE PRICE - AS IS:</b>	\$1,320,000	
<b>FINANCING:</b>	Chase Bank, Conventional	
<b>CASH EQUIVALENT:</b>	\$1,320,000	<b>LOAN AMOUNT:</b> 920000
<b>PRICE/SQ. FT./BLDG:</b>	\$141	<b>LOAN-TO-VALUE:</b> 0.696969697
<b>PRICE/SQ. FT./LAND:</b>	\$132	<b>PRICE/RM:</b> \$34,737
<b>PRICE/DU:</b>	\$132,000	<b>PGIM:</b> 9.71
<b>NON REALTY ITEMS:</b>	None	<b>OAR</b> 6.98%
<b>CONDITIONS OF SALE:</b>	Market	
<b>SALES IN PRIOR 3 YRS.:</b>	None during prior 3 years	





**SALES ADJUSTMENT GRID**

Location	Subject	Sale No. - 1	Sale No. - 2	Sale No. - 3	Sale No. - 4	Sale No. - 5	Sale No. - 6
1157-1161 Willow Road		2451 Middlefield Road	1670 Union Avenue	1518 Oxford Street	11114 Hopkins Avenue	94 Renato Court	3242 Rolison Road
Sale Price	N/A	\$2,200,000	\$2,660,000	\$2,400,000	\$2,320,000	\$2,885,000	\$1,320,000
Property Rts. Conveyed	Fee simple	Leased fee	Leased fee	Leased fee	Leased fee	Leased fee	Leased fee
Financing Terms	Assumed Market	All cash to seller	All cash to seller	Conventional	Conventional	Conventional	Conventional
Conditions of Sale	Assumed Market	Market	Market	Market	Market	Market	Market
Date of Sale	Mar-12	Mar-12	Feb-12	Dec-11	Nov-11	Oct-11	Aug-11
Units/Avg. Size/Rms per DU	12 / 865 / 3.17	18 / 871 / 2.56	15 / 835 / 2.80	11 / 1311 / 3.09	14 / 1073 / 3.29	14 / 679 / 3.29	10 / 937 / 3.80
Location	Mixed-use	Mixed-use	Residential	Residential	Residential	Residential	Mixed-use
Quality and Condition	Avg./Avg.-Gd.	Avg./Fa.-Avg.	Avg./Avg.-Gd.	Avg./Avg.	Avg./Avg.	Avg.-Gd./Avg.-Gd.	Avg./Avg.
Date of Construction	1958	1964	1963	1961	1964	1964	1962
On-Site Parking	12 / 1.0/DU	Adequate / N/A/DU	Adequate / N/A/DU	11 / 1.0/DU	14 / 1.0/DU	12 / 0.9/DU	10 / 1.0/DU
Non-Reality Items	None	None	None	None	None	None	None
Potential Gross Income	\$209,280	N/A	\$219,600	\$228,660	\$183,600	\$241,560	\$135,936
PGI/Sq. Ft.	\$20.16	N/A	\$17.53	\$15.85	\$12.23	\$25.41	\$14.51
PGI Multiplier	N/A	N/A	12.11	10.50	12.64	11.94	9.71
Net Operating Income	\$128,956	\$142,200	\$170,197	\$170,303	\$140,740	\$161,115	\$92,103
NOI/Sq. Ft.	\$12.42	\$9.07	\$13.59	\$11.81	\$9.37	\$16.95	\$9.83
OER	38.4%	N/A	22.5%	25.5%	23.3%	33.3%	32.2%
Overall Cap. Rate	N/A	6.46%	6.40%	7.10%	6.07%	5.58%	6.98%
Vacancy/Income Charact	Typical	Average	Average	Average	Average	Average	Average
Building Area (Sq. Ft.)	10,380	15,680	12,525	14,426	15,016	9,506	9,370
<b>Unadjusted Price/Sq. Ft.</b>	<b>N/A</b>	<b>\$140.31</b>	<b>\$212.38</b>	<b>\$166.37</b>	<b>\$154.50</b>	<b>\$303.49</b>	<b>\$140.88</b>
Financing/Fee/Conditions							
Market Conditions (Time)							
Adjusted Price/Sq. Ft.		\$140.31	\$212.38	\$166.37	\$154.50	\$303.49	\$140.88
Location			-10%	-10%	-10%	-20%	5%
Quality/Condition/Use		10%		5%	5%	-5%	5%
Building Age/Amenities							
Parking							
Non-Reality/Vac./Inc. Ch.		10%	5%	10%	10%	-5%	10%
Total Adjustments Before Size		20%	-5%	5%	5%	-30%	20%
Adjusted Price Before Size		\$168.37	\$201.76	\$174.68	\$162.23	\$212.44	\$169.05
Size Adj. Per 1000 Sq. Ft.	\$4.06	\$21.52	\$8.71	\$16.43	\$18.82	-\$3.55	-\$4.10
<b>Final Adjusted Sale Price</b>		<b>\$190</b>	<b>\$210</b>	<b>\$191</b>	<b>\$181</b>	<b>\$209</b>	<b>\$165</b>
Net Adjustment		35%	-1%	15%	17%	-31%	17%
Gross Adjustment		35%	19%	35%	37%	31%	23%
<b>Price Per Unit Analysis</b>							
Price Per Unit		\$122,222	\$177,333	\$218,182	\$165,714	\$206,071	\$132,000
Adjusted Price		\$152,778	\$168,889	\$229,665	\$174,436	\$158,516	\$165,000
Size/Sq. Ft. Adjustment		12.78%	4.32%	9.40%	11.60%	-1.67%	-2.43%
Size/Sq. Ft. Adj. Price		\$175,167	\$176,508	\$253,506	\$197,334	\$155,912	\$161,092
Room Count Differential		-23.8%	-13.2%	-2.6%	3.6%	3.6%	16.6%
Room Count Adjustment		-\$41,739	-\$23,324	-\$6,563	\$7,198	\$5,687	1,065%
Room Count Adj. Price		\$216,906	\$199,833	\$260,069	\$190,136	\$150,225	\$159,422

**Discussion of Market Data**

We analyzed six sales from the Menlo Park market area. There have been no recent sales of similar-sized properties from within the city so we expanded our research into nearby Redwood City. We focused on older, smaller-scale apartment properties. The sales exhibit the following characteristics:

Date of Sale:	August-11	To	March-12	SP:	
Building Area:	9,370	To	15,680	10,380	(Appraised
Price/Sq. Ft. Bldg.:	\$140	To	\$303	\$207	SCA Value)
Land Area:	8,700	To	17,820	12,000	(Appraised
Price Per Sq. Ft. Land:	\$132	To	\$267	\$179	SCA Value)

The sales are all reported as closed. They are further summarized on the adjustment grid that precedes this page and discussed in more detail in the paragraphs that follow.

**Comparable Improved Sale 1** is the March 2012 sale of 18 units comprised of 8 studio apartments and 10 one-bedroom apartments at 2451 Middlefield Road in the city of Redwood City approximately three and three-tenths miles west of the subject. This is a conventional apartment property with a mix of smaller units. It is located along a busy commercial street in an area with a mix of commercial, industrial, retail and residential uses. The property sold for just slightly below list price of \$2,250,000 after approximately 120 days on market. The property was developed in 1964 and it was of average quality and fair to average condition at the time of sale. The indicated sale price of \$2,200,000 represents \$140 per square foot, \$122,222 per unit and \$47,826 per room. The property is set on a lot of 11,275 square feet giving it an FAR of 1.39 : 1. The site has a rectangular shape and a mostly level topography with average overall site utility. On-site parking was available. Set along a commercial street in a mixed-use neighborhood, the overall location is similar to the subject's based on secondary residential setting. An all cash to seller transaction, we are not aware of any unusual concessions or conditions that affected price. The property has average overall income characteristics which is similar to the subject. Potential gross income was not reported but the property was operating at a stabilized income and expense level and the projected net operating income was \$142,200 for an overall rate of return of 6.46%. The current use of the property represents its highest and best use and there is no real current potential for expansion or assemblage to create a higher use.

**Comparable Improved Sale 2** is the February 2012 sale of 15 units comprised of four studio apartments and ten one-bedroom apartments at 1670 Union Avenue in the city of Redwood City approximately three and eight-tenths miles west of the subject. This is a conventional apartment property with a mix of smaller units. It is located along a residential street in an area with mostly residential uses near a commercial corridor. The property sold for just slightly below list price of \$2,698,000 after just 23 days on market. The property was developed in 1963 and it was of average quality and average to good condition at the time of sale. The indicated sale price of \$2,660,000 represents \$212 per square foot, \$177,333 per unit and \$63,333 per room. The property is set on a lot of 10,450 square feet giving it an FAR of 1.20 : 1. The site has a rectangular shape and a



mostly level topography with average overall site utility. On-site parking was available. Set along a residential street in a residential neighborhood, the overall location is superior to the subject's based on the more balanced residential character of the neighborhood. An all cash to seller transaction, we are not aware of any unusual concessions or conditions that affected price. The property has average overall income characteristics which is similar to the subject. Potential gross income was reported as \$219,600 at the time of sale for an indicated gross income multiplier of 12.11. The property was operating at a stabilized income and expense level and the projected net operating income was \$170,197 for an overall rate of return of 6.4%. The current use of the property represents its highest and best use and there is no real current potential for expansion or assemblage to create a higher use.

**Comparable Improved Sale 3** is the December 2011 sale of 11 units comprised of ten one-bedroom apartments and one two-bedroom apartment at 1518 Oxford Street in the city of Redwood City approximately three and nine-tenths miles west of the subject. This is a conventional apartment property with mostly smaller units. It is located along a residential street in an area with mostly residential uses near a commercial corridor. It was listed for \$2,495,000 and sold quickly for \$2,400,000. The property was developed in 1961 and it was of average quality and average condition at the time of sale. The indicated sale price of \$2,400,000 represents \$166 per square foot, \$218,182 per unit and \$70,588 per room. The property is set on a lot of 17,820 square feet giving it an FAR of 0.81 : 1. The site has a rectangular shape and a mostly level topography with average overall site utility. On-site parking was available at a ratio of one space per unit. Set along a residential street in a residential neighborhood, the overall location is superior to the subject's based on more balanced residential character. Conventionally financed, we are not aware of any unusual concessions or conditions that affected price. The property has average overall income characteristics which is similar to the subject. Potential gross income was reported as \$228,660 at the time of sale for an indicated gross income multiplier of 10.50. The property was operating at a stabilized income and expense level and the projected net operating income was \$170,303 for an overall rate of return of 7.1%. The current use of the property represents its highest and best use and there is no real current potential for expansion or assemblage to create a higher use.

**Comparable Improved Sale 4** is the November 2011 sale of 14 units comprised of ten one-bedroom apartments and four two-bedroom apartments 1114 Hopkins Avenue in the city of Redwood City approximately four and seven-tenths miles west of the subject. This is a conventional apartment property weighted to medium to larger units. It is located along a street with a mix of residential and commercial uses surrounded by a low-density residential neighborhood. It was on the market for an extended period with a most recent list price of \$2,399,000. The property was developed in 1964 and it was of average quality and average condition at the time of sale. The indicated sale price of \$2,320,000 represents \$155 per square foot, \$165,714 per unit and \$50,435 per room. The property is set on a lot of 8,700 square feet giving it an FAR of 1.73 : 1. The site has a rectangular shape and a mostly level topography with average overall site utility. On-site parking was available at a ratio of one space per unit. Set along a mixed-use

street in a residential neighborhood, the overall location is superior to the subject's based on stronger residential appeal and the character of nearby uses. Conventionally financed, we are not aware of any unusual concessions or conditions that affected price. The property has average overall income characteristics which is similar to the subject. Potential gross income was reported as \$183,600 at the time of sale for an indicated gross income multiplier of 12.64. The property was operating at a stabilized income and expense level and the projected net operating income was \$140,740 for an overall rate of return of 6.07%. The current use of the property represents its highest and best use and there is no real current potential for expansion or assemblage to create a higher use.

**Comparable Improved Sale 5** is the October 2011 sale of 14 units comprised of ten one-bedroom apartments and four two-bedroom apartments at 94 Renato Court in the city of Redwood City approximately three and one-tenths miles west of the subject. This is a conventional apartment building with all updated units of above average quality. It is located on a short residential street just west of El Camino Real. The property was listed for \$2,950,000 and sold for \$2,885,000 after 101 days on the market. It supports the upper end of the range as a fully renovated property. The property was developed in 1954 and it was of average to good quality and average to good condition at the time of sale. The indicated sale price of \$2,885,000 represents \$303 per square foot, \$206,071 per unit and \$62,717 per room. The property is set on a lot of 16,988 square feet giving it an FAR of 0.56 : 1. The site has an irregular shape and a mostly level topography with average to good overall site utility. On-site parking was available at a ratio of 0.9 spaces per unit. Set along a residential street in a residential neighborhood, the overall location is superior to the subject's based on the character of nearby uses. Conventionally financed, we are not aware of any unusual concessions or conditions that affected price. The property has average overall income characteristics which is similar to the subject. Potential gross income was reported as \$241,560 at the time of sale for an indicated gross income multiplier of 11.94. The property was operating at a stabilized income and expense level and the projected net operating income was \$161,115 for an overall rate of return of 5.58%. The current use of the property represents its highest and best use and there is no real current potential for expansion or assemblage to create a higher use.

**Comparable Improved Sale 6** is the August 2011 sale of 10 units comprised of two one-bedroom apartments and eight two-bedroom apartments at 3242 Rolison Road in the city of Redwood City approximately two and four-tenths miles west of the subject. This is a conventional apartment building with a mix weighted toward two-bedroom units. It is located on a mixed-use street with commercial, industrial and residential uses. It fronts the freeway sound wall. It was listed for \$1,395,000 in 2010 and reduced to \$1,360,000 in August 2011 and sold shortly thereafter at \$1,320,000. The property was developed in 1962 and it was of average quality and average condition at the time of sale. The indicated sale price of \$1,320,000 represents \$141 per square foot, \$132,000 per unit and \$34,737 per room. The property is set on a lot of 10,000 square feet giving it an FAR of 0.94 : 1. The site has a rectangular shape and a mostly level topography with average overall site utility. On-site parking was available at a ratio of

one space per unit. Set along a mixed-use street in a mixed-use neighborhood, the overall location is slightly inferior to the subject's based on the mixed character of nearby uses. Conventionally financed, we are not aware of any unusual concessions or conditions that affected price. The property has average overall income characteristics which is similar to the subject. Potential gross income was reported as \$135,936 at the time of sale for an indicated gross income multiplier of 9.71. The property was operating at a stabilized income and expense level and the projected net operating income was \$92,103 for an overall rate of return of 6.98%. The current use of the property represents its highest and best use and there is no real current potential for expansion or assemblage to create a higher use.

### **Analysis and Value Conclusion**

The subject has the following unit size characteristics.

<b>Unit Mix</b>	<b>No.</b>	<b>Average Size</b>	<b>Total Sq. Ft.</b>	<b>% of Tot.</b>	<b>Rooms</b>
3/1/1	10	506	5,060	83%	30
4/2/1	2	880	1,760	17%	8
	12	<b>Total Sq. Ft.</b>	6,820		38
		<b>Avg. DU</b>	568	Sq. Ft.	
		<b>Avg. DU</b>	3.17	Rooms	

The available data exhibits a wide range in location and other physical characteristics. There has not been any recent market activity involving similar sized properties in Menlo Park. We did find a sale in July of 2010 involving a 16-unit building at 1101 Noel Drive, Menlo Park. This property sold for more than asking at \$4,460,000 or \$278,750 per unit. The good quality building has many luxury features and it is not directly comparable with the subject based on date of sale and physical characteristics. We also found a 7-unit sale in March of 2010 at 6 Coleman Place, Menlo Park. This property had six one-bedroom units and one two-bedroom apartment. It sold for \$1,500,000 or \$214,285 per unit. It has a superior location and the date of sale limits its comparability but the indicated sale price is supportive.

We found a reasonable number of sales of similar-sized apartment complexes recently from adjoining Redwood City. That market is much larger but it has similar locational characteristics. Menlo Park has superior income characteristics but the subject has a secondary residential setting. Agents report good demand for properties but there is a limited supply of property for sale at this time. The percentage adjustments made earlier are, in this instance, based primarily on subjective analyses of the data and not typical extraction techniques because of the lack of consistency between the sales.

Sale Number 1, 2451 Middlefield Road, was the most recent. It has a secondary residential setting along a high-traffic arterial near commercial and retail uses so no location adjustment was warranted. We adjusted upward for inferior condition, inferior income characteristics and larger size. The final adjusted sale price of \$190 per square

foot is a reasonable indicator based on timeliness. This sale sets the lower limit of value. The net and gross adjustments were both 35%.

Sale Number 2, 1670 Union Avenue, was a recent sale of a building with similar physical characteristics (after renovation). We adjusted for superior residential location (west of El Camino Real), inferior income characteristics and size for a final adjusted sale price of \$210 per square foot. This sale falls into the upper end of the value range for the subject based on condition. The net adjustment was -1% and the gross adjustment was 19%. This sale provides a good indication of value.

Sale Number 3, 1518 Oxford Street, was a recent sale of a larger property. We adjusted for superior location, inferior condition, inferior income characteristics and size for a final adjusted sale price of \$191 per square foot. This sale falls well within the probable value range after adjustment but it has larger average unit size. It provides a reasonable indication of value based on timeliness but it is slightly less reliable because of its larger unit size. The net adjustment was 15% and the gross adjustment was 35%.

Sale Number 4, 1114 Hopkins Avenue, is a larger property with larger unit size. We adjusted for superior residential setting, inferior condition, inferior income characteristics and size for a final adjusted sale price of \$181 per square foot. This sale provides a reasonable indication of value based on room count but it is the most distant sale. The net adjustment was 17% and the gross adjustment was 37%.

Sale Number 5, 94 Renato Court, is the best comparable in terms of condition based on recent improvements. We adjusted for superior location, superior quality, superior income and size for a final adjusted sale price of \$209 per square foot. This sale sets the upper limit of value based on its location, condition and income characteristics. The net adjustment was -31% and the gross adjustment was 31%

Sale Number 6, 3242 Rolison Road, is a smaller property with larger unit size characteristics but a mixed location. We adjusted for inferior residential setting, inferior condition, inferior income characteristics and size for a final adjusted sale price of \$165 per square foot. This sale provides a reasonable indication of value based on room count but it is the oldest sale. The net adjustment was 17% and the gross adjustment was 23%.

We weighted the sales on the basis of comparability, as follows:

Sale	Adjusted Price/Sq. Ft.	Weight	Weight/Sq. Ft.
1	\$190	20%	\$38
2	\$210	20%	\$42
3	\$191	10%	\$19
4	\$181	15%	\$27
5	\$209	25%	\$52
6	\$165	10%	\$16
<b>Totals</b>		<b>100%</b>	<b>\$194</b>

This technique provides a benchmark for beginning our reconciliation of the market value per square foot.

The raw and adjusted prices were as follows.

Unadjusted Price		Adjusted Price
\$140	Minimum	\$165
\$303	Maximum	\$210
Mean Unadjusted Price		\$186
Weighted Mean Unadjusted Price		\$180
Mean Adjusted Price		\$191

Excluding the extremes the range narrows to \$181 to \$209. The adjusted ranges are within the unadjusted price range and are reasonable given the subject's location, age and cash flow potential. The subject's overall location suggests a value from the lower end of the range but the property will have market rents and we assume renovated condition so the upper end of the range is more logical based on the sales data. The most timely and similar condition sales and those with similar unit size and room count characteristics fell at the upper end of the range.

The subject falls in the bottom of the data set in total size suggesting a higher price per square foot. Based primarily on Sales 1, 2, 3 and 5 – considering size, unit count and average unit size – the most probable range is \$200 to \$210 per square foot. Applying the narrowed figures to the subject's building area; we arrive at the following range of value – as is.

#### **VALUATION SUMMARY - PRICE PER SQ. FT.**

##### ***1157-1161 Willow Road***

10,380	sq. ft. @	\$200.00	per sq. ft. =	\$2,076,000
10,380	sq. ft. @	\$205.00	per sq. ft. =	\$2,127,900
10,380	sq. ft. @	\$210.00	per sq. ft. =	\$2,179,800

Overall, the various factors suggest a value from the middle of the above range has the most support and our value estimate on the basis of price per square foot is, therefore, \$2,128,000, rounded, after renovation.

We also used the available data and the primary adjustment process to develop a value range on the basis of price per unit. This is also a primary indication of value in this market but it is limited by the wide variability in unit count, average unit size and income.

This process is summarized at the bottom of the sales adjustment grid. The net adjusted price uses the legal, locational and physical adjustments applied in the comparison grid to set an adjusted price before size. The size adjustment is based on a simple linear regression analysis of adjusted price (before size) and building size. The resulting difference between per square foot (slope) is applied to the data. We also included a room count differential as a further means of adjusting for size as larger room-count units tend to sell for more than similarly sized smaller room count units. The indicated value range is wide with the most similar in size and unit count between roughly \$160,000 and \$215,000 per unit with a more probable range of around \$180,000 per unit, as follows.

**VALUATION SUMMARY - PRICE PER UNIT**

***1157-1161 Willow Road***

12	Units @	\$177,500	Per Unit =	\$2,130,000
12	Units @	\$180,000	Per Unit =	\$2,160,000
12	Units @	\$182,500	Per Unit =	\$2,190,000

The mid-point of the range or \$2,160,000 is the most probable value for the subject, as is, under the price per unit indicator of value.

We also considered the price per room and the potential gross income multiplier (PGIM). These techniques are also considered in this market but they are less significant. The most probable ranges are as follows.

**VALUATION SUMMARY - PGIM**

***1157-1161 Willow Road***

\$209,280	Ann. Gross x	10.25	=	\$2,145,120
\$209,280	Ann. Gross x	10.50	=	\$2,197,440
\$209,280	Ann. Gross x	10.75	=	\$2,249,760

**VALUATION SUMMARY - PRICE PER ROOM**

***1157-1161 Willow Road***

38	Rooms @	\$53,500	Per Room =	\$2,033,000
38	Rooms @	\$55,000	Per Room =	\$2,090,000
38	Rooms @	\$56,500	Per Room =	\$2,147,000

**Final Sales Comparison Reconciliation and Value Estimate**

The sales comparison approach produces a range of value indications as follows.

<b>Price Per Sq. Ft.:</b>	<b>\$2,128,000</b>
<b>PGIM:</b>	<b>\$2,197,000</b>
<b>Price Per Unit:</b>	<b>\$2,160,000</b>
<b>Price Per Room:</b>	<b>\$2,090,000</b>

The price per square foot and price per unit measures are the most reliable with the lower end to middle of the narrowed range (\$2,128,000 to \$2,160,000) being most appropriately supported by the PGIM indicator (\$2,197,000). This is based on location, quality and condition of the property, income and market conditions. Based on the preceding data, it is our opinion that the market value of the undivided fee simple interest in the property under the sales comparison approach, subject to the definition of value, limiting conditions and assumptions, certification, and, as of the date of valuation, was \$2,150,000 after renovation. As will be discussed in the next section, we estimate repair, renovation and lease-up costs at \$110,000. This results in an as is value of

<b>Sales Comparison Approach</b>	<b>\$2,150,000</b>
<b>Less Cost to Cure</b>	<b><u>-\$110,000</u></b>
<b>Value - As Is</b>	<b>\$2,040,000</b>

**Indicated Value - As Is - Sales Comparison Approach (Rounded)                      \$2,040,000**

## **INCOME APPROACH**

In this assignment, we will use a direct capitalization analysis to estimate the market value of the fee simple interest in the property, at market rent, under the income approach. This involves analyzing current income and expenses, estimating the market levels of income and expense for the property, projecting a most probable net operating income for the year following the date of value and then converting that income to a value estimate by applying an appropriate overall rate of capitalization. These steps are discussed in the following paragraphs.

### **Existing Income**

The subject is essentially vacant. One unit is occupied by a relative of the owners.

### **Market Income**

We searched for rentals of apartment units in the subject's market area to establish the most probable market rent for each unit type. Our survey of apartment rentals follows the restated rent roll.

**Rental One** is located at 845 Pierce Road, Menlo Park. The property was built in 1958 and has six apartments in a conventional layout with units above parking. The rental rate for the one-bedroom apartment was \$1,200 per month. The tenants are responsible for the payment of all utilities. There are no amenities. This property is located in the subject's immediate neighborhood but it faces a freeway sound wall and is inferior in condition.

**Rental Two** is located at 1311 Hoover Street, Menlo Park. The property was built in 1955 and has four apartments in a conventional layout. The rental rate for the one-bedroom apartment was \$1,450 per month. The tenants are responsible for the payment of all utilities. There is an on-site laundry. This property is located near downtown in a multi-family market area. This property was recently renovated and has a superior residential setting.

**Rental Three** is located at 450 Oak Grove Avenue, Menlo Park. This is a newer property in a modern podium-style layout with built-in parking. The rental rate for the 700 square foot, one-bedroom apartment was \$1,500 per month. The tenants are responsible for the payment of all utilities. There is an on-site laundry. This property is located in the downtown market area and has a superior residential setting.



RENT ROLL

FORECAST PGI

Unit No.	No. of Units	Room Count		Total Rooms	Sq. Ft. Per DU	No. DU Vacant	Actual Rent	Per Sq. Ft.		Forecast Rent		Per Sq. Ft.	Rm.	
		BR	Ba.					Sq. Ft.	Rm.	Rent	Rm.			
1157-1	1	4	2	1	880	1	\$0.00	\$0.00	\$0.00	\$1,700.00	\$1.93	\$425.00		
1157-2	1	3	1	1	462	1	\$0.00	\$0.00	\$0.00	\$1,350.00	\$2.92	\$450.00		
1157-3	1	3	1	1	484	1	\$0.00	\$0.00	\$0.00	\$1,350.00	\$2.79	\$450.00		
1157-4	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67		
1157-5	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67		
1157-6	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67		
1161-1	1	4	2	1	880	1	\$0.00	\$0.00	\$0.00	\$1,700.00	\$1.93	\$425.00		
1161-2	1	3	1	1	462	1	\$0.00	\$0.00	\$0.00	\$1,350.00	\$2.92	\$450.00		
1161-3	1	3	1	1	484	1	\$0.00	\$0.00	\$0.00	\$1,350.00	\$2.79	\$450.00		
1161-4	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67		
1161-5	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67		
1161-6	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67		
				12	38	14	12	38	6,820	12	Tot. Rents	\$17,200.00	\$2.52	\$452.63
				Avg.	3.17					179	Avg.	\$1,433		

Allowable (Projected) Increase  
0.60%

10,380  
GBA

Additional Income  
Storage \$0.00  
Laundry \$240.00  
Parking \$0.00

Actual / Mo. \$0.00 Total \$17,440.00 Forecast / Mo.

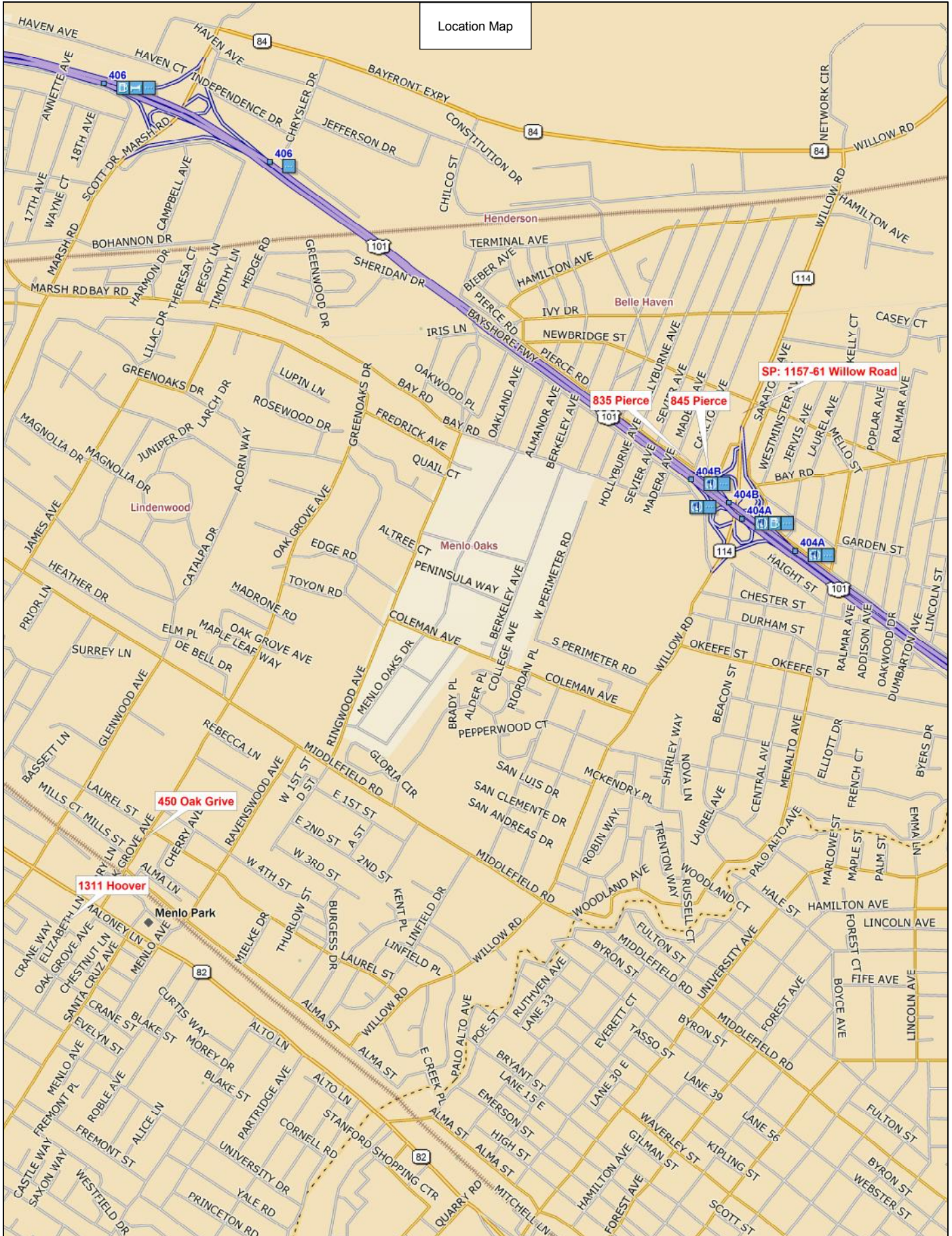
Cmrl. Rents \$0.00  
Res. Rents \$0.00  
Tot. Rev. \$0.00

Cmrl. Rents \$206,400.00  
Res. Rent \$209,280.00  
Tot. Rev.

**SUMMARY OF COMPARABLE RESIDENTIAL RENTAL DATA**

Comp #	Location	Room Count			Current Rent	Lease Type	Size of Unit	Rate / per Sq. Ft. / per Room
		Rms. /	Bd. /	Ba.				
1	845 Pierce Road	3 /	1 /	1.00	\$1,200	Res. Gr.	N/A / \$400	
2	1311 Hoover Street	3 /	1 /	1.00	\$1,450	Res. Gr.	N/A / \$483	
3	450 Oak Grove Avenue	3 /	1 /	1.00	\$1,500	Res. Gr.	700 \$2.14 / \$500	
4	1311 Hoover Street	4 /	2 /	1.00	\$1,800	Res. Gr.	N/A / \$450	
5	1311 Hoover Street	4 /	2 /	1.00	\$1,850	Res. Gr.	N/A / \$463	
6	835 Pierce Road	4 /	2 /	1.00	\$1,400	Res. Gr.	N/A / \$350	
<hr/>								
SUBJECT:								
1157-1161 Willow Road		3 /	1 /	1.00				
		4 /	2 /	1.00				

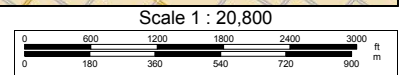
Location Map



Data use subject to license.

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1" = 1,733.3 ft Data Zoom 13-3



## Comparable Rental

<b>Comp #</b>	1	
<b>Street</b>	845 Pierce Road	
<b>City</b>	Menlo Park	
<b>County</b>	San Mateo	
<b>Proximity</b>	One Block South	
<b>Date of Rental/Survey</b>	Jan-12	
<b>Number of Units / Vacant</b>	6 Units	0 Vacant
<b>Year Built</b>	1958	
<b>Quality / Condition</b>	Average	Average
<b>Total Rooms / Bedrooms</b>	3 Rooms	1 Bedroom(s)
<b>Size (Sq. Ft.) / Baths</b>	N/A Sq. Ft.	1 Bath(s)
<b>Parking</b>	1	
<b>Utilities</b>	LL pays water, sewer, garbage	
<b>Amenities</b>	None	
<b>Lease Type</b>	Residential Gross	
<b>Market Concessions</b>	None	
<b>Mo. Rent</b>	\$1,200	
<b>Mo. Rent/Sq. Ft.</b>	N/A	
<b>Mo. Rent/Room</b>	\$400	
<b>Comments</b>	Small conventional apartment property that faces the freeway sound wall.	
<b>Comparison To Subject</b>	Similar vintage property of inferior condition. Proximate but inferior location.	



## Comparable Rental

<b>Comp #</b>	2	
<b>Street</b>	1311 Hoover Street	
<b>City</b>	Menlo Park	
<b>County</b>	San Mateo	
<b>Proximity</b>	Two And One-Tenths Miles Southwest	
<b>Date of Rental/Survey</b>	Nov-11	
<b>Number of Units / Vacant</b>	4 Units	0 Vacant
<b>Year Built</b>	1955	
<b>Quality / Condition</b>	Average to good	Average to good
<b>Total Rooms / Bedrooms</b>	3 Rooms	1 Bedroom(s)
<b>Size (Sq. Ft.) / Baths</b>	N/A Sq. Ft.	1 Bath(s)
<b>Parking</b>	1	
<b>Utilities</b>	LL pays water, sewer, garbage	
<b>Amenities</b>	On-site laundry	
<b>Lease Type</b>	Residential Gross	
<b>Market Concessions</b>	None	
<b>Mo. Rent</b>	\$1,450	
<b>Mo. Rent/Sq. Ft.</b>	N/A	
<b>Mo. Rent/Room</b>	\$483	
<b>Comments</b>	Small conventional apartment property close to downtown Menlo Park but in multi-family district.	
<b>Comparison To Subject</b>	Similar vintage but superior quality and condition with superior residential location.	



Joseph I. Napoliello, MAI

## Comparable Rental

<b>Comp #</b>	3	
<b>Street</b>	450 Oak Grove Avenue	
<b>City</b>	Menlo Park	
<b>County</b>	San Mateo	
<b>Proximity</b>	One And Nine-Tenths Miles Southwest	
<b>Date of Rental/Survey</b>	Sep-11	
<b>Number of Units / Vacant</b>	N/A Units	0 Vacant
<b>Year Built</b>	N/A	
<b>Quality / Condition</b>	Average to good	Average to good
<b>Total Rooms / Bedrooms</b>	3 Rooms	1 Bedroom(s)
<b>Size (Sq. Ft.) / Baths</b>	700 Sq. Ft.	1 Bath(s)
<b>Parking</b>	1	
<b>Utilities</b>	LL pays water, sewer, garbage	
<b>Amenities</b>	On-site laundry	
<b>Lease Type</b>	Residential Gross	
<b>Market Concessions</b>	None	
<b>Mo. Rent</b>	\$1,500	
<b>Mo. Rent/Sq. Ft.</b>	\$2.14	
<b>Mo. Rent/Room</b>	\$500	
<b>Comments</b>	Larger apartment building with covered parking. Close to downtown Menlo Park in multi-family district.	
<b>Comparison To Subject</b>	Newer property of superior quality and condition. Superior location.	



## Comparable Rental

<b>Comp #</b>	4	
<b>Street</b>	1311 Hoover Street	
<b>City</b>	Menlo Park	
<b>County</b>	San Mateo	
<b>Proximity</b>	Two And One-Tenths Miles Southwest	
<b>Date of Rental/Survey</b>	Jul-11	
<b>Number of Units / Vacant</b>	4 Units	0 Vacant
<b>Year Built</b>	1955	
<b>Quality / Condition</b>	Average to good	Average to good
<b>Total Rooms / Bedrooms</b>	4 Rooms	2 Bedroom(s)
<b>Size (Sq. Ft.) / Baths</b>	N/A Sq. Ft.	1 Bath(s)
<b>Parking</b>	0	
<b>Utilities</b>	LL pays water, sewer, garbage	
<b>Amenities</b>	On-site laundry	
<b>Lease Type</b>	Residential Gross	
<b>Market Concessions</b>	None	
<b>Mo. Rent</b>	\$1,800	
<b>Mo. Rent/Sq. Ft.</b>	N/A	
<b>Mo. Rent/Room</b>	\$450	
<b>Comments</b>	Small conventional apartment property close to downtown Menlo Park but in multi-family district.	
<b>Comparison To Subject</b>	Similar vintage but superior quality and condition with superior residential location.	



Joseph I. Napoliello, MAI



## Comparable Rental

<b>Comp #</b>	5	
<b>Street</b>	1311 Hoover Street	
<b>City</b>	Menlo Park	
<b>County</b>	San Mateo	
<b>Proximity</b>	Two And One-Tenths Miles Southwest	
<b>Date of Rental/Survey</b>	Jul-11	
<b>Number of Units / Vacant</b>	4 Units	0 Vacant
<b>Year Built</b>	1955	
<b>Quality / Condition</b>	Average to good	Average to good
<b>Total Rooms / Bedrooms</b>	4 Rooms	2 Bedroom(s)
<b>Size (Sq. Ft.) / Baths</b>	N/A Sq. Ft.	1 Bath(s)
<b>Parking</b>	0	
<b>Utilities</b>	LL pays water, sewer, garbage	
<b>Amenities</b>	On-site laundry	
<b>Lease Type</b>	Residential Gross	
<b>Market Concessions</b>	None	
<b>Mo. Rent</b>	\$1,850	
<b>Mo. Rent/Sq. Ft.</b>	N/A	
<b>Mo. Rent/Room</b>	\$463	
<b>Comments</b>	Small conventional apartment property close to downtown Menlo Park but in multi-family district.	
<b>Comparison To Subject</b>	Similar vintage but superior quality and condition with superior residential location.	





## Comparable Rental

<b>Comp #</b>	6	
<b>Street</b>	835 Pierce Road	
<b>City</b>	Menlo Park	
<b>County</b>	San Mateo	
<b>Proximity</b>	One Block South	
<b>Date of Rental/Survey</b>	Jun-11	
<b>Number of Units / Vacant</b>	5 Units	0 Vacant
<b>Year Built</b>	1964	
<b>Quality / Condition</b>	Average	Average
<b>Total Rooms / Bedrooms</b>	4 Rooms	2 Bedroom(s)
<b>Size (Sq. Ft.) / Baths</b>	N/A Sq. Ft.	1 Bath(s)
<b>Parking</b>	1	
<b>Utilities</b>	LL pays water, sewer, garbage	
<b>Amenities</b>	None	
<b>Lease Type</b>	Residential Gross	
<b>Market Concessions</b>	None	
<b>Mo. Rent</b>	\$1,400	
<b>Mo. Rent/Sq. Ft.</b>	N/A	
<b>Mo. Rent/Room</b>	\$350	
<b>Comments</b>	Small conventional apartment property that faces the freeway sound wall.	
<b>Comparison To Subject</b>	Similar vintage but inferior condition and location.	



**Rentals Four and Five** are from the same renovated project as Rental 2. They are both two-bedroom apartments with superior quality and condition and appeal. They rented for \$1,800 to \$1,850 per month.

**Rental Six** is located at 835 Pierce Road, Menlo Park. The property was built in 1964 and has five apartments in a conventional layout with units above parking. The rental rate for the two-bedroom apartment was \$1,400 per month. The tenants are responsible for the payment of all utilities. There are no amenities. This property is located in the subject’s immediate neighborhood but it faces a freeway sound wall and has an unattractive appearance with older updates.

We have compared the rentals with the subject in the following table.

Rental Comparison			
	1 - 845 Pierce Road	2 - 1311 Hoover Street	3 - 450 Oak Grove Avenue
<b>Price</b>	\$1,200	\$1,450	\$1,500
<b>Location</b>	Sl. Inferior	Superior	Superior
<b>Qual./Cond.</b>	Inferior	Superior	Superior
<b>Size/Layout</b>	Similar	Similar	Similar
<b>Amenities</b>	Inferior	Similar	Similar
<b>Utilities</b>	Similar	Similar	Similar
<b>Indication</b>	>\$1,200	<\$1,450	<\$1,500

Rental Comparison			
	4 - 1311 Hoover Street	5 - 1311 Hoover Street	6 - 835 Pierce Road
<b>Price</b>	\$1,800	\$1,850	\$1,400
<b>Location</b>	Superior	Superior	Sl. Inferior
<b>Qual./Cond.</b>	Superior	Superior	Inferior
<b>Size/Layout</b>	Similar	Similar	Similar
<b>Amenities</b>	Similar	Similar	Inferior
<b>Utilities</b>	Similar	Similar	Similar
<b>Indication</b>	<\$1,800	<\$1,850	>\$1,400

For the subject’s one-bedroom units, assuming updated units with an average size of 506 square feet, the most likely range in rental price is \$1,300 to \$1,400 per month. The upper end of the range is more appropriate after renovation for the larger units and the smaller units are priced at \$1,350.

For the subject’s two-bedroom units, assuming updated units with an average size of 880 square feet, the most likely range in rental price is \$1,650 to \$1,750 per month. The middle of the range is more appropriate for these ground-floor units and our estimate of market rent is \$1,700.

**Forecast Potential Gross Income**

Potential gross income is summarized on the table that follows this page.

**Vacancy and Collection Loss Allowance**

The residential rental market saw strong price growth over the past 18 months. Rents may continue to increase but after a strong run up we anticipate rent growth may moderate. Market vacancy has decreased, as well. The latest countywide market survey from the regional brokerage firm of Cassidy Turley/*BT Commercial* put apartment vacancy at 2.9% for smaller apartment properties and at 4.1% for projects of 100 units or more. We anticipate the overall level of vacancy will stabilize over the next year, as well. The subject's immediate market is secondary, however, so we have applied a 5% vacancy and collection loss allowance

**Current and Market Expenses**

The subject would most likely be leased on a residential gross basis with the tenants paying typical utility expenses. Historical operating expenses and our expense forecast is presented on the table that follows the next page. Our total projected income and expenses are summarized on the income approach summary at the end of this section. Operating ratio is as follows.

$$\text{Total Expense Ratio (Vac. + Op. Exp) / PGI} = 38.4\% \text{ of total income}$$

In our opinion, the projected expenses are at the upper end of a typical range of operations but this is reasonable given the smaller size of the subject and the fact that our expense forecast is for the next year while the comparable data is historical.

**Net Operating Income**

Net operating income represents the difference between operating income and operating expenses. This does not include non-recurring items or other non-cash income or expenses such as interest income, amortization, depreciation, or interest expense. It is the cash flow available to pay debt service and local, state, or federal income taxes. This cash flow is capitalized to produce a value estimate under the income approach.

**Capitalization Rate Analysis**

The overall capitalization rate is that rate which, if divided into the annual net income produced by a property, will provide an indication of total property value. Although there are a number of ways to arrive at a capitalization (cap) rate, the most widely accepted method is to extract it from the market.

RENT ROLL

FORECAST PGI

Unit No.	No. of Units	Room Count		Total Rooms	Sq. Ft. Per DU	No. DU Vacant	Actual Rent	Per Sq. Ft.		Forecast Rent		Per Sq. Ft.	Rm.
		BR	Ba.					Sq. Ft.	Rm.	Rent	Rm.		
1157-1	1	4	2	1	880	1	\$0.00	\$0.00	\$0.00	\$1,700.00	\$1.93	\$425.00	
1157-2	1	3	1	1	462	1	\$0.00	\$0.00	\$0.00	\$1,350.00	\$2.92	\$450.00	
1157-3	1	3	1	1	484	1	\$0.00	\$0.00	\$0.00	\$1,350.00	\$2.79	\$450.00	
1157-4	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67	
1157-5	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67	
1157-6	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67	
1161-1	1	4	2	1	880	1	\$0.00	\$0.00	\$0.00	\$1,700.00	\$1.93	\$425.00	
1161-2	1	3	1	1	462	1	\$0.00	\$0.00	\$0.00	\$1,350.00	\$2.92	\$450.00	
1161-3	1	3	1	1	484	1	\$0.00	\$0.00	\$0.00	\$1,350.00	\$2.79	\$450.00	
1161-4	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67	
1161-5	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67	
1161-6	1	3	1	1	528	1	\$0.00	\$0.00	\$0.00	\$1,400.00	\$2.65	\$466.67	
12	38	14	12	12	6,820	12	\$0.00	\$0.00	\$0.00	\$17,200.00	\$2.52	\$452.63	
Avg.	3.17				179					\$1,433			

Allowable (Projected) Increase  
0.60%

10,380  
GBA

Additional Income  
Storage \$0.00  
Laundry \$240.00  
Parking \$0.00  
Total \$0.00

Actual / Mo. \$0.00 Forecast / Mo. \$17,440.00

Cmrl. Rents \$0.00  
Res. Rents \$0.00  
Tot. Rev. \$0.00

Cmrl. Rents \$206,400.00  
Res. Rent \$209,280.00  
Tot. Rev. \$209,280.00

**OPERATING EXPENSE FORECAST**

	<b>GBA</b>	<b>Units</b>	<b>Rooms</b>
	10,380	12	38
	<b>CPI</b>		
	3.0%		
	<b>Owners</b>	<b>Forecast</b>	<b>Rate Comments</b>
RE Taxes	\$21,882	\$22,946	1.1121% Prop. 13 (Rate x Inc. App. Val.)
Other Taxes	\$6,536	\$9,331	Direct Charges Est.
Insurance	\$4,671	\$5,190	\$0.50 Estimated at \$0.50/sq. ft.
Licenses			Included above
Fuel/Utilities	\$1,200	\$1,236	\$100.00 Owner's estimate plus CPI
Gas			Incl. Above
Electricity			Incl. Above
Water/Sewer	\$6,000	\$6,180	Owner's estimate plus CPI
Trash			Incl. Above
Pest			Incl. in Mt. & Rep.
Bld. Maintenance & Repairs	\$6,000	\$6,228	\$0.60 Market survey est.
Decorating		\$375	1/2 Unit/yr. @ \$750/unit
Cleaning			
Gardening	\$1,200	\$2,400	\$200.00 Landscaping + cleaning / mo.
Nonres. Management	\$9,702	\$9,941	5.00% Estimated at 5% of EGI
Res. Mgr. Sal.			
Res. Mgr. Apt.			
Legal/Audit		\$1,557	\$0.15 Estimated at \$0.15/sf
Administrative		\$250	Appraiser's estimate
Miscellaneous		\$250	Appraiser's estimate
Allow. For Replmt.	\$1,000	\$3,976	2.00% Appraiser's estimate
<b>Total Operating Expenses</b>	<b>\$58,191</b>	<b>\$69,860</b>	<b>35.1%</b>

The comparable sales had the following financial characteristics.

Sale	Location	NOI	NOI/Sq. Ft.	OAR	OER
1	2451 Middlefield Road	\$142,200	\$9.07	6.46%	N/A
2	1670 Union Avenue	\$170,197	\$13.59	6.40%	22.50%
3	1518 Oxford Street	\$170,303	\$11.81	7.10%	25.52%
4	1114 Hopkins Avenue	\$140,740	\$9.37	6.07%	23.34%
5	94 Renato Court	\$161,115	\$16.95	5.58%	33.30%
6	3242 Rolison Road	\$92,103	\$9.83	6.98%	32.25%
SP:	1157-1161 Willow Road	\$128,956	\$12.42	N/A	38.38%

Other sales data suggest that unusually low overall rates remain common in the San Francisco Bay Area apartment market. This is in large part due to low mortgage rates and inferior returns on other investments combined with strong demand for apartment properties and limited supply.

The overall rates exhibited by the comparable sales range from roughly 6% to 7%. The Korpacz investor survey indicates institutional investors have a broad investment range of between 4% and 10% with an average rate of 6%. This rate is slightly lower over the past quarter but non-institutional grade rates appear lower. The regional *Cassidy/Turley BT Commercial* survey puts the fourth quarter 2011 regional rate at 5.5%. These rates are pulled down by the San Francisco market and core Palo Alto/Mountain View areas where demand is strongest. Away from the core the market is weaker and rates are higher. The average in the Peninsula market is 6%. Smaller properties generally enjoy better demand but the larger-scale investment market has been marked by limited supply and, hence, lower rates. The most telling factor is recent actual market data as compared to regional averages.

Given available market data, a most probable range of overall rates for the subject is between 6% to 6.5% and our single point estimate is from the middle of the range or 6.25%.

### **Repair and Lease Up Costs**

Nine of the subject's twelve units are marketable but a probable investor would look at the subject as a renovation project. It would make the most sense to bring all the units to a modern standard with similar finishes. The property also need minor repairs, as well. In estimating the costs necessary to bring the units to a modern standard and market them for occupancy we have calculated a probable cost range of \$5,000 to \$10,000 per unit. The low end of the price range would be for lower quality finishes and non-union skill labor. The higher end of the range would be indicative of higher quality improvements and fully contracted work. The lower end of the range is less likely and the higher end would not be logical for the subject's location. We settled on a figure of \$7,500 per unit which is consistent with other costs we have seen in other assignments. We also allowed for miscellaneous repairs and painting at \$20,000.

Our estimate of repair and lease up cost is as follows.

12 Units @ \$7,500	\$7,500
	12
Sub-Total	<u>\$90,000</u>
Misc. Repairs	\$20,000
Total	<u>\$110,000</u>

The seller also provided an estimate for repairs which totaled just over \$105,000.

These figures are consistent and our figure will be applied to the stabilized value to determine the value of the property, as is.

**Analysis and Value Estimate**

Our income approach summary is reproduced on the table that follows this page. Based on the preceding data, it is our opinion that the market value of the undivided fee simple interest in the property under the income approach, subject to the definition of value, limiting conditions and assumptions, certification, and, as of the date of valuation, was

<b>Income Approach</b>	<b>\$2,063,000</b>
<b>Less Cost to Cure</b>	<b><u>-\$110,000</u></b>
<b>Value - As Is</b>	<b>\$1,953,000</b>

**Indicated Value - Income Approach**

**\$1,953,000**

**OPERATING EXPENSE FORECAST**

<b>GBA</b>	10,380	<b>Units</b>	<b>Rooms</b>
<b>CPI</b>	3.0%	12	38
	<b>Owners</b>	<b>Forecast</b>	<b>Rate Comments</b>
RE Taxes	\$21,882	\$22,946	1.1121% Prop. 13 (Rate x Inc. App. Val.)
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Electricity			Incl. Above
Water/Sewer	\$6,000	\$6,180	Owner's estimate plus CPI
Trash			Incl. Above
Pest			Incl. in Mt. & Rep.
Bld. Maintenance & Repairs	\$6,000	\$6,228	\$0.60 Market survey est.
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Nonres. Management	\$9,702	\$9,941	5.00% Estimated at 5% of EGI
Res. Mgr. Sal.			
Res. Mgr. Apt.			
Legal/Audit		\$1,557	\$0.15 Estimated at \$0.15/sf
Administrative		\$250	Appraiser's estimate
Miscellaneous		\$250	Appraiser's estimate
Allow. For Replmt.	\$1,000	\$3,976	2.00% Appraiser's estimate
<b>Total Operating Expenses</b>	<b>\$58,191</b>	<b>\$69,860</b>	<b>35.1%</b>

**INCOME APPROACH SUMMARY**

			<b>/Unit</b>
Monthly Gross			\$17,440
Potential Gross Income			\$209,280 \$1,453 /DU/Mo.
Vacancy	5.00%		(\$10,464) -\$73 /DU/Mo.
Effective Gross Income			\$198,816 \$1,381 /DU/Mo.
Operating Expenses			(\$69,860) -\$485 /DU/Mo.
Net Operating Income			\$128,956 \$896 /DU/Mo.
Overall Capitalization Rate	6.00%	\$2,149,267	
Overall Capitalization Rate	6.25%	\$2,063,296	
Overall Capitalization Rate	6.50%	\$1,983,938	
Indicated Probable Value			\$2,063,296 \$171,941 /DU
Rounded to			\$2,063,000
Adjustments			-\$110,000
Value - As Is			\$1,953,000 \$162,750 /DU

Total Expense Ratio (Vac. + Op. Exp) / PGI = 38.4%



**RECONCILIATION AND FINAL VALUE CONCLUSION**

The approaches used to estimate the market value of the property were the sales comparison and income approaches. The approaches have produced the following indications of value - as is:

<b>Cost Approach</b>		<b>N/A</b>
<b>Price Per Sq. Ft.</b>	<b>\$2,128,000</b>	
<b>PGIM</b>	<b>\$2,197,000</b>	
<b>Price Per Unit</b>	<b>\$2,160,000</b>	
<b>Price Per Room</b>	<b>\$2,090,000</b>	
<b>Sales Comparison Approach</b>		<b>\$2,150,000</b>
<b>Less Cost to Cure</b>		<b>-\$110,000</b>
<b>Value - As Is</b>		<b>\$2,040,000</b>
<b>Income Approach</b>		<b>\$2,063,000</b>
<b>Less Cost to Cure</b>		<b>-\$110,000</b>
<b>Value - As Is</b>		<b>\$1,953,000</b>
<b>Average Spread Between Indicators</b>		<b>4.36%</b>
<b>Reconciled Value - As Is</b>		<b>\$2,000,000</b>
<b>Indicated Value / Sq. Ft. of Land Area</b>		<b>\$167</b>

The two approaches and the various techniques yielded a broad range of value as follows:

Sales Comparison Approach Value Range \$2,090,000 to \$2,197,000

Income Approach Value Range \$1,984,000 to \$2,149,000

Reconciled Value Range \$2,063,000 to \$2,150,000

Reconciled Value Range As Is \$1,953,000 to \$2,040,000

As noted earlier, the cost approach has not been applied.

The sales comparison approach is based on the principle of substitution. That is, an informed buyer would not pay more for a property than the cost of acquiring an equally desirable substitute. In this case, we analyzed six recent comparable sales from the market area of the subject. Several were good or reasonable indicators of value while

some were useful in establishing the upper and lower limits of value but the sales were divergent in physical characteristics. This approach is adequately supported and has, in our opinion, produced a reliable estimate of value and is a better indicator of value for smaller properties.

The income approach is a reliable indicator of value for properties such as the subject. This technique is the only forward-looking method as it considers benefits that will be obtained in the future. This is useful in a dynamic market as other approaches are based entirely on historical data. This approach produces, in our opinion, a reasonable indication of value but significant weight should be afforded the sales comparison approach as the subject is a smaller investment property and buyers and sellers tend to rely more heavily on intrinsic value indicators.

The reconciled values for the two approaches were from:

Reconciled Value Range \$1,953,000 to \$2,040,000

There was adequate sales data and we believe more emphasis should be placed on the comparison approach. Some weight, however, should be afforded the income approach so our final value comes from just above the middle of the narrowed range.

Based on the preceding, and after considering all of the factors that influence value including the area, neighborhood, site, improvements, highest and best use, and available market data, and subject to the stated limiting conditions and assumptions, certification, and definition of value, it is our opinion that, as of the date of valuation, March 19, 2012, the property, had an undivided fee simple estate market value - as is - of

**TWO MILLION DOLLARS**  
**(\$2,000,000)**

**Extraordinary Valuation Assumption:** Some of the apartments are in various stages of renovation and need finishes such as carpets, cabinets and appliances. We have valued the property as if it were complete to arrive at an as-is value. Our valuation assumes the necessary work will be done in a professional and workmanlike manner.

The subject is currently in contract at a price of \$1,990,000, as is. Our estimate of market value is consistent with this figure.

**Marketing/Exposure Time Estimate**

In order to fully understand the value opinion it is relevant to place the figure in the perspective of marketing or exposure time. Real estate is not a liquid investment. It takes time to properly market. It is also a complex investment with significant legal impediments to transfer. For these reasons, it is important to understand how long a property may take to sell in the open market.

Exposure time is based on the presumption that the property has been on the market in advance of the effective date of value. Marketing time is based on the presumption that the property will be put on the market as of the effective date of value. In this instance, market conditions are improving and we anticipate that marketing times may be stable or shorten compared to exposure times for the sales data as shown below.

**EXPOSURE TIME FOR SALES DATA**

SALE 1	2451 Middlefield Road	120+-
SALE 2	1670 Union Avenue	23
SALE 3	1518 Oxford Street	20
SALE 4	1114 Hopkins Avenue	943
SALE 5	94 Renato Court	101
SALE 6	3242 Rolison Road	150+-

The subject is a smaller property that would have average or better appeal based on location but its condition is a slight detriment. This data and other sales we have reviewed suggest a normal marketing time of three to six months is adequate exposure given competent representation.

# Addenda

## **Addendum: Definitions, Certification, Assumptions, Limiting Conditions**

The following definitions, as applicable, are used in this appraisal. They are taken from the *Dictionary of Real Estate Appraisal, Fourth Edition*, unless otherwise noted.

### **Market Value**

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- 1. buyer and seller are typically motivated;*
- 2. both parties are well informed or well advised and acting in what they consider their best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

(Source: USPAP, 2010-11 Edition and FDIC Final Rules, 12 CFR Part 32.2(f) (FIRREA) and 12<sup>th</sup> Edition of the Appraisal of Real Estate)

### **"As-Is" Market Value Estimate**

*The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.*

### **Fee Simple Estate**

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*

### **Leased Fee Estate**

*An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.*

### **Leasehold Estate**

*The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions.*

### **Easement**

*An Interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access or right-of-way easements may be acquired by private parties or public utilities. Governments dedicate conservation, open space, and preservation easements.*

### **Cost Approach**

*A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.*

### **Sales Comparison Approach**

*A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.*

### **Income Capitalization Approach**

*A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.*

## **CERTIFICATION**

I certify that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent on developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. My value conclusion(s), as well as other opinions expressed herein, are not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of the report, I have completed the requirements of the continuing education program of the Appraisal Institute.
- I, the undersigned, have made a personal visual inspection of the property that is the subject of this report.
- No other persons provided significant professional assistance to the person(s) signing this report.



Joseph I. Napoliello, MAI  
Certified General Real Estate Appraiser  
CA Certificate #AG003794

## **STATEMENT OF LIMITING CONDITIONS AND ASSUMPTIONS**

This appraisal is made subject to the following ***special*** limiting conditions or assumptions:

**Extraordinary Valuation Assumption:** Some of the apartments are in various stages of renovation and need finishes such as carpets, cabinets and appliances. We have valued the property as if it were complete to arrive at an as-is value. Our valuation assumes the necessary work will be done in a professional and workmanlike manner.

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent ***special*** property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy. We have not attempted to independently verify any rental, income, or expense data provided to us.
5. It is assumed that the reader or user of this report has been provided with copies of available building plans and all leases and amendments, if any, that encumber the property.
6. If no legal description was furnished, the appraiser used the county tax plat to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate the appraiser reserves the right to review any value conclusions.
7. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
9. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
10. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
11. Any proposed improvements are assumed to have been completed unless otherwise stipulated, so any construction is assumed to conform with the building plans referenced in the report.
12. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.



13. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
14. It is assumed that the property has been adequately exposed for a reasonable time in advance of the effective date of this report. In a market value appraisal there is the assumption of hypothetical sale as of the date of value. It is further assumed that the exposure or marketing effort was commensurate with the type of real property interest, the use of the property, its market value, and the likely buyer.
15. Unless otherwise stated in this report, the existence of hazardous materials which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

This appraisal report has been made with the following general limiting conditions:

1. Any allocation of the total opinion of value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
3. For proposed construction, only preliminary plans and specifications were available for use in the preparation of this appraisal; the analysis, therefore, is subject to a review of the final plans and specifications when available.
4. Possession of this report, or a copy thereof, does not carry with it the right of publication.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or be in attendance in court with reference to the property in question unless arrangements have been previously made.
6. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
7. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
8. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of

ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirement of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

9. This report has been prepared specifically for the stated use and benefit of the client, as named in the introduction, and may not be used by any other party without prior written consent and approval of the appraiser.

# Joseph I. Napoliello, MAI

*Commercial – Industrial – Residential – Real Estate Appraisal and Consultation*

131 Darby Place, #1, San Bruno, California 94066 (650) 875-1459

## QUALIFICATIONS

**Joseph I. Napoliello, MAI**

**GENERAL** Bay Area resident since 1982; born and raised in southern New Jersey

**EDUCATION** Boston University, Boston, MA  
M.S.B.A. Business, 1978  
Loyola University, New Orleans, LA  
B.B.A. Finance, 1976

Recent professional coursework and exams:  
Real Estate Appraisal Principles (AI)  
Basic Valuation Procedures (AI)  
Capitalization Theory - Part A (AI)  
Capitalization Theory - Part B (AI)  
Standards of Professional Practice (AI)  
Case Studies in R.E. Valuation (AI)  
Report Writing and Valuation Analysis (AI)  
Highest and Best Use and Market Analysis (AI)  
Highest and Best Use and Feasibility Analysis - Non-Residential (Seminar)  
Rates, Ratios and Reasonableness (Seminar)  
Easement Valuation (Seminar)  
Valuation of Detrimental Conditions (Seminar)

**PROFESSIONAL AFFILIATIONS** State Certified General Appraiser - California - #AG003794  
MAI Member, Appraisal Institute, #11786

**COURT TESTIMONY** Qualified as an expert witness in Superior Court - Counties of San Francisco and San Mateo

**Joseph I. Napoliello, MAI**

- 2 -

**EMPLOYMENT**

Owner and Senior Appraiser (since August 1989 formerly Haley Appraisal Company, Inc.), San Francisco, CA. - independent fee appraisers and consultants specializing in commercial, industrial, and multi-family residential properties.

August 1987 to August 1989:

Vice President, General Manager and Associate Appraiser, Haley, O'Brien and O'Brien, San Francisco, CA. - Independent fee appraisers specializing in commercial and industrial properties.

August 1986 to July 1987:

Staff Appraiser, Class II, Sears Mortgage Corporation, South San Francisco, CA. - residential appraisals of single family, condo, PUD, and 2-4 unit properties.

August 1985 to August 1986:

Residential Loan Representative, Sears Mortgage Corporation, Daly City, CA.

January 1981 to August 1985:

Sales and Marketing Positions, Dean Witter Reynolds Inc., Monterey, CA and San Francisco, CA - major securities dealer.

May 1976 to January 1981:

Finance and Accounting Officer, U.S. Army, various duty stations.

**PROPERTY TYPES APPRAISED**

Office buildings	Warehouses
Industrial buildings	Mixed-use buildings
Residential and industrial subdivisions	Vacant land
Shopping Centers	Leased Land
Apartment complexes	Retail buildings
Condominium projects	Single Family Residences
Medical office buildings	Condo & PUD Units
Hotels	Special Purpose Buildings
Easements and partial takings	Appraisal reviews

## **Addendum: Preliminary Title Report**

UPDATED



*First American Title*

## First American Title Company

800 El Camino, Suite 200  
Menlo Park, CA 94025

Escrow Officer: Art Fuenzalida  
Phone: (650)323-7775  
Fax No.: (866)409-0621  
E-Mail: afuenzalida@firstam.com

E-Mail Loan Documents to: Please contact the Escrow Officer for email address for sending loan documents.

Property: 1157-1161 Willow Road  
Menlo Park, CA

### PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of MARCH 2, 2012 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

JOHN K MOONEY AND PATRICIA ANN MOONEY, HUSBAND AND WIFE AS JOINT TENANTS AS TO TRACT ONE AND TWO

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee as to Parcel(s) I OF TRACT ONE & TWO, an easement as to Parcel(s) II OF TRACT ONE & TWO

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2012-2013, a lien not yet due or payable.
2. General and special taxes and assessments for the fiscal year 2011-2012.

First Installment:	\$2,830.41, DELINQUENT
Penalty:	\$283.04
Second Installment:	\$2,830.41, DUE
Penalty:	\$0.00
Tax Rate Area:	08-092
A. P. No.:	062-093-300

(Affects TRACT ONE)

3. General and special taxes and assessments for the fiscal year 2011-2012.  
First Installment: \$2,760.03, DELINQUENT  
Penalty: \$276.00  
Second Installment: \$2,760.03, DUE  
Penalty: \$0.00  
Tax Rate Area: 08-092  
A. P. No.: 062-093-310

(Affects TRACT TWO)

4. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

**The Following Matters Affect TRACT ONE:**

5. A Deed of Trust to secure an original indebtedness of \$36,200.00 recorded FEBRUARY 14, 1977 as INSTRUMENT NO. 81562AK IN BOOK 7381, PAGE 706 of Official Records.  
Dated: FEBRUARY 03, 1977  
Trustor: JOHN K. MOONEY AND PATRICIA ANN MOONEY, HUSBAND AND WIFE  
Trustee: CALIFORNIA RECONVEYANCE COMPANY , A CALIFORNIA CORPORATION  
Beneficiary: GREAT WESTERN SAVINGS AND LOAN ASSOCIATION, A CORPORATION

A document entitled "ASSIGNMENT OF LEASES" recorded FEBRUARY 14, 1977 as INSTRUMENT NO. 81563AK IN BOOK 7381, PAGE 711 of Official Records, as additional security for the payment of the indebtedness secured by the deed of trust recorded FEBRUARY 14, 1977 as INSTRUMENT NO. 81562AK IN BOOK 7381, PAGE 706 of Official Records.

6. A Deed of Trust to secure an original indebtedness of \$67,200.00 recorded JUNE 17, 1985 as INSTRUMENT NO. 85059541 of Official Records.  
Dated: JUNE 10, 1985  
Trustor: JOHN K. MOONEY AND PATRICIA ANN MOONEY, HUSBAND AND WIFE, AS JOINT TENANTS  
Trustee: COAST FED SERVICES, A CORPORATION  
Beneficiary: COAST SAVINGS AND LOAN ASSOCIATION, A CORPORATION

**The Following Matters Affect TRACT TWO:**

7. An easement for UTILITIES, STREET LIGHTING, STORM DRAINS, AS WELL AS WATER LINES and incidental purposes in the document recorded OCTOBER 04, 1928 as INSTRUMENT NO. 19616-B IN BOOK 367, PAGE 498 of Official Records.
8. An easement for UTILITIES, STREET LIGHTING, STORM DRAINS, AS WELL AS WATER LINES and incidental purposes in the document recorded AUGUST 12, 1931 as INSTRUMENT NO. 90563-B IN BOOK 537, PAGE 66 of Official Records.



9. A Deed of Trust to secure an original indebtedness of \$92,969.00 recorded OCTOBER 07, 1985 as INSTRUMENT NO. 85103697 of Official Records.
- Dated: SEPTEMBER 30, 1985
- Trustor: JOHN K. MOONEY AND PATRICIA ANN MOONEY, HUSBAND  
AND WIFE AS JOINT TENANTS
- Trustee: COAST FED SERVICES, A CORPORATION
- Beneficiary: COAST SAVINGS AND LOAN ASSOCIATION, A CORPORATION

**The Following Matters Affect BOTH TRACTS (ONE AND TWO):**

10. An easement for UTILITIES, STREET LIGHTING, STORM DRAINS, WATER LINES AS WELL AS SET BACK LINES and incidental purposes in the document recorded JANUARY 30, 1931 as INSTRUMENT NO. 77480-B IN BOOK 511, PAGE 177 of Official Records.
11. The fact that the land lies within the boundaries of the LAS PULGAS COMMUNITY DEVELOPMENT PROJECT AREA Redevelopment Project Area, as disclosed by the document recorded DECEMBER 21, 1981 as INSTRUMENT NO. 019388-AT of Official Records.

Document(s) declaring modifications thereof recorded SEPTEMBER 11, 1991 as INSTRUMENT NO. 91120049 of Official Records.

Document(s) declaring modifications thereof recorded SEPTEMBER 11, 1991 as INSTRUMENT NO. 91120050 of Official Records.

Document(s) declaring modifications thereof recorded AUGUST 10, 1995 as INSTRUMENT NO. 95-081846 of Official Records.

12. A federal tax lien in favor of the United States of America, recorded APRIL 22, 2011 as INSTRUMENT NO. 2011-046238 of Official Records.

Serial No.: 773713011

Debtor: JOHN K AND PATRICIA A MOONEY

Amount: \$96,082.62, and any other amounts due thereunder.

13. Rights of parties in possession.

<b>INFORMATIONAL NOTES</b>
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**Note:** The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Multi Family Residence known as 1161 Willow Road AS TO TRACT ONE AND 1157 Willow Road AS TO TRACT TWO, Menlo Park, California, .
  
2. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

**LEGAL DESCRIPTION**

Real property in the City of Menlo Park, County of San Mateo, State of California, described as follows:

**TRACT ONE**

**PARCEL I:**

**LOT 32 IN BLOCK 4 AS SHOWN ON THAT CERTAIN MAP ENTITLED "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO, STATE OF CALIFORNIA ON JUNE 10, 1926 IN BOOK 14 OF MAPS AT PAGES 6 AND 7.**

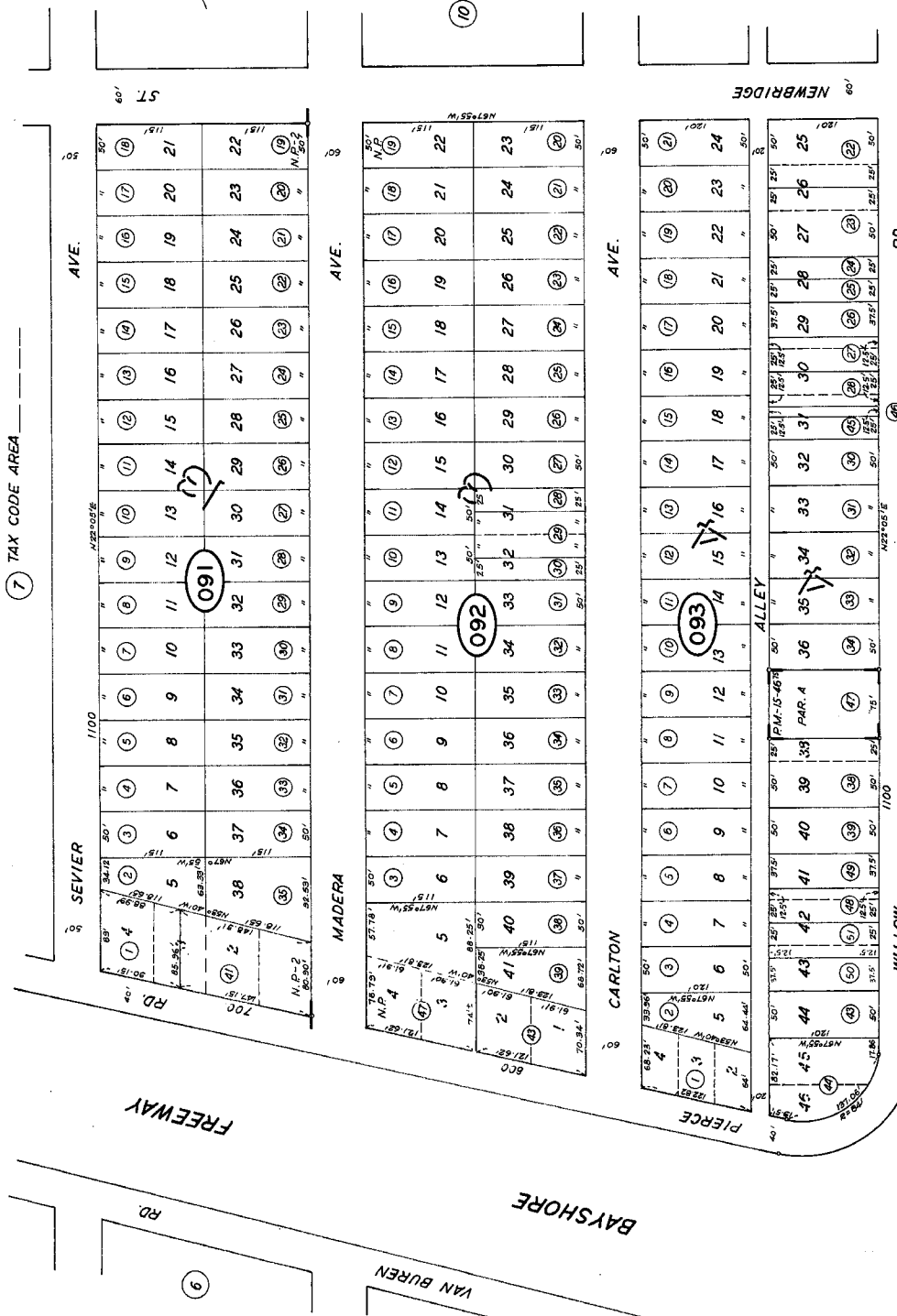
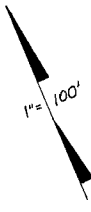
**TRACT TWO**

**PARCEL I:**

**LOT 33 IN BLOCK 4 AS SHOWN ON THAT CERTAIN MAP ENTITLED "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA ON JUNE 10, 1926 IN BOOK 14 OF MAPS AT PAGES 6 AND 7.**

**APN: 062-093-300 (AFFECTS: TRACT ONE), JPN: 062-009-093-30A  
062-092-310 (AFFECTS: TRACT TWO), JPN: 062-009-093-31A**

62-9



SEP 27 2005

2-21-78

NEWBRIDGE PARK RSM 14/6  
NEWBRIDGE PARK MAP NO. 2 RSM 14/51  
PARCEL MAP VOL 15/46

12

ASSESSOR'S MAP COUNTY OF SAN MATEO, CALIF.

NOTICE

First American Title

## **Addendum: Owner's Financial Data**

1157-1161 Willow Road Menlo Park, CA

## Operations Statement

Operations	Current	Market
Scheduled Gross Rent	\$194,040	\$197,040
Vacancy (5%)	(\$97,020)	(\$9,852)
Effective Gross Rent	\$97,020	\$187,188
Other Income	\$2,160	\$2,160
<b>Total Income</b>	<b>\$99,180</b>	<b>\$189,348</b>
Management Fee (5%)	\$9,702	\$9,852
Maintenance	\$6,000	\$6,000
PG&E (Gas only due to solar panels)	\$1,200	\$1,200
Water/Sewer/Garbage	\$6,000	\$6,000
Landscaping	\$1,200	\$1,200
<b>Subtotal Operating Expenses</b>	<b>\$24,102</b>	<b>\$24,252</b>
Real Estate Taxes	\$21,882	\$21,882
Special Assessments	\$6,536	\$6,536
Insurance	\$4,671	\$4,671
<b>Subtotal Non-Operating Expenses</b>	<b>\$33,089</b>	<b>\$33,089</b>
Reserves	\$1,000	\$1,000
<b>Total Expenses</b>	<b>\$58,191</b>	<b>\$58,341</b>
% Scheduled Gross Rent	29.99%	29.61%
Expenses/Unit	\$4,849	\$4,862
Expenses/Sq Ft	\$5.61	\$5.62
<b>Net Operating Income</b>	<b>\$40,989</b>	<b>\$131,007</b>





Offering Memorandum 1157-1161 Willow Road, Menlo Park, CA

Northern California's Source for Apartment Brokerage Services  
490

**Brian Henry**  
Senior Vice President  
650.320.0269  
bhenry@ctbt.com  
Lic #01385537

**Bryan Danforth**  
Associate  
650.320.0267  
bdanforth@ctbt.com  
Lic #01789680

1950 University Avenue, Suite 220  
East Menlo Park, California 94303

ph: 650-852-1200  
fx: 650-856-1098

[www.ctbtapartments.com](http://www.ctbtapartments.com)

1157-1161 Willow Road Menlo Park, CA

## Confidentiality & Disclaimer

The information contained in this marketing brochure ("Materials") is proprietary and confidential. It is intended to be reviewed only by the person or entity receiving it from Cassidy Turley BT Commercial Real Estate ("Agent"). The Materials are intended to be used for the sole purpose of preliminary evaluation of the subject property ("Property") for potential purchase.

The Materials have been prepared to provide unverified summary financial, physical, and market information to prospective buyers to enable them to establish a preliminary level of interest in potential purchase of the Property. The Materials are not to be considered fact. The information contained in the Materials is not a substitute for thorough investigation of the financial, physical, and market conditions relating to the Property.

The information contained in the Materials has been obtained by Agent from sources believed to be reliable, however, no representation or warranty is made regarding the accuracy or completeness of the Materials. Agent makes no representation or warranty regarding the Property, including but not limited to income, expenses, or financial performance (past, present, or future); size, square footage, condition, or quality of the land and improvements; presence or absence of contaminating substances (PCB's, asbestos, mold, etc.); Compliance with laws and regulations (local, state, and federal); or, financial

condition or business prospects of any tenant (tenant's intentions regarding continued occupancy, payment of rent, etc). Any prospective buyer must independently investigate and verify all of the information set forth in the Materials. Any prospective buyer is solely responsible for any and all costs and expenses incurred in reviewing the Materials and/or investigating and evaluating the Property.

By receiving the Materials you are agreeing to the Confidentiality and Disclaimer set forth herein.

**All Property showings are by appointment only and must be coordinated through the Agent.**



1157-1161 Willow Road Menlo Park, CA

## Offering Summary

Property Details	
Address	1157 - 1161 Willow Rd Menlo Park, CA
Price	\$1,990,000
Down Payment	\$597,000
Units	12
Price/Unit	\$165,833
Rentable Square Feet	10,380
Price/Sq Ft	\$191.71
Year Built	1958
Land Area (Acres)	0.28
Current Cap Rate	2.06%
Market Cap Rate	6.58%
Current GRM	10.26
Market GRM	10.10

Operations Summary	Current	Market
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<b>Net Operating Income</b>	<b>\$40,989</b>	<b>\$131,007</b>
Debt Service	\$87,199	\$87,199
Net Cash Flow	-2.32% (\$46,209)	2.20% \$43,809
Principal Reduction	\$21,495	\$21,495
Total Return	-1.24% (\$24,714)	3.28% \$65,304

Proposed Financing	
Amount	\$1,393,000
Interest Rate	4.75%
Amortization	30
Monthly Payment	\$87,199
Details	Fixed for 5 years then adjustable

### Rent Roll

Type	#	%	Sq Ft	Current Rent	\$/Sq Ft	Market Rent	\$/Sq Ft
1 x 1	10	83%	800	\$1,275	\$1.59	\$1,300	\$1.63
2 x 1	2	17%	1,050	\$1,710	\$1.63	\$1,710	\$1.63
<b>Total/Avg</b>	<b>12</b>	<b>100%</b>	<b>10,100</b>	<b>\$16,170</b>	<b>\$1.60</b>	<b>\$16,420</b>	<b>\$1.63</b>

1157-1161 Willow Road Menlo Park, CA

## Operations Statement

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1157-1161 Willow Road Menlo Park, CA

Rent Roll

Unit	Type	Sq Ft	Current Rent	\$/Sq Ft	Market Rent	\$/Sq Ft
1157 Unit 1	2 x 1	1,050	Rent-Ready	\$0.00	\$1,700	\$1.62
1157 Unit 2	1 x 1	800	In Progress	\$0.00	\$1,290	\$1.61
1157 Unit 3	1 x 1	800	\$1,250	\$1.56	\$1,290	\$1.61
1157 Unit 4	1 x 1	800	In Progress	\$0.00	\$1,290	\$1.61
1157 Unit 5	1 x 1	800	\$1,290	\$1.61	\$1,290	\$1.61
1157 Unit 6	1 x 1	800	In Progress	\$0.00	\$1,290	\$1.61
1161 Unit 1	2 x 1	1,050	Rent-Ready	\$0.00	\$1,700	\$1.62
1161 Unit 2	1 x 1	800	In Progress	\$0.00	\$1,290	\$1.61
1161 Unit 3	1 x 1	800	In Progress	\$0.00	\$1,290	\$1.61
1161 Unit 4	1 x 1	800	\$1,300	\$1.63	\$1,290	\$1.61
1161 Unit 5	1 x 1	800	In Progress	\$0.00	\$1,290	\$1.61
1161 Unit 6	1 x 1	800	Rent-Ready	\$0.00	\$1,290	\$1.61
		<b>10,100</b>	<b>\$3,840</b>	<b>\$0.38</b>	<b>\$16,300</b>	<b>\$1.61</b>

1157-1161 Willow Road Menlo Park, CA

## Property Overview

### Details

Address	1157 - 1161 Willow Rd Menlo Park, CA
County	San Mateo
APN	062-093-300 & -310
County Use	Commercial Use
Submarket	E. Menlo Park

### Attributes

Units	12
Rentable Square Feet	10,380
Average Unit Size (Sq Ft)	865
Land Area (Acres)	0.28
Year Built	1958
Parking	12

### Construction

Foundation	Concrete Slab / Perimeter
Exterior Walls	Stucco
Roof	Tar & Gravel
Patio/Balcony	No
Laundry Facilities	Hook-ups Available
Pool/Spa	No





1157-1161 Willow Road Menlo Park, CA

Subject Pictures



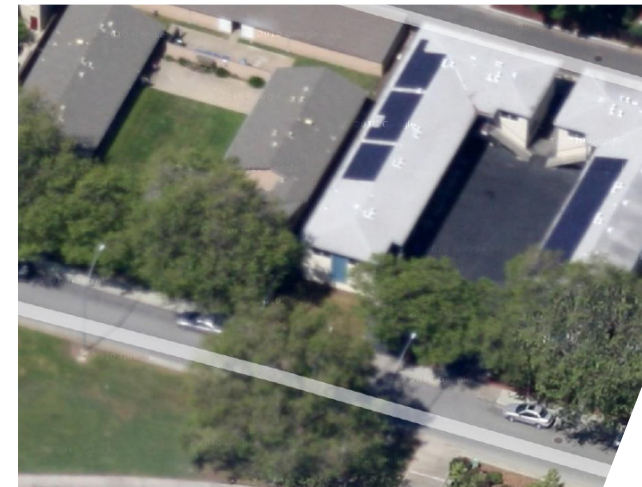
Solar panels reduces electric bills



Small public field directly in front of the property



Additional parking and access through alleyway in rear



Buy as 6 or 12 units

1157-1161 Willow Road Menlo Park, CA

Interior Pictures



1x1 Kitchen



2x1 Hallway



2x1 Kitchen



1x1 Living Room



Bathroom



1157-1161 Willow Road Menlo Park, CA

## Asset Overview

1157 and 1161 Willow Rd are two neighboring 6-unit apartment buildings in a great location in the heart of the Silicon Valley. A potential buyer could buy one of the two or both properties together depending on their desired investment size. They share a common driveway and sit on two 6,000 sf lots, totaling 0.275 of an acre. Each building consists of five 1-bedroom units and one larger 2-bedroom “owners unit” in the front. They are large units which total 5,190 sf of living area (865 sf / unit average) (according to county records). There are 12 total tuck-under parking spaces which could be converted into garages to provide a cleaner look, higher rents and more lateral structural support.

The property benefits from numerous recent upgrades including many considered “green” technology. In fact these won the owner the coveted “Renewable Energy Award.” These include the solar panels which were installed in mid 2007 and have produced more energy than the owner and tenants have used since their installation. As a result, the owner pays only the \$8 per month for the meter. There are two electric converters per building. Over half of the units have benefited from new low-flow toilets which cut the water usage by about 2/3 per toilet. The double pane windows and full insulation (rare in local apartment buildings) not only drastically reduce the heating bills, but also help reduce the sound intrusion. Other recent renovations include the new driveway in 2002, the new balcony / walkway which was replaced with the durable composite wood which won’t rot or splinter. The walls of the parking spaces were recently re-done with strong “wonder-board” and stucco. The outside electrical panels have all been recently updated. The roof was replaced around 2000 with a double-ply, pitched tar and gravel roof. The interiors are in various states of repair with several being completely finished and rent at market rates, others are vacant and in the process of being completed (see attached spreadsheet for more detail on unit-by-unit improvements). The finished units are achieving \$1710 for a 2-bedroom and \$1300 for a 1-bedroom.



1157-1161 Willow Road Menlo Park, CA

## Location Overview

The location of these buildings is very strong. Menlo Park and the surrounding cities all have the company headquarters for most of the leading companies in the technology, bio-tech, and renewable energy fields. These fields are receiving substantial financial investment and will be major drivers for job creation locally as the economy recovers over the coming years. More specifically, this area of Menlo Park is also receiving financial investment in infrastructure. There is a new major drainage pipe underneath Willow St directly in front of the subject property, which will be a great benefit in the event of local flooding. Several years ago all power and phone lines were buried underground to avoid outages by falling trees and for a cleaner look. There is a major construction project right now to install a significant water-pipe from the Hetch Hetchy Reservoir being buried under Ivy St only a block and a half away, which will provide more water to the area, and allow the city to service the old pipe.

The Menlo Park Veterans Hospital, located just across the Freeway from the apartments provides a constant supply of potential renters. Just three blocks North on Willow Road, Oracle just purchased Sun Microsystems. The Four Seasons Hotel is located just down the Freeway on the next exit at University Avenue, where you also have a large shopping center. In addition you have SRI (Stanford Research Institute) located a few doors from Menlo Park City Hall. In addition you have a big developer who will be building a recreation center at the corner of Marsh Road and Bay Front Expressway and there is an Industrial Park just two blocks east on Willow Road.

The City of Menlo Park has done a lot to improve the quality of life in this area of Menlo Park. They have a small police substation on the corner of Willow Road and Newbridge Street, a half a block from the apartments. They have done a lot of work in the Community Center located at the end of Terminal near the rail tracks. They have done an excellent job at the Senior Center. They built an excellent swimming pool near the Senior Center. They have a good program for the children at the Community Center. In addition they have computers there for the children. Children can also find support and computer use at The Boys and Girls Club located on Pierce Road and the computers located at the Belle Haven Elementary School Library. Belle Haven is the top elementary school in the Ravenswood District and it has an excellent library for an elementary school. The school's computers located in the library are available for the students during school hours, and available for everyone in the community after school hours. About one block east on Willow Road from the apartments on O'Brien there is a school where adults can take high school and college classes. These college courses are taught by teachers and professors from Canada College in Redwood City. The UPS Depot is located just about a block from the school. The main pick up and drop of point for Federal Express is located near Marsh Road on Haven Avenue. The Stanford Medical Clinic on Broadway in Redwood City is expanding their operation. This is an upcoming neighborhood with strong fundamentals and a good tenant base.



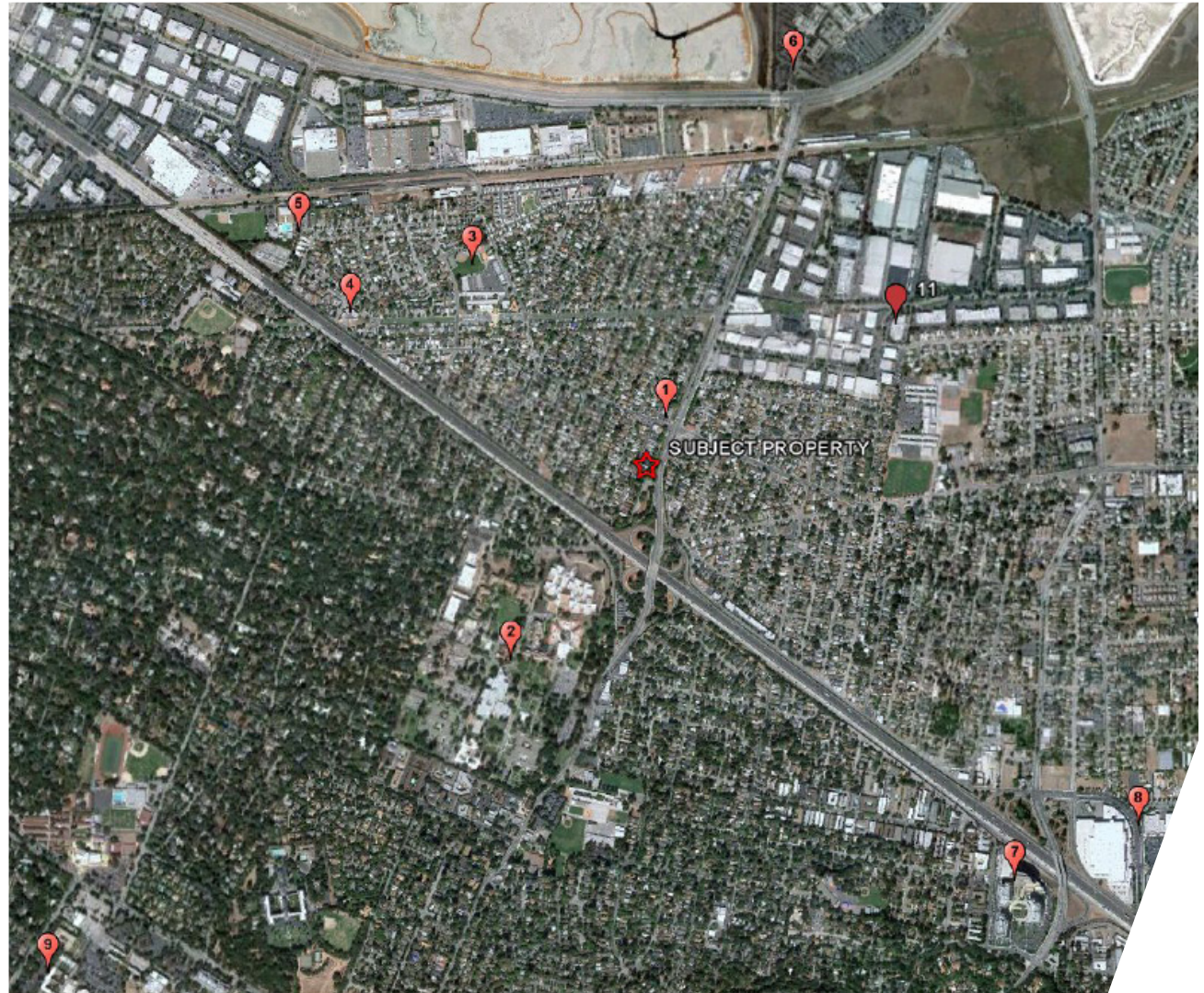


1157-1161 Willow Road Menlo Park, CA

## Location Overview Map & Legend

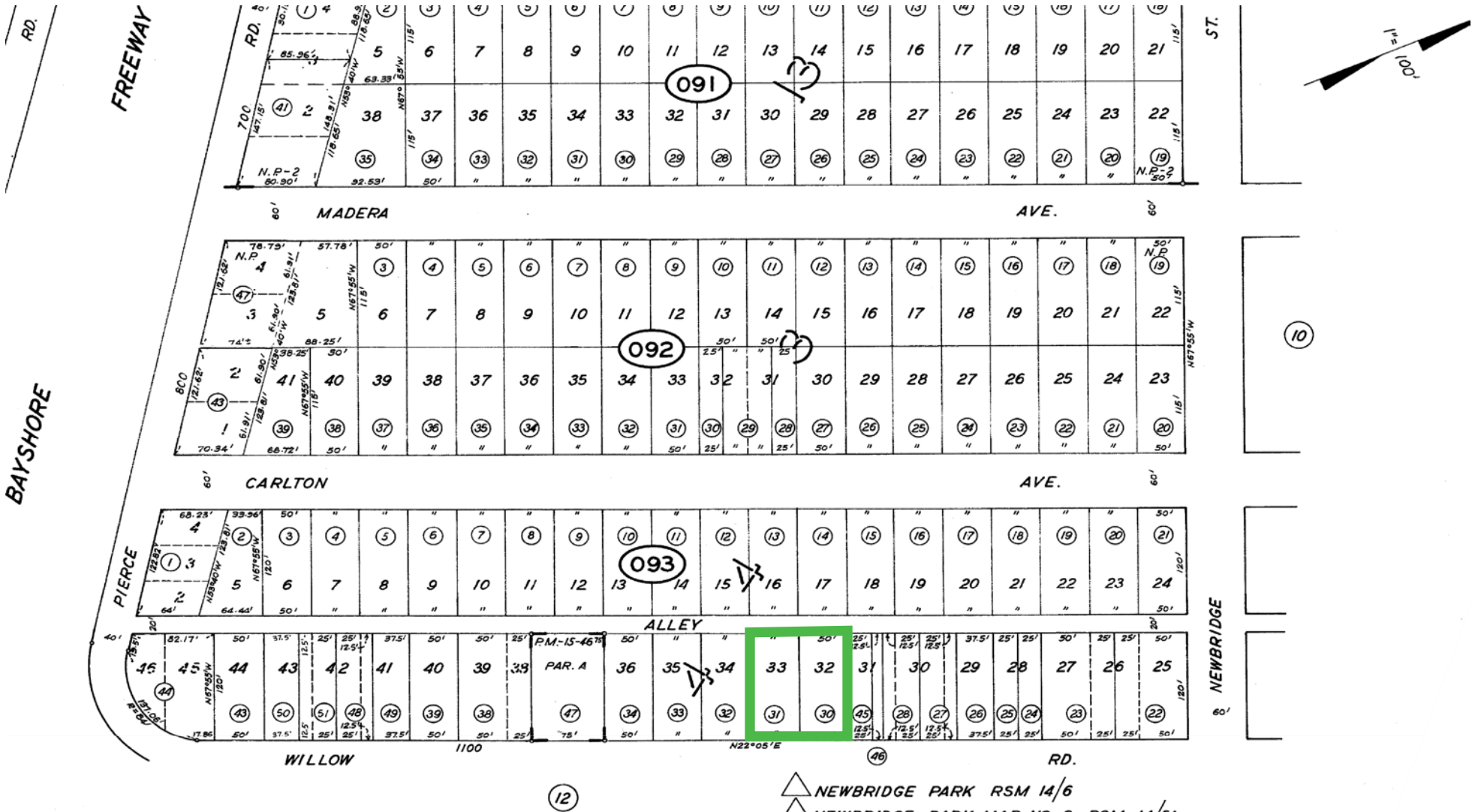
### Properties

1. Police Substation
2. Menlo Park Veteran's Hospital
3. Belle Haven Elementary School
4. Boys & Girls Club
5. Menlo Park Community/Senior Citizens Center
6. Oracle Purchase of Sun Microsystems
7. 4 Seasons Hotel
8. Ravenswood Shopping Center
9. Stanford Research Institute
10. New Recreation Center Development
11. City Hall
12. UPS Customer Center



1157-1161 Willow Road Menlo Park, CA

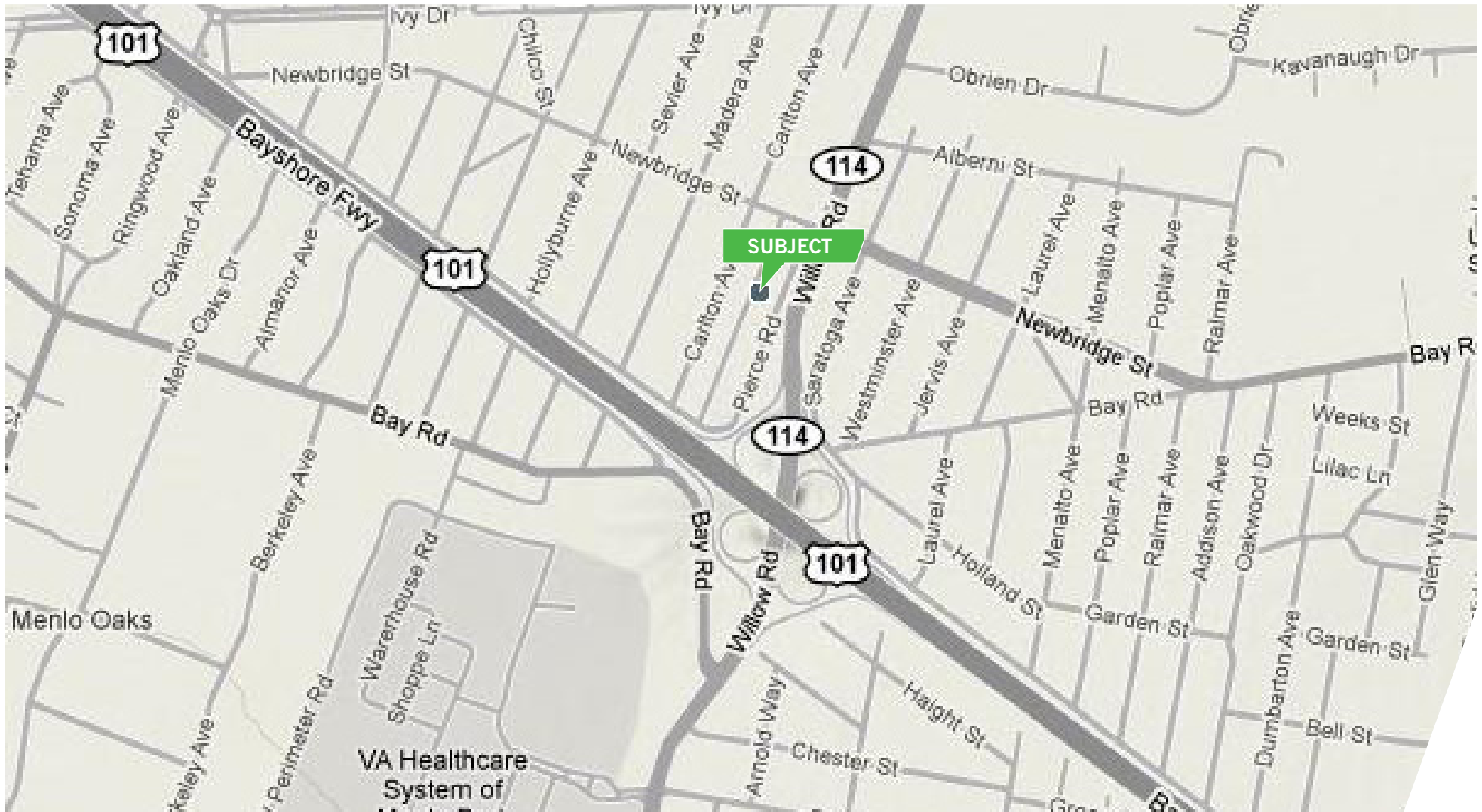
Parcel Map





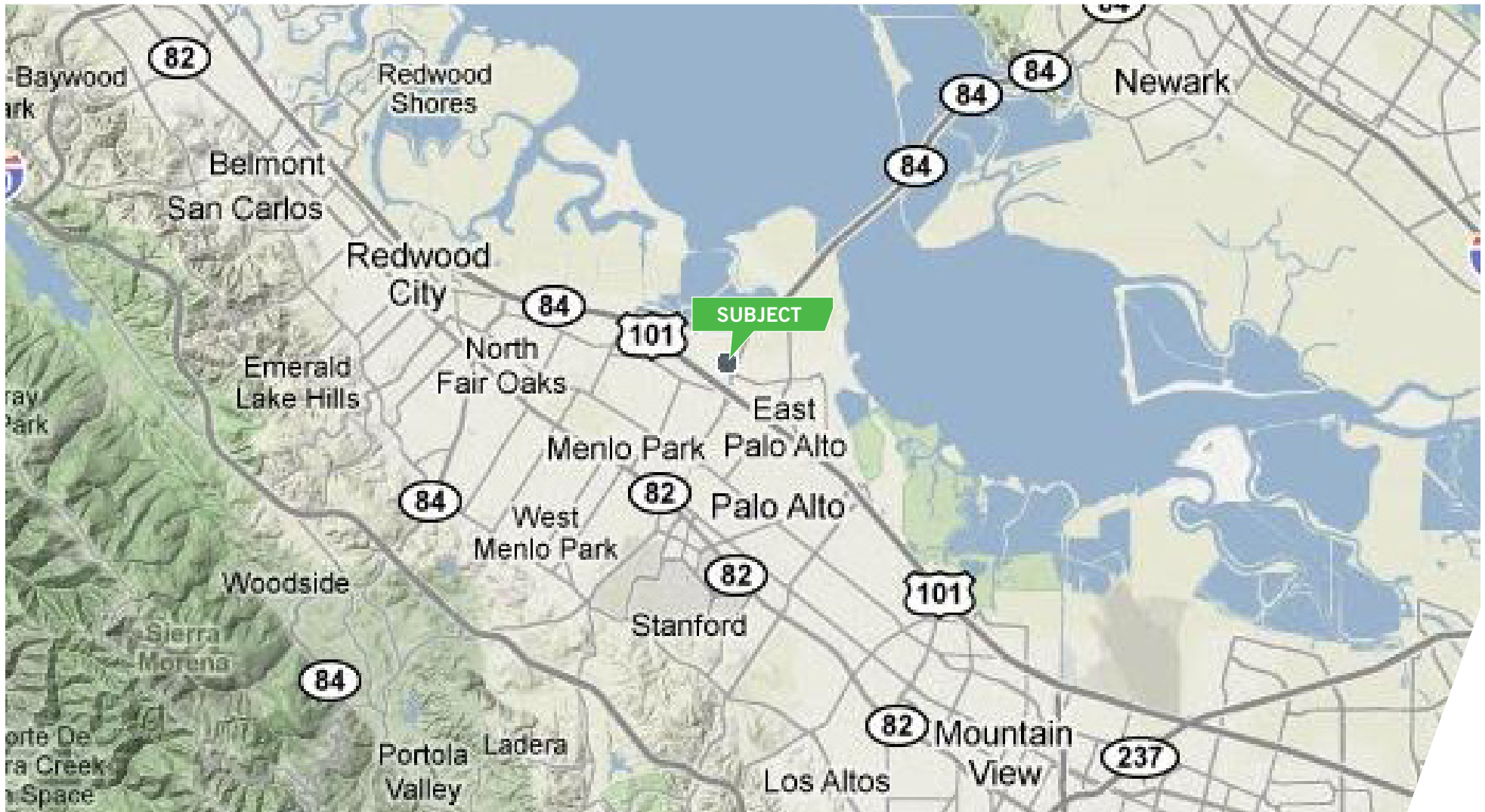
1157-1161 Willow Road Menlo Park, CA

Local Map



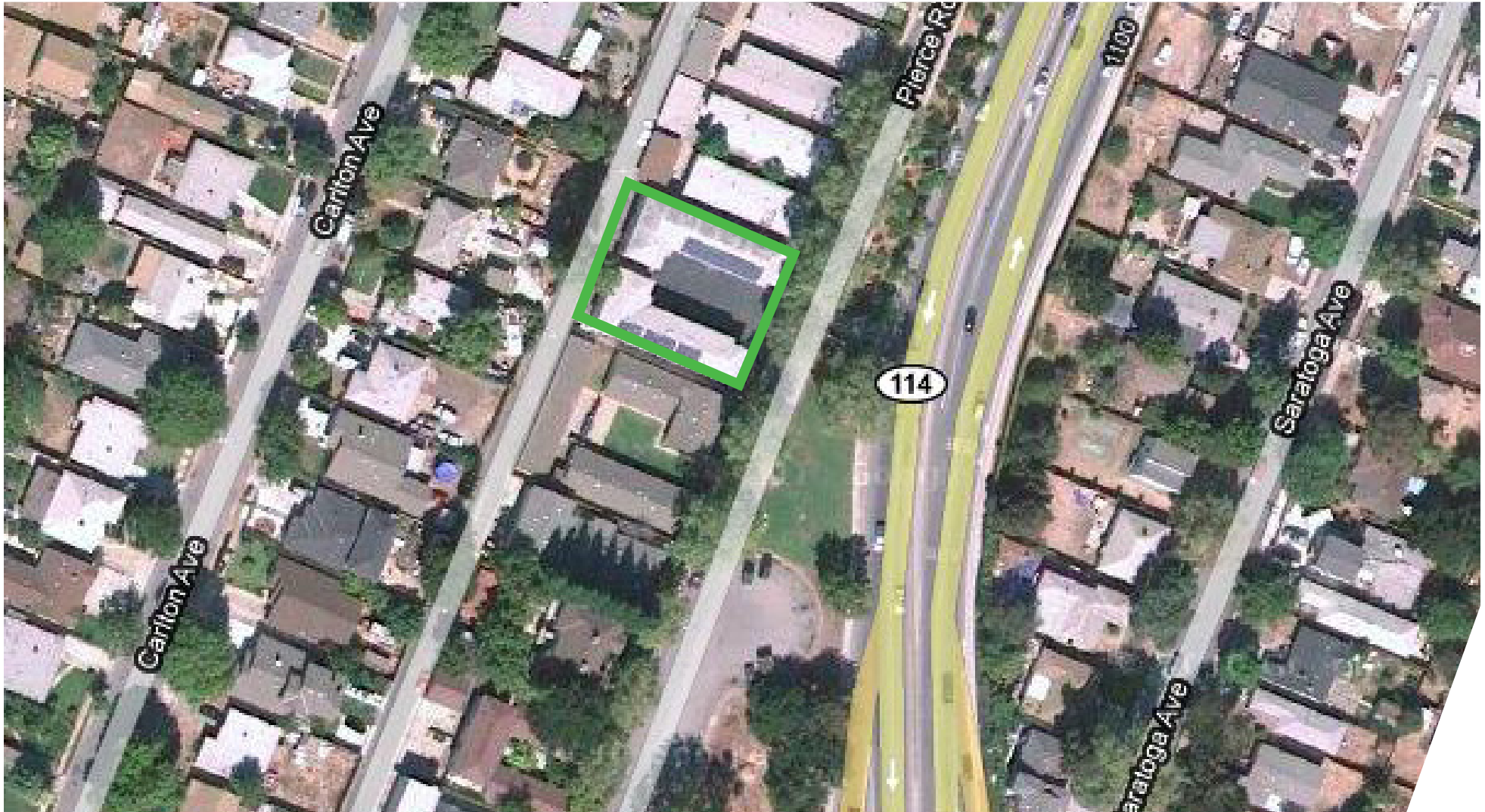
1157-1161 Willow Road Menlo Park, CA

Area Map



1157-1161 Willow Road Menlo Park, CA

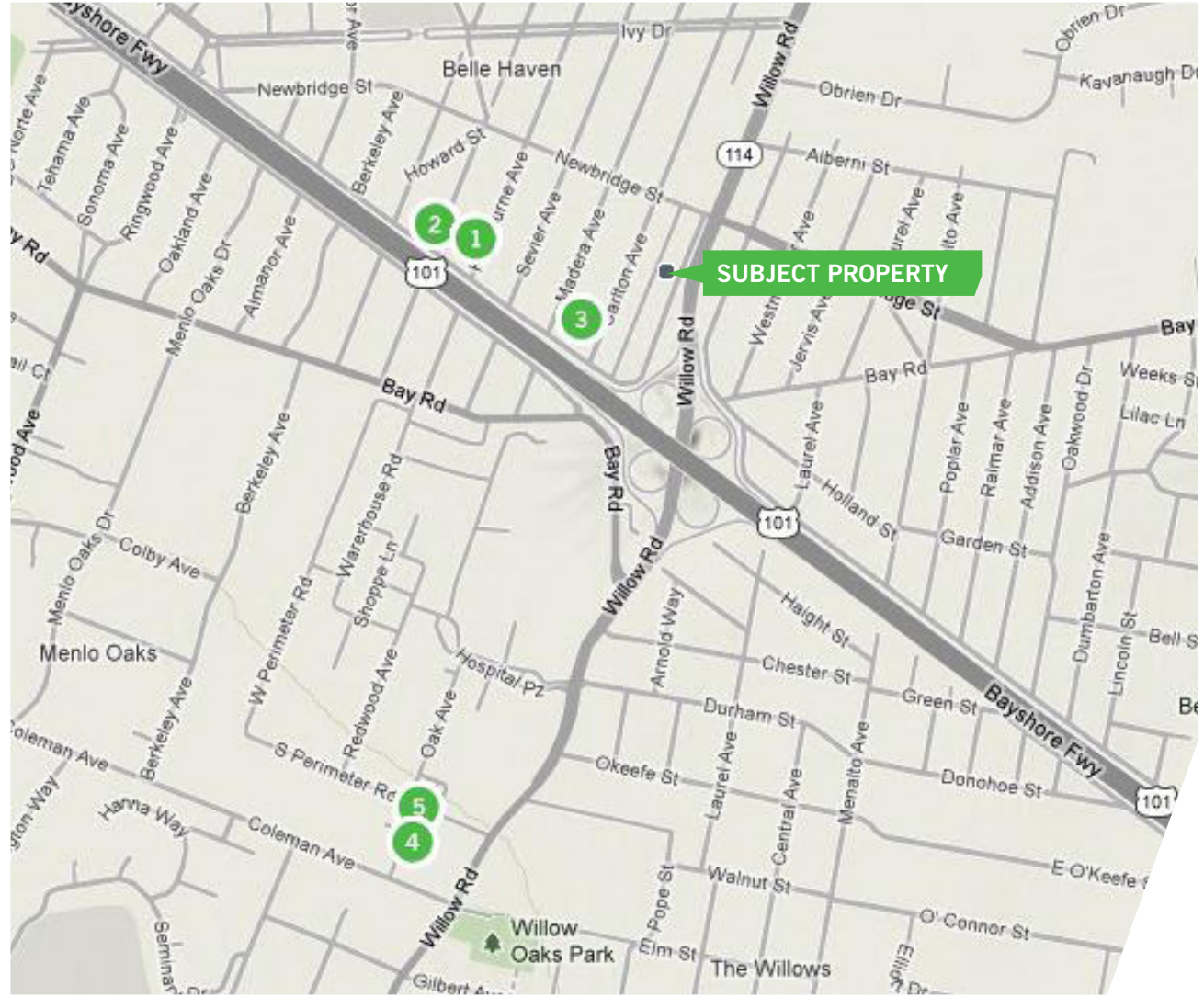
Aerial Map



1157-1161 Willow Road Menlo Park, CA

Sales Comparable Map & Legend

Properties	
1.	1103 Hollyburne Ave Menlo Park, CA
2.	1100 Windermere Ave Menlo Park, CA
3.	771 + 835 Pierce Rd Menlo Park, CA
4.	6 COLEMAN PL Menlo Park, CA
5.	8 COLEMAN PL Menlo Park, CA





1157-1161 Willow Road Menlo Park, CA

Sales Comparable Properties



Subject					
1157 - 1161 Willow Rd	Price	\$1,990,000	Cap Rate (Current)	2.06%	Comments: Subject Property
Menlo Park, CA	Units	12	Cap Rate (Market)	6.58%	
	\$/Unit	\$165,833	GRM (Current)	10.26	
	Sq Ft	10,380	GRM (Market)	10.10	
	\$/Sq Ft	192	COE	Active	
	Unit Mix	(10) 1x1, (2) 2x1	DOM	Active	



Comparable #1					
1103 Hollyburne Ave	Price	\$750,000	Cap Rate (Current)	5.03%	Comments: This is a 5-unit complex on the corner of Hollyburne and Pierce Rd, so it is directly next to the freeway. It was entirely remodeled in 2005 with oak cabinets and granite countertops. It sat on the market for 5 months before selling \$89,000 below the original list price.
Menlo Park, CA	Units	5	Cap Rate (Market)	6.14%	
	\$/Unit	\$150,000	GRM (Current)	11.36	
	Sq Ft	3,651	GRM (Market)	10.59	
	\$/Sq Ft	\$191.71	COE	9/21/09	
	Unit Mix	(4)1x1, (1)2x1	DOM	357	



Comparable #2					
1100 Windermere Ave	Price	\$737,000	Cap Rate (Current)	5.19%	Comments: This was the same seller as the Hollyburne comparable. It is on the corner of Windermere Ave and Pierce Rd, so it is directly next to the freeway. It was entirely remodeled in 2005 with oak cabinets and granite countertops. It sat on the market for 4 months before selling \$80,000 below the original list price.
Menlo Park, CA	Units	5	Cap Rate (Market)	6.24%	
	\$/Unit	\$147,400	GRM (Current)	11.07	
	Sq Ft	3,232	GRM (Market)	10.41	
	\$/Sq Ft	\$228.03	COE	8/25/09	
	Unit Mix	(4)1x1, (1)2x1	DOM	151	

1157-1161 Willow Road Menlo Park, CA

Sales Comparable Properties



**Comparable #3**

771 + 835 Pierce Rd Menlo Park, CA	Price Units \$/Unit Sq Ft \$/Sq Ft Unit Mix	\$1,667,801 8 + 2 \$166,780 5,400 \$308.85 (8)2x1	Cap Rate (Current) Cap Rate (Market) GRM (Current) GRM (Market) COE DOM	5.34% 0.00% 11.39 0.00 10/5/09 0	Comments: 771 Pierce was originally on the market listed as an 8-unit apartment for \$1,450,000. It did not sell and was subsequently foreclosed upon together with 835 Pierce. The two were then sold in a trustee's sale to one buyer at one time for a total price of \$1,667,801.
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**Comparable #4**

6 COLEMAN PL Menlo Park, CA	Price Units \$/Unit Sq Ft \$/Sq Ft Unit Mix	\$1,500,000 7 \$214,286 6,171 \$243.07 (6)1x1, (1)2x1	Cap Rate (Current) Cap Rate (Market) GRM (Current) GRM (Market) COE DOM	4.38% 4.62% 14.15 14.07 3/30/10 295	Comments: 6 and 8 Coleman were sold together to the same buyer at the same time. Each building sold \$250,000 under the original asking price of \$1,750,000. They have a similar unit mix, but a better location on the West side of 101.
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**Comparable #5**

8 COLEMAN PL Menlo Park, CA	Price Units \$/Unit Sq Ft \$/Sq Ft Unit Mix	\$1,500,000 7 \$214,286 6,171 \$243.07 (6)1x1, (1)2x1	Cap Rate (Current) Cap Rate (Market) GRM (Current) GRM (Market) COE DOM	4.24% 4.62% 14.45 14.07 3/30/10 295	Comments: 6 and 8 Coleman were sold together to the same buyer at the same time. Each building sold \$250,000 under the original asking price of \$1,750,000. They have a similar unit mix, but a better location on the West side of 101.
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**RESOLUTION NO.**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK AUTHORIZING A FORGIVABLE 55-YEAR NO INTEREST DEFERRED LOAN IN THE AMOUNT OF \$1,849,047 FROM THE BELOW MARKET RATE (BMR) FUND TO HIP HOUSING FOR THE PURCHASE OF A 12-UNIT APARTMENT COMPLEX LOCATED AT 1157 AND 1161 WILLOW ROAD**

WHEREAS, the need for lower income housing remains a need in Menlo Park; and

WHEREAS, the Below Market Rate (BMR) Fund allows the purchase of apartments for inclusion in the BMR Program as an eligible use; and

WHEREAS, HIP Housing owns and operated 13 other apartment complexes in San Mateo County providing housing to over 400 lower income residents; and

WHEREAS, HIP Housing proposes to purchase, rehabilitate, and manage an apartment complex located at 1157 – 1161 Willow Road in Menlo Park; and

WHEREAS, the City of Menlo Park has had a 20 year relationship with HIP Housing.

NOW, THEREFORE, BE IT RESOLVED that (a) the City Council of Menlo Park hereby approves a forgivable 55-year no interest deferred loan in the amount of \$1,849,047 to HIP Housing for the purchase of a 12-unit apartment complex located at 1157 and 1161 Willow Road for the purpose of providing below market rate housing for households on the BMR waitlist and HIP's Self-Sufficiency Program on the terms and conditions set forth in the HIP Housing Project Summary dated February 27, 2012, including Operating Budget and Sources and Uses of Funds presented to the City; (b) such loan shall be funded from the City's BMR Fund with the loan documents and affordability restrictions to be subject to review and approval of the City Attorney and City Manager; and (c) the City Manager is authorized to execute any and all documents necessary to consummate such loan on behalf of the City of Menlo Park.

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-second day of May, 2012, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

---

Margaret S. Roberts, MMC  
City Clerk

# **BELOW MARKET RATE HOUSING PROGRAM GUIDELINES**

**The rental BMR provisions contained in this document are not currently enforceable due to the Palmer court decision. The severability clause (13.6) allows the remainder of the guidelines to remain in effect. If changes are made to state law that allow the resumption of rental BMR programs, these provisions will be reinstated or changed as needed to comply with state law.**

**May 4, 2011**

## **Income Limits/Section 14, Tables A and B Updated for 2011**

Originally Adopted by City Council on January 12, 1988

Revised by City Council on the following dates:

- December 17, 2002 (No Resolution)
- March 25, 2003 (Resolution No. 5433)
- January 13, 2004 (No Resolution)
- March 22, 2005 (Resolution No. 5586)
- March 2, 2010 (Resolution No. 5915)
- May 10, 2011 (No Resolution)

# BELOW MARKET RATE HOUSING PROGRAM GUIDELINES

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## 1. OVERVIEW

The high cost and scarcity of housing in Menlo Park have been caused in large part because the number of jobs in Menlo Park has grown, but the supply of housing has not increased significantly. A majority of new employees earn low- and moderate-incomes and are most severely impacted by the lack of affordable housing in Menlo Park. Because of the high cost of housing, families who seek to live in Menlo Park cannot afford to purchase homes here and are forced to rent. Unfortunately, many such renters pay a disproportionately high amount of their incomes in rent.

**1.1 Purpose.** The City of Menlo Park's Below Market Rate (BMR) Housing Program is intended to increase the housing supply for households that have very low, low- and moderate-incomes compared to the median income for San Mateo County. The primary objective is to obtain actual housing units, either "rental" or "for sale," rather than equivalent cash. Occupancy of BMR units is determined according to these City Council established guidelines from those on a numbered waiting list maintained by the City or its designee.

**1.2 Enabling Legislation.** The Below Market Rate Housing Program is governed by Chapter 16.96 of the Municipal Code. The BMR Program is administered under these Below Market Rate Housing Program Guidelines ("Guidelines").

## 2. BMR HOUSING AGREEMENT AND REVIEW PROCESS

**2.1 BMR Housing Agreement.** Before acceptance of plans for review by the City of Menlo Park staff, a developer should provide a proposal for meeting the requirements of the Below Market Rate Housing Program. The proposal should include one or a combination of the following alternatives: a) Provision of BMR units on site; and/or b) Provision of BMR units off site; and/or c) Payment of an in lieu fee. These alternatives are listed in order of preference.

**2.2 Review Steps.** The following review steps apply to most development projects:

- The Housing Commission will review a BMR For-Sale Agreement or the Affordability Restriction Agreement (collectively, "BMR Housing Agreement"), that has been prepared by the developer's attorney on a form substantially similar to that provided by the City and shall make a recommendation with respect to it to the Planning Commission and, if applicable, the City Council.
- The Planning Commission will review the application for development with the BMR Housing Agreement. The City Attorney must approve of the BMR Housing Agreement prior to its review by the Planning Commission. If the City Council has final approval authority for the project, the Planning Commission will recommend the BMR Housing Agreement for

City Council approval. Otherwise the Planning Commission will approve the BMR Housing Agreement.

- The City Council grants approval of the BMR Housing Agreement for projects which it reviews. The BMR Housing Agreement must be immediately signed and recorded after City Council approval.

### 3. REQUIREMENTS FOR DEVELOPMENTS BY TYPE

**3.1 Commercial Developments.** The Below Market Rate Housing Program requires commercial developments which bring employees to Menlo Park to provide BMR units or to contribute to the BMR Housing Fund that is set up to increase the stock of housing for very low-, low- and moderate-income families, with preference for workers whose employment is located in the City of Menlo Park, and for City residents.

**3.1.1 Commercial Development Requirements.** Commercial buildings of ten thousand (10,000) square feet or more gross floor area are required to mitigate the demand for affordable housing created by the commercial development project. In order to do so, it is preferred that a commercial development project provide below market rate housing on-site (if allowed by zoning), or off-site, if on-site BMR units are infeasible. A density bonus of up to fifteen percent (15%) above the density otherwise allowed by zoning may be permitted when below market rate housing is provided on-site. The BMR Housing Agreement will detail the BMR Housing Program participation of a particular development.

Although the provision of actual BMR units is strongly preferred, it is not always possible to provide BMR housing units. In such cases, the developer shall pay a commercial in-lieu fee rather than provide actual BMR housing units. Commercial in lieu fees must be paid prior to the issuance of a building permit.

Commercial in lieu fees are charged at different rates to two groups based on the employee housing demand the uses produce. Group A uses are office and research and development (R & D). Group B uses are all other uses not in Group A.

Commercial in lieu fee rates are adjusted annually on July 1st. The amount of the adjustment is based on a five-year moving average of the percentage increase in the Consumer Price Index (Shelter Only) for All Urban Consumers in the San Francisco-Oakland-San Jose area.

(Refer to Section 14, Table D, for the current year's Commercial In lieu Fee Rates.)

**3.1.2 Applicability.** The BMR Housing Program applies to conditional use permits, conditional development permits, planned development permits, subdivision approvals, architectural control approvals, variance approvals and building permits for any commercial development. The BMR Housing Program also applies to the construction of any new square footage or any square footage that is converted from an exempt use to a non-exempt use. Finally, the BMR Housing Program applies

to the conversion of floor area from a less intensive use (Commercial/Industrial uses) to a more intensive use (Office/R&D).

**3.1.3 Exemptions.** The following are exempted from the BMR Housing Program:

- (a) Private schools and churches;
- (b) Public facilities;
- (c) Commercial development projects of less than ten thousand (10,000) square feet; and
- (d) Projects that generate few or no employees.

**3.2 Residential Developments.** The Below Market Rate Housing Program requires residential developments which use scarce residentially zoned land in Menlo Park to provide BMR units or to contribute to the BMR Housing Fund. The BMR Fund is set up to increase the stock of housing for very low-, low- and moderate-income families, with preference for workers whose employment is located in the City of Menlo Park, and for City residents.

**3.2.1 Residential Development Requirements.** Residential developments of five (5) or more units are subject to the requirements of the Below Market Rate Housing Program. These requirements also apply to condominium conversions of five (5) units or more. As part of the application for a residential development of five (5) or more units, the developer must submit a Below Market Rate Housing Agreement, in a form substantially similar to that provided by the City, which details the developer's plan for participation in the BMR Program. No building permit or other land use authorization may be issued or approved by the City unless the requirements of the BMR Program have been satisfied.

**3.2.2 Condominium Conversions.** If an apartment complex already participating in the BMR program elects to convert the complex to condominiums, then the existing BMR rental apartments shall be converted to BMR condominium units under the BMR Housing Program.

When market rate rental units are removed from the rental housing stock for conversion to condominiums, and they are not already participating in the BMR Program, then the project shall meet the same requirements as new developments to provide BMR units in effect at the time of conversion. When the property owner notifies the City of the intent to sell, the property owner shall notify any BMR tenants of such units of the pending sale and non-renewal of lease. Such tenant(s) shall be given the right of first refusal to purchase the unit. If the tenant seeks to purchase the unit, at the close of escrow the unit shall exist as a For-Sale BMR unit. If the tenant does not seek to purchase, the tenant shall vacate the unit at the expiration of the current lease term and the unit will be sold to an eligible third party according to the BMR Guidelines and

held as a for-sale BMR unit. The tenant who vacates will have priority to move to other vacant BMR rental units in the City for two (2) years from the date the lease expired, regardless of the place of residence of the displaced BMR tenant.

**3.3 Mixed Use Developments.** Mixed use developments must comply with the requirements for commercial developments in the commercial portion of the development and must comply with the requirements for residential developments for the residential portion of the development.

**3.4 Required Contribution for Residential Development Projects.** All residential developments of five (5) units or more are required to participate in the BMR Program. The preferred BMR Program contribution for all residential developments is on-site BMR units. If that is not feasible, developers are required to pay an in lieu fee as described in Section 4.3. The requirements for participation increase by development size as shown below:

**One (1) to Four (4) Units.** Developers are exempt from the requirements of the BMR Housing Program.

**Five (5) to Nine (9) Units.** It is preferred that the developer provide one (1) unit at below market rate to a very low-, low-, or moderate-income household.

**Ten (10) to Nineteen (19) Units.** The developer shall provide not less than ten percent (10%) of the units at below market rates to very low-, low- and moderate-income households.

**Twenty (20) or More Units.** The developer shall provide not less than fifteen percent (15%) of the units at below market rates to very low-, low- and moderate-income households. On a case-by-case basis, the City will consider creative proposals for providing lower cost units available to lower income households such as smaller unit size, duet-style, and/or attached units that are visually and architecturally consistent with the market-rate units on the exterior, and that meet the City's requirements for design, materials, and interior features of BMR units.

**3.4.1 Fraction of a BMR Housing Unit.** If the number of BMR units required for a residential development project includes a fraction of a unit, the developer shall provide either a whole unit, the preferred form of participation, or make a pro rata residential in lieu payment on account of such fraction per Section 4.3.

*Example: A residential project is developed with 25 condominium units. The preferred BMR Program participation is 4 BMR units. In this case the developer would pay no in lieu fee. If the developer is able to demonstrate that producing four BMR units is not feasible, the developer would provide three BMR units, which is the required amount for a 20 unit project. The developer would be eligible for three bonus units for the three BMR units, and would pay in lieu fees for the remaining two market rate units in the development.*

#### **4. BMR PROGRAM REQUIREMENTS FOR ON-SITE BMR UNITS, OFF-SITE BMR UNITS AND IN LIEU FEES**

##### **4.1 On-Site BMR Units.**

**4.1.1 Initial Price for For-Sale Unit.** The initial selling price of BMR For-Sale units is based on what is affordable to households with incomes at One Hundred Ten Percent (110%) of the median income related to household size, as established from time to time by the U.S. Department of Housing and Urban Development (HUD) and the State of California Housing and Community Development Department (HCD) for San Mateo County. See Section 14, Table A.

**4.1.2 Initial Price for Rental Unit.** The initial monthly rental amounts for BMR rental units will be equal to or less than thirty percent (30%) of sixty percent (60%) of median-income limits for City/Redevelopment subsidized projects and thirty percent (30%) of HUD Low-Income limits for non-subsidized private projects, minus eligible housing costs. In no case shall the monthly rental amounts for BMR units (subsidized or unsubsidized) exceed 75% of comparable market rate rents. The maximum rent for specific BMR units will be based on Section 14, Table B of the BMR Guidelines. See also Sections 11.1.1 and 11.1.2.

The purchase or rental price for BMR units shall be established and agreed upon in writing by the City Manager, or his or her designee, prior to final building inspection for such BMR units.

**4.1.3 Bonus Unit.** For each BMR unit provided, a developer shall be permitted to build one additional market rate (bonus) unit. However, in no event shall the total number of units in a development be more than fifteen percent (15%) over the number otherwise allowed by zoning.

**4.2 Off-Site BMR Units.** If authorized by the City as described in Section 2.2, developers may propose to provide BMR units at a site other than the proposed development. These off-site BMR units must be provided on or before completion of the proposed development and must provide the same number of units at below market rates to very low-, low- and moderate-income households as required for on-site developments. Such units may be new or existing. Provision by the developer and acceptance by the City of off-site units shall be described in the BMR Housing Agreement. Size, location, amenities and condition of the BMR units shall be among the factors considered by the City in evaluating the acceptability of the off-site BMR units. For existing units the developer shall be responsible for correcting, at his expense, all deficiencies revealed by detailed inspection of the premises by qualified inspectors, including a certified pest inspector.

The initial price or rent for the BMR units shall be established as stated in Sections 4.1.1 and 4.1.2 and in accordance with the BMR Income Guidelines in Section 14 in effect at the time the BMR unit is ready for sale or rent. Fractions of required BMR units shall be handled by provision of an in lieu fee for the market rate units for which no BMR unit is provided.



### **4.3 Residential In Lieu Payments Based on Sales Price.**

**4.3.1 Developments of Ten (10) or More Units.** In developments of ten (10) or more units, the City will consider an in lieu payment alternative to required BMR units only if the developer substantiates to the City's satisfaction that the BMR units cannot be provided on or off site. In developments of ten (10) or more units which provide BMR units, upon the close of escrow on the sale of each unit in the subdivision for which a BMR unit has not been provided, the developer shall pay to the City an in lieu payment calculated at three percent (3%) of the actual sales price of each unit sold. In lieu payments for fractions of BMR units shall be determined by disregarding any bonus units and as three percent (3%) of selling price of each market rate unit sold if the developer substantiates to the City's satisfaction that the BMR units cannot be provided on or off-site.

If a portion of a BMR requirement is met by a provision of BMR units, and the developer substantiates to the City's satisfaction that a sufficient number of BMR units cannot be provided on or off site, then BMR in lieu payments will be required from the sales of the number of market rate units (excluding bonus units) that is in proportion to the BMR requirement that is not met.

#### **4.3.2 Developments of Five (5) to Nine (9) Units.**

**Residential In Lieu Payments Based on Sales Price.** In developments of five (5) to nine (9) units, the City will consider an in lieu payment alternative to required BMR units only if the developer cannot provide an additional BMR unit. If providing an additional BMR unit is not feasible, developers are required to pay a residential in lieu fee as described below.

<u>Unit No.</u>	<u>In lieu fee for each unit</u>
1, 2 and 3	1% of the sales price
4, 5 and 6	2% of the sales price
7, 8 and 9	3% of the sales price

*Example: In a development of 7 units, the BMR contribution would be, in order of preference: a) One BMR unit out of the seven units, with the possibility of a density bonus of one unit, or, if that is not feasible, b) Three units designated to pay an in lieu fee of 1% of the sales price, three units to pay in lieu fees of 2% of their sales prices and one unit to pay 3% of its sales price.*

Units paying in lieu fees are designated so that they are distributed by unit size and location throughout the project.

In developments of 10 or more units which provide BMR units, upon the close of escrow on the sale of each unit in the subdivision for which a BMR unit has not been

provided, the developer shall pay to the City an in lieu payment calculated at 3% of the actual sales price of each unit sold.

*Example: Two possible plans to meet the BMR requirement for a project of 15 housing units are, in order of preference: a) Two BMR units are provided, and no in lieu fees are paid, or b) One BMR unit is provided out of the first ten units, one bonus unit is granted for the provision of the BMR unit, and four units pay in lieu fees.*

**Units held as rental, in lieu fee.** If the developer retains any completed unit as a rental, either for its own account or through subsidiary or affiliated organizations, the BMR contribution including BMR housing unit or in lieu payment for such unit shall be negotiated between the developer and the City. If an in lieu fee is paid, the market value shall be based on an appropriate appraisal by an appraiser agreed upon by the City and the developer and paid for by the developer. The basis for such appraisal shall be as a condominium rather than as a rental.

## **5. CHARACTERISTICS OF BMR UNITS**

**5.1 Size and Location of BMR Units.** BMR housing units shall generally be of the same size (number of bedrooms and square footage) as the market-rate units. The BMR units should be distributed throughout the development and should be indistinguishable from the exterior. BMR units shall contain standard appliances common to new units, but need not have luxury accessories, such as Jacuzzi tubs. The Planning Commission and/or City Council shall have the authority to waive these size, location and appearance requirements of BMR units in order to carry out the purposes of the BMR Housing Program and the Housing Element.

**5.2 Design and Materials in BMR Units.** The design and materials used in construction of BMR units shall be of a quality comparable to other new units constructed in the development, but need not be of luxury quality.

**5.3 The BMR Price Must Be Set Before Final Building Inspection.** There shall be no final inspection of BMR housing units until their purchase or rental prices have been agreed upon in writing by the developer and the City Manager, or his or her designee. Also, the sale or rental process will not begin until the sales price is set.

### **5.3.1 Final Inspection Schedule for Smaller and Larger Developments.**

**Less Than Ten (10) Units.** In developments of less than ten (10) units with one (1) or more BMR units, all BMR units must pass final inspection before the last market rate unit passes final inspection.

**Ten (10) to Nineteen (19) Units.** In developments of ten (10) or more units, including developments that are constructed in phases, for the first ten (10) housing units, a BMR unit must pass final inspection before nine (9) market rate units may pass final inspection. For each additional group of ten (10) housing units, one (1)

additional BMR unit must pass final inspection before nine (9) additional market rate units may pass final inspection.

**Twenty (20) or More Units.** In developments of twenty (20) or more units, including developments that are constructed in phases, for the first ten (10) housing units, a BMR unit must pass final inspection before nine (9) market rate units may pass final inspection. In addition, two (2) additional BMR units must pass final inspection before eight (8) additional market rate units may pass final inspection. For each additional group of Twenty (20) housing units, three (3) additional BMR units must pass final inspection before seventeen (17) additional market rate units may pass final inspection. No project or phase may pass final inspection unless all the BMR units, which equal fifteen percent (15%) or more of the housing units in that phase or project, have passed final inspection for that phase or project.

**Last Unit.** In no case may the last market rate unit pass final inspection before the last BMR unit has passed final inspection.

**5.4 Sales Price Determination for BMR For-Sale Units.** The maximum sales price for BMR units shall be calculated as affordable to households on the BMR waiting list, which are eligible by income at the time that the maximum prices are set and which are of the smallest size eligible for the BMR units (excluding two-bedroom units, which shall be based on incomes for two person households even when units are made available to one person households). See Section 14, Table A, for income eligibility limits for the current year. The affordability of maximum prices will take into consideration mortgage interest rates, minimum down payments, mortgage debt-to-income ratios and other qualifying criteria used by lenders at the time the sales prices are set, as well as cost of insurance, taxes, homeowners' dues and any other necessary costs of homeownership.

**5.4.1 Price Determination for Projects with Condominium Maps That Will Rent for an Indefinite Period of Time.** Projects with condominium subdivision maps that will rent BMR units for an indefinite period shall have basic sales prices established at the outset for such BMR units in accordance with the Guidelines. Such initial sales prices shall be adjusted for the period between the month of completion of the BMR units and the month of notification of intent to sell the units, with further adjustments for improvements and deterioration per the Guidelines. The adjustments shall be based on one-third of the increase in the Consumer Price Index, All Urban Consumers, San Francisco-Oakland-San Jose, published by the U.S. Department of Labor, Bureau of Labor Statistics, plus certain other equitable adjustments.

**5.5 Legal Characteristics of BMR Units: Right of First Refusal and Deed Restrictions.** All BMR units shall be subject to deed restrictions and conditions which include a right of first refusal in favor of the City for a period of fifty-five (55) years under which the City or its designee will be entitled to purchase the property at the lower of (1) market value, or (2) the purchase price paid by seller, plus one-third of the increase (during the period of seller's ownership) in the Consumer Price Index (CPI), All Urban Consumers, San Francisco-Oakland-San Jose, published by the U.S.

Department of Labor, Bureau of Labor Statistics, plus certain other equitable adjustments. The deed restrictions will also prohibit sales or transfers of the property except with the written consent of the City and at a price computed as above. Exceptions from all prohibitions against sale or transfer will include:

- (1) Demonstrated unlikelihood of obtaining a qualified buyer within a reasonable period;
- (2) Transfer by termination of joint tenancy or by gift or inheritance to parents, spouse, children, grandchildren or their issue.

The prohibition against sales or transfers will not terminate at the end of fifty-five (55) years in the event of an exempt transfer by termination of joint tenancy or by gift or inheritance to family members. The prohibition against sales or transfers will terminate in the event of an exempt sale or transfer when there is a demonstrated unlikelihood of obtaining a qualified buyer within a reasonable period of time.

In the event of an exempt sale when there is a demonstrated unlikelihood of obtaining a qualified buyer within a reasonable period of time, the seller will be entitled to receive the lesser of (A) market value or (B) the purchase price paid by the seller plus one-third of the increase (during the seller's ownership) in the CPI, plus certain other equitable adjustments, as specified in the deed restrictions. The balance of the proceeds shall be paid to the City of Menlo Park to be deposited in the BMR Housing Fund. Any transferee pursuant to an exempt transfer by termination of joint tenancy or by gift or inheritance to family members must reside in the BMR unit and must qualify under the income criteria of the BMR Program at the time of the transfer of the BMR unit.

## **6. ELIGIBILITY REQUIREMENTS FOR HOUSEHOLDS APPLYING TO PURCHASE BMR UNITS**

**Note: Eligibility requirements for households that wish to be placed on the BMR waiting list are identified in Section 7. The requirements identified below apply at the actual time of application to purchase a BMR unit. In order for a household to be eligible at the time of application to purchase, ALL of the following requirements must be met:**

**6.1 BMR Waiting List.** Applicants are eligible to have their names placed on the BMR waiting list if they meet the following three requirements at the time they submit an application for the waiting list: (1) currently live or work within incorporated Menlo Park; (2) meet the current income limit requirements (per household size) for purchase of a BMR unit; and (3) all applicants currently live together as a household.

**6.1.1 Definition of Household.** For the purposes of this program, household is defined as a single person, or two or more persons sharing residency whose income resources are available to meet the household's needs. To be considered a household, all applicants/household members must live together in a

home that is their principal residence. To be considered part of the household and included in household size, children under the age of 18 (including foster children) must reside in the home at least part-time or parents must have at least partial (50%) custody of the child/children.

**6.2 Live and/or Work Eligibility.** Households that live and/or work within incorporated Menlo Park shall be eligible for the Below Market Rate Housing Program in accordance with the following provisions:

**6.2.1 Eligibility by Living in Menlo Park.** To qualify as living in Menlo Park, the applicant household must meet the following two requirements at the time of application: (1) currently live in Menlo Park as the household's primary residence and (2) must have continuously lived in Menlo Park for a minimum of one (1) year prior to the date of actual application to purchase.

**6.2.2 Eligibility by Working in Menlo Park.** To qualify as a household that works in Menlo Park, a member of the applicant's household must meet the following two requirements at the time of application: (1) currently work in Menlo Park at least twenty (20) hours per week, or (if currently less than 20 hours per week) hours worked over the course of the one year prior to application averages a minimum of twenty (20) hours per week and (2) must have continuously worked in Menlo Park for a minimum of one (1) year prior to the date of actual application to purchase.

**6.2.2.1 Types of Work.** Work is defined as (1) owning and operating a business at a Menlo Park location; (2) employment for wages or salary by an employer located at a Menlo Park location; (3) contract employment where the actual work is conducted at a Menlo Park location for one (1) year; or (4) commission work, up to and including a one hundred percent (100%) commission arrangement, conducted in Menlo Park.

**6.2.2.2 Employer-Based Work.** If employed for wages or salary by an employer, working in Menlo Park is defined as the employer is located in Menlo Park AND the employment/actual work is performed within incorporated Menlo Park.

**6.2.2.3 Owning and Operating a Business at a Menlo Park Location.** This does NOT include owning (either wholly or in part) a residential or commercial property for investment purposes only.

**6.2.2.4 Work does NOT include volunteer or unpaid work.**

**6.3 Household Requirement.** To constitute a household, all members of the applicant household must currently live together (in a location that is their primary residence) at the time of application. Also at the time of application and regardless of where they currently live, all members who make up the applicant household must have continuously lived together for a minimum of one (1) year prior to the date of application.

**Exceptions.** Exceptions to this minimum one (1) year joint-residency requirement include:

- Children under the age of 18 who have recently joined the household in conjunction with marriage, separation, or divorce, or similar family re-organization, and for whom there is evidence of a custody agreement or arrangement. This also applies to foster children.
- Children born into a household.
- Households newly formed as a result of marriage.

**6.4 First Time Homebuyer.** All members of the applicant household must be first time homebuyers, defined as not having owned a home as your primary residence within the last three (3) years prior to the date of application. First time homebuyers DO include owners of mobile homes, as well as applicants whose names are on title for properties they have not lived in as their primary residences for the last three years (for instance rental properties, which must be considered as part of the applicant's eligibility per assets).

**Exceptions.** Exceptions to this requirement are:

- Applicants who are current BMR homeowners and are otherwise eligible for the BMR Program, are eligible to place their names on the BMR waiting list and to purchase a smaller or larger home needed due to changes in household size or family needs, such as for handicap accessibility (per Section 7.2.6, below).
- Applicants whose names were placed on the BMR waiting list prior to March 2, 2010.
- Applicant households that currently and/or within the last three (3) years prior to the date of application own homes as their primary residences more than fifty (50) miles outside Menlo Park city limits, that are otherwise eligible for the BMR Program.

**6.5 Complete One-Time Pre-Purchase Homebuyer Education.** After an applicant's name is placed on the BMR waiting list and before receiving an offer to purchase a BMR property, all adult applicants/household members must complete a one-time homebuyer education workshop, class, or counseling session. When applicants' names are placed on the waiting list to purchase BMR units, program staff provides them with a list of approved local organizations that provide pre-purchase homebuyer education. Applicants choose an education provider or program from the approved list and may choose to attend in either a group or individualized setting. It is the applicants' responsibility to provide program staff/the City with evidence that a pre-purchase homebuyer education workshop or session was completed. In most cases the education providers will provide applicants with certificates of completion, which applicants can submit to program staff as proof that the pre-purchase education

requirement was completed. Households on the waiting list that have not completed the homebuyer education requirement will retain their rank on the list but will NOT be invited to apply to purchase BMR units. Only households on the waiting list that have completed the education requirement will be invited to apply when units become available.

**6.5.1 Prior Completion of Pre-Purchase Homebuyer Education.** At the time of application to the BMR waiting list, applicants who provide written evidence of having completed an approved homebuyer education workshop, class, or counseling session within the previous twelve months prior to the date of application to the waiting list, are not required to complete an additional workshop, class, or counseling session per the City and/or its approved homebuyer education provider(s).

**6.5.2 Homebuyer Education Provider.** At the City's discretion, the City may elect to work exclusively with one or more homebuyer education providers/organizations. The City may also choose to contract with a particular person or organization to provide this educational component.

**6.5.3 Long-Term Education or Counseling Required for Certain Applicants.** Applicants who are invited to apply to purchase BMR units and are twice denied (on separate occasions) due to long-term or significant credit problems, will be required to meet individually with a credit counseling professional in order to remain on the waiting list. The applicant must provide evidence of completion of credit counseling within six (6) months or the applicant will be removed from the BMR waiting list. This does not exclude the applicant from applying to the waiting list again, to be placed at the bottom of the list.

**6.6 Ownership Interest.** A minimum of fifty percent (50%) of the ownership interest in the property must be vested in the qualifying applicant(s), regardless of income.

**6.7 Income and Asset Limits for Purchasers of BMR Units.** Income eligibility limits are established by the U.S. Department of Housing and Urban Development (HUD) and the State of California Housing and Community Development Department (HCD). Income limits are updated by HUD and State HCD on an annual basis. BMR units shall only be sold to very low-, low-, and moderate-income households. Only households having gross incomes at or below one hundred ten percent (110%) of the Area Median Income (AMI) for San Mateo County, adjusted for household size, are eligible to purchase and occupy BMR for-sale units, either upon initial sale or upon any subsequent resale, as specified in the deed restrictions.

(Refer to Section 14, Table A, for the current year's income eligibility limits.)

An asset is a cash or non-cash item that can be converted into cash. Only households having non-retirement assets that do not exceed the purchase price of the BMR units are considered eligible.

- Assets Include: cash held in checking accounts, savings accounts, and safe deposit boxes; equity in real property; cash value of stocks (including options), bonds, Treasury bills, certificates of deposit, money market accounts, and revocable trusts; personal property held as an investment such as gems, jewelry, coin and art collections, antiques, and vintage and/or luxury cars; lump sum or one-time receipts such as inheritances, capital gains, lottery winnings, victim's restitution, and insurance settlements; payment of funds from mortgages or deeds of trust held by the applicant(s); boats and planes; and motor homes intended for primary residential use.
- Assets DO NOT Include: cars and furniture (except cars and furniture held as investments such as vintage and/or luxury cars, and antiques); company pension and retirement plans; Keogh accounts; dedicated education funds/savings accounts; and funds dedicated to federally recognized retirement programs such as 401K's and IRA's.

Note that equity in real property or capital investments is defined as follows: the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g. broker/realtor fees) that would be incurred in selling the asset.

**6.7.1 Senior or Disabled Households That Use Assets for Living Expenses.** An exception to the income and asset limit requirement is a household whose head is over sixty-two (62) years of age, or permanently disabled and unable to work, with assets valued up to two (2) times the price of the BMR unit. The applicant must be able to demonstrate that the sole use of his/her assets has been for household support for at least the three (3) previous years, and that the total annual household income meets the Guidelines.

## **7. BMR WAITING LIST FOR RENTAL AND FOR-PURCHASE UNITS**

**7.1 Waiting List Eligibility Requirements.** A numbered waiting list of households eligible for rental and/or for-purchase BMR units is maintained by the City or the City's designee. Households are eligible to be placed on the BMR waiting list if they meet the following four (4) requirements at the time they submit applications for the waiting list:

- The household currently resides within incorporated Menlo Park as its primary residence OR a member of the household currently works at least 20 hours per week within incorporated Menlo Park.
- The household meets the current income limit requirements (per household size) for rent and/or purchase of a BMR unit. See Section 14, Table A, for income eligibility limits for the current year.



- All persons included as members of the household currently live together in a residence that is their primary home. Applicant households may submit applications and, if eligible, will be placed on the numbered BMR waiting list in the order in which their applications were received.
- In accordance with Section 6.4, all members of the household must be first time homebuyers.

**7.2 Waiting List Management.** BMR units available for rent or purchase are offered to households on the BMR waiting list in the order in which the waiting list applications were received.

**7.2.1 Annual affirmation of continued interest in remaining on the BMR waiting list.** On an annual basis, all households on the BMR waiting list will be required to confirm their continued interest in remaining on the list. At or around the same time each year, program staff will mail and/or email annual update forms/applications to all current households on the waiting list. Households on the waiting list that wish to remain on the list are asked to complete the form and return it to the City within a specified period of time (usually about one month). Households who do not respond by completing and returning the forms by the specified deadline, or whose mail is returned undeliverable to the City or who otherwise cannot be reached, shall be removed from the BMR waiting list. This does not exclude households removed from the waiting list from re-applying to the list, to be added to the bottom of the list in accordance with normal procedures.

**7.2.2 Complete One-Time Pre-Purchase Homebuyer Education for Households That Would Like to Purchase a BMR Unit.** For households that indicate they would like to purchase BMR units, after households are placed on the BMR waiting list and before receiving offers to purchase BMR properties, all adult applicants/household members must complete a one-time homebuyer education workshop, class, or counseling session, per Section 6.5.

**7.2.3** When a BMR unit is offered for purchase or rent, applicants must enter into a purchase agreement or lease within a defined, reasonable period of time. If an applicant fails to do so, the BMR unit will be offered to the next eligible applicant on the waiting list. The City of Menlo Park reserves the right to establish other criteria to give preference to certain categories of eligible participants on the waiting list.

**7.2.4** A tenant of a BMR rental unit who is required to vacate the BMR rental unit due to its conversion to a BMR for sale unit, shall have first priority for vacant BMR rental units for which the tenant is eligible and qualifies for two (2) years from the expiration of the lease, regardless of the place of residence of the displaced tenant.

**7.2.5 Preference for Handicap Accessible Units for Bona Fide Wheelchair Users.** If the BMR unit is wheelchair accessible, then bona fide

wheelchair users on the BMR waiting list who are otherwise eligible for the BMR unit, including by household size and income, will receive preference over other applicants, and the BMR unit will be offered to the bona fide wheelchair users in the order that their applications were received.

**7.2.6** Households who are current BMR homeowners are eligible to place their name on the BMR waiting list and to purchase a smaller or larger home needed due to changes in their household size or family needs, such as for a handicapped accessible unit.

## **8. THE BMR UNIT PURCHASE PROCESS: BUYER SELECTION AND SALE PROCEDURES**

### **8.1 New Units and Condominium Conversions.**

**8.1.1** The participating developer informs the City or its designee in writing that the BMR unit has received its final building inspection and that the BMR unit is ready for sale and occupancy. "The City" shall mean the City Manager, or his or her designee.

**8.1.2** City of Menlo Park staff inspects the BMR unit. After approval of the unit, the City writes a certifying letter that states the BMR unit meets the BMR Program's requirements and satisfies the BMR Agreement's provisions. The certifying letter will also state the price for the BMR unit. The price for the BMR unit will be determined based on the information described in the next three sections.

**8.1.3** The City or its designee obtains necessary information for determining the price of the BMR unit. These include, but may not be limited to, the estimated tax figures from the developer and the County Assessor, as well as Homeowner's Association dues, Covenants, Conditions and Restrictions, and insurance figures from the developer. Also included will be all associated Homeowner Association documentation.

**8.1.4** Household size and income qualifications are established. In households in which an adult holds fifty percent (50%) or more custody of a minor child or children through a legally binding joint custody settlement, each such child shall count as a person in determining the household size.

**8.1.5** The City or its designee determines the maximum price of the BMR unit based on an income up to one hundred ten percent (110%) of the San Mateo County median income for the smallest household size eligible for the BMR unit (excluding two-bedroom units, which are based on income for a two person household), monthly housing costs including current mortgage rates, insurance costs, homeowners' dues, taxes, closing costs and any other consideration of costs of qualifying for a first mortgage and purchase of the BMR unit. See Section 14, Table A, for income eligibility limits for the current year. When these documents and the information described in this and preceding sections have been received, the City will

provide the developer with a certifying letter in which the City states the price for the BMR unit, accepts the BMR unit as available for purchase and the purchase period will commence.

**8.1.6** If there is a standard pre-sale requirement by the BMR applicant's lender for a certain percentage of units in the project to be sold before the BMR applicant's lender will close, then the time for the City's purchase or the buyer's purchase will be extended until that requisite number of units has closed.

**8.1.7** The City may retain a realtor to facilitate the sale of the property.

**8.1.8** Contact is established between the City or its designee and the developer's representative to work out a schedule and convenient strategy for advertisements, if needed, when the units will be open for viewing, and for when the interested applicants may obtain detailed information about the units.

**8.1.9** All marketing and sales procedures for BMR units must be approved by the City and will be subject to review on a periodic basis for compliance.

**8.1.10** An information packet and application forms are designed and duplicated by the City or its designee. The developer provides information about the unit, including a floor plan of the unit and of the building showing the location of the unit, dimensions, appliances, amenities, and finishes.

**8.1.11** The City holds an application orientation meeting(s). Households on the waiting list with the lowest numbers are contacted and invited to attend the orientation meeting(s). Only households that are eligible by household size and have completed the one-time pre-purchase education requirement are contacted and invited to attend the orientation. Applications to purchase BMR units can only be obtained by attending an application orientation meeting. At the meeting, potential applicants are provided with the following information:

- A detailed description of the BMR program, including the rights, restrictions, and responsibilities of owning a BMR home.
- A complete description of the property or properties being offered for sale including buyer eligibility requirements, the purchase price, home owner association costs (if any), estimated property taxes, and home features.
- An overview of the home loan application process and description of necessary costs including down payment (if required), closing costs, real estate taxes, and mortgage insurance.
- A description of the BMR and home loan approval process. Potential applicants are informed they must work with one of the program's approved mortgage providers. Per the City's discretion the potential applicants are also informed of the kinds of acceptable mortgage

financing, and also of mortgage financing not allowed at that time (for instance negative amortizing loans).

- Based on the purchase price, estimates are provided on the minimum annual income required to purchase, as well as possible monthly housing costs including principal and interest, property taxes, and insurance payments.
- A step-by-step explanation of the BMR purchase application. If there are several sizes of units for which applicants may be eligible, applicants are instructed where to indicate their unit size preferences.

Potential applicants are invited to ask questions. Meeting attendees are invited to sign up to tour the property or properties for sale. Attendees are given applications and a reasonable deadline to submit their completed applications.

**8.1.12** Completed applications are submitted to the City or its designee along with income and asset verifications.

**8.1.13** When the application period closes, the City or its designee reviews the completed applications. The complete, eligible, qualifying applications are ranked in order by BMR waiting list numbers and/or other criteria established by the City. The complete applications with the lowest numbers, and meeting other qualifying criteria for each unit, if any, are selected, and the households that submitted them are notified of the opportunity to purchase the BMR unit, in the order of their numbers on the BMR waiting list. They are invited to an orientation meeting.

**8.1.14** If the leading applicant for a unit fails to contact the developer, provide a deposit, or obtain appropriate financing within the period of time specified in the notification letter, the City or its designee will contact the next household on the list.

**8.1.15** The City of Menlo Park or its designee submits to the title insurance company the Grant Deed, BMR Agreement and Deed Restrictions, and Request for Notice to be recorded with the deed to the property.

**8.1.16** The developer shall be free to sell a BMR unit without restriction as to price or qualification of buyer if all of the following criteria are met, unless the BMR applicant's lender has a loan condition that a specific number of units in the development must be sold before the loan can be approved: (1) the City and the developer are unable to obtain a qualified buyer within six (6) months after the City has provided written notice both certifying that the unit is available for purchase and setting the price for the BMR unit, (2) the City or its designee does not offer to purchase the BMR unit within said six (6) months period, and complete said purchase within not more than sixty (60) days following the end of the six (6) month period, (3) the developer has exercised reasonable good faith efforts to obtain a qualified buyer. A qualified buyer is a buyer who meets the eligibility requirements of the BMR Program and who demonstrates the ability to complete the purchase of the BMR unit. Written

notice of availability shall be delivered to the City Manager, City of Menlo Park, 701 Laurel Street, Menlo Park, CA 94025. Separate written notice of availability shall also be delivered to the Housing Manager, Housing Division, City of Menlo Park, 701 Laurel Street, Menlo Park, CA 94025.

## **9. OCCUPANCY REQUIREMENTS FOR OWNER-OCCUPIED BMR UNITS**

**9.1 Primary Residence.** The owners listed on title to the BMR property must occupy it as their primary residence and remain in residence for the duration of the Deed Restrictions (fifty-five years). Occupancy is defined as a minimum stay of ten months in every twelve month period. BMR owners may not terminate occupancy of the BMR property and allow the property to be occupied by a relative, friend, or tenant. Failure of the purchaser to maintain a homeowner's property tax exemption shall be construed as evidence that the BMR property is not the primary place of residence of the purchaser. As necessary, the City may request that BMR owners provide evidence that their units are currently occupied by them as their primary residences. Examples of such evidence may include current copies of any of the following: homeowner's insurance, car/vehicle registration, and utility bills.

**9.2 Refinancing and BMR Valuations.** BMR owners may refinance the debt on their property at any time following purchase however they must contact the City first, prior to a refinance or equity line. The City will provide the owner with clear instructions to ensure program compliance. At that time and at any other time the owner requests it, the City will provide the owner and/or the lender with the current BMR value of the home, in accordance with the formula specified in the BMR Deed Restrictions. Only the City can determine the appraised value of a BMR property and it is the owner's responsibility to inform their lender that the property is a BMR property. BMR owners are not allowed to take out loans against their property that exceed the BMR value of the home.

**9.3 Transfers of Title.** Prior to adding an additional person to title or transferring title to the BMR property, BMR owners must contact the City for clear instructions to ensure program compliance.

The following transfers of title are exempt from the City's right of first refusal and do NOT re-start the fifty-five (55) year deed restriction clock:

- Transfer by devise or inheritance to the owner's spouse.
- Transfer of title by an owner's death to a surviving joint tenant, tenant in common, or a surviving spouse of community property (that is, another owner already on title).
- Transfer of title to a spouse as part of divorce or dissolution proceedings.
- Transfer of title or an interest in the property to the spouse in conjunction with marriage.

Transfers by devise or inheritance (such as to a child or other family member), are permitted under certain terms and conditions identified in the BMR Deed Restrictions. These kinds of transfers must first be reviewed and approved by the City. If the person inheriting the property meets the following terms and conditions, then that person may take title, assume full ownership, and reside in the BMR unit. This would then restart the fifty-five (55) year dead restriction clock. If the person inheriting the property does NOT meet the following terms and conditions they may still inherit the property but are not allowed to live there. In such case, the inheriting party must sell the property and shall be entitled to receive any proceeds from the sale after payment of sales expenses and all liens against the property. The property would then be sold by the City through the BMR Program to an eligible, qualified household on the BMR waiting list.

For transfers of title by devise or inheritance, the inheriting party (Transferee) must meet the following terms and conditions in order to live in the BMR unit:

- Transferee shall occupy, establish and maintain the property as the Transferee's principal residence.
- The Transferee must meet all current eligibility requirements for the BMR Program, as identified at the time of transfer in the BMR Guidelines.
- The Transferee must sign a new BMR Deed Restrictions agreement for the property. This restarts the fifty-five (55) year clock.

## **10. PROCESS FOR RESALE OF BMR UNITS**

**10.1** The seller notifies the City by certified mail that he/she wishes to sell the unit. The City notifies its designee, if applicable. The unit must be provided in good repair and salable condition, or the cost of rehabilitating the unit will be reimbursed to the City out of the proceeds of the sale. The definition of "salable condition" for any given unit shall be provided on a case-by-case basis following the City's inspection of the unit, and shall be at the discretion of the City's Housing Manager or his/her designee. "Salable condition" shall refer to the general appearance, condition, and functionality of all: flooring; painted surfaces; plumbing, heating, and electrical systems; fixtures; appliances; doors; windows; walkways; patios; roofing; grading; and landscaping. In addition for each unit, the City reserves the right to withhold the cost of having it professionally cleaned from the seller's proceeds. Once cleaning is complete, the seller will be refunded any difference between the amount withheld and the actual cost to clean the unit.

**10.2** When the seller notifies the City, and the City has determined that the unit is in good repair and salable condition, and the City has set the price for the BMR unit, then the City will state in writing that the one-hundred and eighty day (180) period for completing the sale of the BMR unit shall commence. The price will be set using information in Sections 10.3 through 10.6 below.

**10.3** The City or its designee obtains an appraisal made to ascertain the market value of the unit, giving consideration to substantial improvements made by the seller, if needed.

**10.4** The City or its designee obtains figures for homeowners' dues, insurance, and taxes from the seller.

**10.5** The City or its designee checks major lending institutions active in this market to ascertain current mortgage information (prevailing interest rates, length of loans available, points, minimum down payments). Monthly housing costs are estimated.

**10.6** The City or its designee establishes a sales price, based on the original selling price of the unit, depreciated value of substantial improvements made by the seller, and 1/3 of the increase in the cost of living index for the Bay Area. The selling price is established for the unit at the appraised market value or the computed price whichever is the lower.

**10.7** The City retains a realtor to facilitate the sale of the property.

**10.8** Agreement is reached between seller and the City or its designee for a schedule of open houses for the unit, at the seller's convenience.

**10.9** The procedure continues the same as in Sections 8.1.7 – 8.1.16 above, with the seller substituted for the developer.

**10.10** The City or its designee submits to the title insurance company the Grant Deed, BMR Agreement and Deed Restrictions, and Request for Notice and the seller's release from the old deed restrictions, to be recorded with the new deed to the property.

## **11. REQUIREMENTS FOR BMR RENTAL DEVELOPMENTS**

### **11.1 Income and Rent Standards.**

**11.1.1 Income Limits Upon Occupancy of BMR Rental Units.** Only households having gross incomes at or below the HUD Low Income for San Mateo County, adjusted for household size, are eligible to occupy BMR rental units, either when initially rented or upon filling any subsequent vacancy. See Section 14, Table A (Below Market Rate Household Income Limits).

**11.1.2 BMR Rent.** BMR units may be rented for monthly amounts not exceeding thirty percent (30%) of sixty (60%) of median household income limits for City/Redevelopment subsidized projects and thirty percent (30%) of HUD Low Income limits for non-subsidized private projects, minus eligible housing costs. In no case shall the monthly rental amounts for BMR units (subsidized or unsubsidized) exceed 75% of comparable market rate rents. The maximum rental amounts are listed in

Section 14, Table B, (Maximum Monthly Housing Cost Limits for BMR Rental Units.) BMR rents may be adjusted from time to time to reflect any changes to the then current HUD Income limits.

**11.1.3 Tenant Selection and Certification Procedures.** Priority for occupancy of all BMR rental units shall be given to those eligible households who either live or work in the City of Menlo Park. During the fifteen (15) day period following the date the City and its designee receive notification from the owner (or owner's agent) of an impending availability or vacancy in a BMR rental unit, priority for occupancy of that unit, when available, shall be given to eligible households on the Waiting List, on a first-come, first-served basis. The selected household shall be allowed up to thirty (30) days to move into the unit after it is ready for occupancy.

If no qualified household living or working in Menlo Park is available to occupy the vacated unit as aforesaid, the owner shall be free to rent the BMR unit to any other eligible BMR tenant.

**11.1.4 BMR Waiting List.** The qualifications of BMR rental tenants will be independently verified by the City or its designee. The City of Menlo Park or the City's designee shall maintain the waiting list for BMR rental units.

**11.1.5 One-Year Lease Offer.** Each BMR tenant shall be offered the opportunity to enter into a lease, which has a minimum term of one (1) year. Such offer must be made in writing. If the tenant rejects the offer, such rejection must also be in writing. A lease may be renewed upon the mutual agreement of both parties.

**11.1.6 Vacation of Units and Re-Renting.** When a BMR tenant vacates, the owner must provide notice to the City, and re-rent the unit to a qualified BMR tenant in accordance with these Guidelines and the Affordability Restriction Agreement for the unit.

**11.1.7 Annual Recertification of BMR Units.** The City of Menlo Park will recertify annually, by procedures to be established in the Affordability Restriction Agreement, the provision of BMR rental units as agreed at the time of application for the permit. If, at the time of recertification, for two consecutive years, a Tenant's household income exceeds the eligibility requirements set forth in the Guidelines ("Ineligible Tenant"), the Ineligible Tenant shall no longer be qualified to rent the BMR unit and the Lease shall provide that the Lease term shall expire and the Tenant shall vacate the BMR unit on or prior to sixty (60) days after delivery of a notice of ineligibility by the Developer or City to the Tenant. Upon expiration of the Lease term pursuant to the foregoing, if the Tenant has not vacated the BMR unit as required, Developer shall promptly take steps to evict the Ineligible Tenant and replace the BMR unit with an Eligible Tenant as soon as reasonably possible.

**11.1.8 Annual Report.** On an annual basis on or before July 1 of each year, the Developer or subsequent owner shall submit a report (the "Annual Report") to the City which contains with respect to each BMR unit, the name of the Eligible Tenant, the rental rate and the income and household size of the occupants. The Annual



Report shall be based on information supplied by the Tenant or occupant of each BMR unit in a certified statement executed yearly by the Tenant on a form provided or previously approved by the City. Execution and delivery thereof by the Tenant may be required by the terms of the Lease as a condition to continued occupancy at the BMR rate. In order to verify the information provided, City shall have the right to inspect the books and records of Developer and its rental agent or bookkeeper upon reasonable notice during normal business hours. The Annual Report shall also provide a statement of the owner's management policies, communications with the tenants and maintenance of the BMR unit, including a statement of planned repairs to be made and the dates for the repairs.

## **12. EQUIVALENT ALTERNATIVES**

Nothing set forth herein shall preclude the City from considering reasonably equivalent alternatives to these Guidelines, including, but not limited to, the size of units and differentiation of internal materials.

## **13. BELOW MARKET RATE HOUSING FUND ("BMR FUND") AND SEVERABILITY CLAUSE**

**13.1 Purpose.** The City of Menlo Park Below Market Rate Housing Fund is a separate City fund set aside for the specific purpose of assisting the development of housing that is affordable to very low, low and moderate-income households. The BMR Fund is generated by such income as in lieu fees. All monies contributed to the BMR Fund, as well as repayments and interest earnings accrued, shall be used solely for this purpose, subject to provisions set forth below.

**13.2 Eligible Uses.** The BMR Fund will be used to reduce the cost of housing to levels that are affordable to very low, low and moderate-income households, as defined in the Housing Element of the City's Comprehensive Plan. A preference will be given to assisting development of housing for households with minor children; however, this preference does not preclude the use of funds for other types of housing affordable to households with very low, low and moderate- incomes. No portion of the BMR Fund may be used to pay any administrative, general overhead or similar expense of any entity.

**13.3 Eligible Uses in Support of Very Low-, Low- and Moderate-Income Housing Development.** The BMR Fund may be used for, but is not limited, to the following:

- Provision of below market rate financing for homebuyers.
- Purchase of land or air rights for resale to developers at a reduced cost to facilitate housing development for very low, low or moderate-income households.

- Reduction of interest rates for construction loans or permanent financing, or assistance with other costs associated with development or purchase of very low, low or moderate-income housing.
- Rehabilitation of uninhabitable structures for very low, low or moderate-income housing.
- On-site and off-site improvement costs for production of affordable housing.
- Reduction of purchase price to provide units that are very low, low or moderate cost.
- Rent subsidies to reduce the cost of rent for households with limited incomes.
- Emergency repair and/or renovation loan program for BMR owners of older units.
- Loan program to assist BMR condominium owners who have no other way to pay for major special assessments.

**13.4 Procedures.** Requests for use of BMR Housing Fund money shall be submitted to staff and Housing Commission for review and recommendation to the City Council. A request for funding shall provide the following minimum information:

- A description of the proposal to be funded and the organizations involved in the project. Public benefit and relevant Housing Element policies and programs should be identified.
- Amount of funding requested.
- Identification of the number of very low, low and moderate-income households to be assisted and the specific income range of those assisted.
- Reasons why special funding is appropriate.
- Identification of loan rate, financial status of applicants, and source of repayment funds or other terms.
- Identification of leverage achieved through City funding.

**13.5 Annual Report.** At the close of each fiscal year, the Housing Division shall report on activity during the previous year (deposits and disbursements) and available funds. The City's auditor shall periodically examine this report and all other BMR Fund financial records, and shall report the results of this examination. In

addition, the Housing Division shall report annually on activities assisted by monies from the BMR Fund. The report will review how the program is serving its designated purpose. It will include a discussion of the timely use of funds for actions taken to provide Below Market Rate housing units, a review of management activities, and staff recommendations for policy changes to improve the program's performance. In addition it will provide, for each activity, information corresponding to that required of funding requests listed above in Section 13.4.

**13.6 Severability Clause.** If any one or more of the provisions contained in the Below Market Rate Housing Program Guidelines shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provisions shall be deemed severable from the remaining provisions contained in the Guidelines, and the Guidelines shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

**14. TABLES**

**Table A**

**Below Market Rate Household Income Limits**

<i>Household Size</i>	<i>HUD Very Low &amp; State Very Low</i>	<i>60% of Median</i>	<i>HUD Low &amp; State Lower</i>	<i>Median</i>	<i>110% of Median</i>	<i>120% of Median</i>
1	37,400	42,660	59,850	71,100	78,200	85,350
2	42,750	48,780	68,400	81,300	89,430	97,560
3	48,100	54,870	76,950	91,450	100,595	109,700
4	53,400	60,960	85,450	101,600	111,760	121,900
5	57,700	65,850	92,300	109,750	120,725	131,650
6	61,950	70,710	99,150	117,850	129,635	141,400
7	66,250	75,600	106,000	126,000	138,600	151,150
8	70,500	80,460	112,800	134,100	147,510	160,900

Source: Based on median income for a household of four persons as reported in the Income Guidelines for San Mateo County published by the United States Department of Housing and Urban Development in June 2011.

**Table B**

**Maximum Monthly Housing Cost Limits for BMR Rental Units**

<i>Unit Size</i>	<i>30% of 60% of Median</i>	<i>30% of HUD Low &amp; State Lower</i>
Studio	920	1,325
1	1,066	1,496
2	1,220	1,710
3	1,372	1,924
4	1,524	2,136
5	1,646	2,308

**Table C**  
**Occupancy Standards**

Occupancy of BMR units shall be limited to the following:

Unit Size	Number of Persons	
	<u>Minimum</u>	<u>Maximum</u>
Studio	1	2
1	1	3
2	1	5
3	3	7
4	4	9

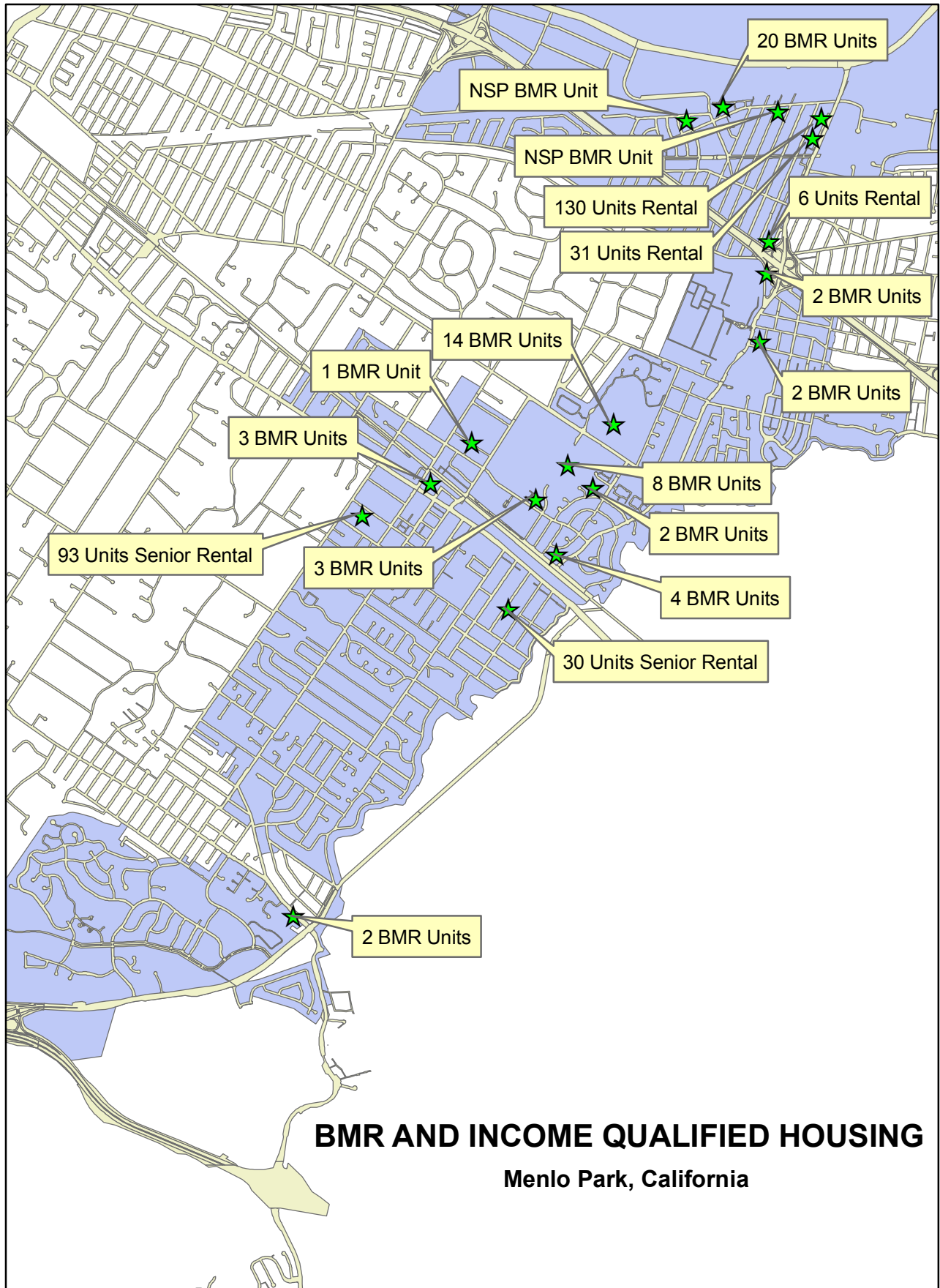
Note: Smallest household size for purposes of determining the maximum rental amount shall be one (1) person per bedroom or studio. The City Manager or his/her designee has the discretion to vary the persons per unit for unusually large units, not to exceed one (1) person per bedroom, plus one (1).

**Table D**  
**Commercial In-Lieu Fees for 2011-2012**

<b>Group A</b> uses are Research & Development and Office.	Fee: \$14.50 per square foot of gross floor area.
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<b>Group B</b> uses are all other Commercial Uses not in Group A.	Fee: \$7.87 per square foot of gross floor area.
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Commercial In-Lieu Fees are adjusted annually on July 1.



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# PUBLIC WORKS DEPARTMENT

Council Meeting Date: May 22, 2012

Staff Report #: 12-079

Agenda Item #: I-1

**INFORMATIONAL ITEM: Five Year Projection of Solid Waste and Recycling Materials Collection and Processing Costs**

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## BACKGROUND

Menlo Park, along with 11 other member agencies of the South Bayside Waste Management Authority (SBWMA), currently contract with Recology San Mateo County (Recology) to provide solid waste collection services to residents and businesses. In addition, the SBWMA contracts with South Bay Recycling (SBR) to process the solid waste and recyclable materials collected by Recology at the Shoreway Environmental Center in San Carlos. The ten (10) year contracts with Recology and SBR became effective on January 1, 2011, and will expire on December 31, 2020. The cost for services provided under these contracts are paid for through solid waste rates.

In recent years, the City of Menlo Park imposed significant solid waste rate increases on residents and businesses to recover the costs of providing these services under the previous contract with Allied Waste Services (Allied) that ended on December 31, 2010. During the last public hearing on December 13, 2011 to establish solid waste rates for the calendar year 2012, Councilmember Cohen requested a five-year cost projection for the City's contracted solid waste collection and processing services. Since then, staff has been working with the SBWMA to develop five-year cost projections that would better inform Council of future cost increases that could result in increased solid waste rates for Menlo Park residents and businesses.

An important component of projecting future costs is reviewing why costs increased in the past. The majority of the prior costs increases were a direct result of the contracts with Allied. The contracts with Allied for both solid waste collection and processing materials at the Shoreway Center were a "cost-plus" structure. Under this type of contract structure, Allied was able to recover the total cost of services as well as a guaranteed profit ratio. The terms of the contracts had few provisions to control cost increases and also limited incentives to encourage efficiencies in solid waste operations.

Going forward, the contracts with Recology and SBR have more cost control measures as annual cost increases, such as for labor and fuel, are based on changes in the Consumer Price Indices (CPI). However, the CPI for unionized labor will not be experienced fully until 2014 due to previously negotiated labor contracts that Allied



Waste approved before Recology and SBR took over operations in January 2011. The SBWMA contracts with Recology and SBR include a stipulation that cities would be liable for labor increases under collective bargaining agreements (CBA) approved by Allied. After the CBAs expire, labor costs will be adjusted according to the U.S. Department of Labor Statistics and Private Industry Employment Costs Index. Currently, the drivers and clerical CBAs will expire in 2013 so these costs will be adjusted by the index for 2014. The Shoreway Center CBAs expires at the end of 2014 so these costs will be adjusted by the index for 2015.

Lastly, the costs for solid waste services were expected to increase as a result of offering new recycling services to residents and businesses. This includes providing a food scrap recycling program and weekly recycling collection for residents. In addition, residents received recycling cart services compared to previously carrying out crates to the curb. Single stream recycling is now offered to both residents and businesses, providing added convenience by not having to sort recyclables. The single stream recycling program also required upgrades to the Shoreway Environmental Center, which is now considered a state of the art recycling facility. These programs will continue to ensure that Menlo Park meets state AB 939 mandates to divert 50% of waste material from the landfill, and position the City to adequately handle increased diversion mandates from the State.

All of these factors have played a role towards the increases in solid waste rates for all cities within the SBWMA area. Over the next five years, the SBWMA and City staff believe that cost increases will be less than previously experienced as index based cost adjustments become fully implemented.

## **ANALYSIS**

SBWMA staff developed a five-year cost projection model. The following assumptions were used for the forecast model:

- A five year projection of compensation adjustments for Recology and SBR based on assumptions of Consumer Price Indices (CPI) changes at the current level with a slight increase after years three and four of the forecast.
- A projection of SBWMA tipping fees at the Shoreway based on SBR compensation adjustment assumptions and all other costs for the SBWMA. The tipping fees are established based on tonnage of solid waste disposed and organic material recycled. These costs are partially offset by commodity revenue from single stream recyclables (paper, plastic, and metals). The projection analysis resulted in a 3% average annual increase in tipping fees.
- Annual Menlo Park tonnage was projected for 2013 at 30,572 tons and then held constant for the subsequent years of the forecast. This tonnage includes solid waste, single stream recyclables and organic waste.

- Billed revenue based on 2012 solid waste rates set by the City Council.

The analysis does not include the following variables that can contribute to increases or decreases in solid waste collection and processing costs:

- Impacts on revenue from cart migration that can result from customers switching to a smaller cart at a lower rate to reduce their solid waste collection bills.
- Incentive payments to Recology for exceeding performance standards in overall diversion level (increased recyclables and decreased contamination of recyclables), limited single family missed pick-ups, and increased average speed in answering customer service phone calls.
- Commercial business revenue fluctuations that can decrease and increase based on economic conditions.
- Increased recycling in residential and commercial activities.

These variables are difficult to predict because they are based on customer and employee behavior, and economic conditions.

The following two tables demonstrate the results of the forecast model for Menlo Park.

Rate Year	2012	2013	2014	2015	2016	2017
<b>Recology Costs</b>	\$5,340,936	\$5,689,368	\$5,808,845	\$5,948,257	\$6,096,388	\$6,249,388
<b>Disposal and processing fees for SBR, SBWMA admin, City franchise and program fees</b>	\$4,922,117	\$4,727,205	\$4,865,916	\$5,037,431	\$5,190,040	\$5,301,774
<b>Total</b>	<b>\$10,263,053</b>	<b>\$10,416,573</b>	<b>\$10,674,761</b>	<b>\$10,985,688</b>	<b>\$11,287,003</b>	<b>\$11,551,162</b>
<b>Percentage Change</b>	-----	1.5%	2.5%	2.9%	2.7%	2.3%

The overall results indicate incremental increases between 1.5% and 2.9% over the next five years. Table 2 provides details regarding actual cost percentage changes from Recology costs compared to disposal and processing fees for SBR, SBWMA administration, and City franchise and program fees.

<b>Rate Year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Recology Costs</b>	6.5%	2.1%	2.4%	2.5%	2.5%
<b>Disposal and processing fees for SBR, SBWMA admin, City franchise and program fees</b>	-4.0%	2.9%	3.5%	3.0%	2.2%

The estimated 6.5% increase for Recology costs in 2013 is higher than in other future years due to a service level adjustment clause under the Franchise Agreement for Recology. This will be the second and final service level adjustment allowed over the term of the Recology contract. Recology will be allowed to adjust their baseline number of single family households served and commercial bin/cart lifts based on 2012 service level statistics. This is a one-time adjustment for service level changes to base collection cost going forward. The service level adjustments were included in the contract to be fair since the compensation for Recology is fixed for the term of the contract (until December 31, 2020), and the initial service levels used as the basis for Recology's cost proposal was based on service levels in place in 2008 under Allied Waste.

The adjustment implemented for 2011 when Recology began service resulted in a reduction in Recology's cost of \$534,600 for the total SBWMA area or -1.1%. While the number of single family accounts went up from 2008 to 2010, the reduced commercial sector activity resulted in an overall reduction in service levels. The estimated service level adjustment for 2013 is estimated to increase Recology costs by \$1 million or 2.1% for the total SBWMA area. Menlo Park on average is allocated 10% of these costs, which would be about \$100,000 increase. The remaining increase is a result of the cost for labor under CBAs approved by Allied.

For 2013, the combined 4% (\$195,000) reduction in disposal and processing fees for SBR, SBWMA operations, and City franchise and program fees is comprised of a \$100,000 increase in SBR disposal and processing fees, and the \$295,000 reduction in payments from Recology to the City to pay off the Allied debt. Beginning in 2013, the funds previously collected to fund the Allied debt will be retained by Recology to pay for ongoing costs.

## **IMPACT ON CITY RESOURCES**

Staff estimates that no rate increase will be proposed to City Council for 2013. This is because a significant portion of the 2012 solid waste increase was required to pay off the Allied Waste balancing account. After final payment is made to Allied Waste this year, any residual revenue will be used to refurbish the City's Solid Waste Fund balance and offset the solid waste cost increases over the next year.

## **POLICY ISSUES**

This informational item does not represent a change to existing City policy.

## ENVIRONMENTAL REVIEW

This informational item does not require environmental review.



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Rebecca L. Fotu  
Environmental Programs Manager



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John McGirr  
Revenue and Claims 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:** None

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