



CITY COUNCIL SPECIAL MEETING AGENDA

Tuesday, April 2, 2013
5:30 P.M.
701 Laurel Street, Menlo Park, CA 94025
City Council Chambers

5:30 P.M. STUDY SESSION #1

SS1. Council review and possible direction regarding the proposed SRI, International Campus Modernization Project and the associated draft public outreach and development agreement negotiation process *(Staff report #13-050)*

7:00 P.M. STUDY SESSION #2

SS2. Provide direction on the Climate Action Plan Update and Status Report, new measuring methodology for transportation greenhouse gas emissions, and a community greenhouse reduction target, and provide direction on funding in order to achieve target
(Staff report #13-051)

REGULAR SESSION to commence at approximately 8:00 P.M.

ROLL CALL – Carlton, Cline, Keith, Ohtaki, Mueller

PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

A. PRESENTATIONS AND PROCLAMATIONS

A1. Proclamation: National Library Week, April 14-20, 2013 *(Attachment)*

A2. Proclamation: Honoring Marcel Vinokur *(Attachment)*

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. Waive the reading and adopt ordinances approving the Rezoning and the Development Agreement for the Facebook West Campus located at the intersection of Bayfront Expressway and Willow Road *(Staff report #13-054)*

D2. Authorize the City Manager to execute master agreements for professional services with multiple consulting firms for engineering, surveying, inspection, testing and other administration services *(Staff report #13-052)*

E. PUBLIC HEARINGS

- E1.** Adopt a resolution amending the City's Master Fee Schedule to incorporate proposed changes in fees to become effective immediately or July 1, 2013 or as required by statute for the following departments: Community Services, Library, Police and Public Works
(*Staff report #13-048*)

F. REGULAR BUSINESS

- F1.** Memorandum from Council Members Keith and Cline requesting Council place review of 500 El Camino Real/Stanford Project on the April 16, 2013 City Council meeting agenda
(*Attachment*)
- F2.** Discuss and provide direction on City operating and budget principles for the 2013-14 budget process (*Staff report #13-053*)
- F3.** Present information regarding employee compensation and receipt of public comment relating to upcoming contract negotiations with all units (*Staff report #13-049*)
- F4.** Adopt a resolution appropriating \$500,000 from the Bedwell-Bayfront Park Landfill Fund, waiving the public bidding requirement, and authorizing the City Manager to award and execute contracts for the Gas Flare at Bedwell Bayfront Park Landfill and authorizing a total budget of \$500,000 (*Staff report #13-055*)
- F5.** 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

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

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

L. ADJOURNMENT

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At every 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.

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COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: April 2, 2013

Staff Report #: 13-050

Agenda Item #: SS-1

STUDY SESSION:

Council Review and Possible Direction Regarding the Proposed SRI, International Campus Modernization Project and the Associated Draft Public Outreach and Development Agreement Negotiation Process

RECOMMENDATION

Staff recommends that the City Council support review and processing of the SRI, International (SRI) Campus Modernization Project consistent with the draft public outreach and development agreement negotiation process discussed below. Contingent upon City Council support of project review and processing, this framework would be refined for City Council review at a subsequent meeting.

BACKGROUND

SRI's Menlo Park Campus consists of approximately 38 buildings that have been constructed incrementally, with the earliest structure dating back to the 1940s. The Campus is subject to the requirements of a Conditional Development Permit (CDP), which was originally approved in 1975 and has subsequently been amended. The 1975 CDP did not establish a maximum development potential, and the only reference to limitations related to development potential can be found in the 1975 Environmental Impact Report (EIR), which stated an assumed maximum employee count of 3,500 people.

In 1978, an amendment to the CDP was approved in order to remove approximately 10.3 acres from SRI's Campus for the development of the McCandless office complex located at 525 to 545 Middlefield Road. The amended CDP establishes parameters for the development of the McCandless buildings and, other than a reduction in the physical size of the SRI campus, did not alter the 1975 CDP.

In 1997, as a direct result of a proposal by Classic Communities to development residential units on a portion of SRI's Campus, the CDP was again amended. The amendment included a further reduction in the physical size of the campus to reflect the property being sold to Classic Communities and to establish for the first time, a maximum development potential. The 1997 CDP limits the site to 1,494,774 square feet of gross floor area and a maximum of 3,308 employees. SRI leases a portion of their campus gross floor area for non-SRI uses, and for those uses, the allowable number of persons working on the site is calculated at a 2:1 ratio. Finally, the most recent CDP

amendment was completed in 2004, and is specific to changes associated with building T.

In summary, the current CDP reflects a project site inclusive of approximately 63.2 acres, with a maximum gross floor area of 1,494,774 square feet and a maximum employee count of 3,308 people.

SRI has previously contemplated development of a Master Plan for the Campus, the most recent application submittal dates back to September 1999. The City Council's review included development of a subcommittee to review the issues associated with the proposal. Prior to preparation of an EIR, SRI decided to withdraw the application.

On November 28, 2012, SRI submitted preliminary plans and associated materials to initiate review of the SRI Campus Modernization Project, which is a phased project over the next 25 years. In response to comments from staff related to the preliminary project proposal, SRI submitted revised project plans and materials on March 15, 2013. The project description, which includes select plan sheets, is included as Attachment A. Key Project elements include:

- **Building replacement with no net new square footage:** the existing gross floor area at the project site is approximately 1,380,332 square feet and SRI proposes to replace this existing square footage incrementally over the next 25-years. Buildings are proposed to range in heights, with a maximum height of 64-feet (exclusive of mechanical enclosures) on the east side of the campus proximate to other commercial uses, and more distant from residential uses and public roadways;
- **Increase in employee density:** Current employee count at the SRI Campus includes approximately 1,500 SRI employees and an additional approximately 280 people who are employed by unrelated tenants. Based upon the CDP requirement that non-SRI uses employee count be calculated at a 2:1 ratio, these 280 people would equate to 540 employees, for a total employee count of approximately 2,040 employees. SRI seeks to have a maximum of 3,000 employees and anticipates that the number of employees would gradually increase over the next 25 years;
- **Increased landscaping:** The project proposal includes an increase in site landscaping from approximately one-fourth of the lot area, to more than one-third of the lot area, over the 25-year development horizon;
- **Continued implementation of the Transportation Demand Management Program:** Based upon recent transportation studies completed by SRI, approximately 41 percent of employees commute to the campus by means other than a single occupancy vehicle, including the use of public transportation, bicycles and by foot. The existing comprehensive Transportation Demand Management (TDM) Program that helps achieve this high alternative transportation rate is proposed to continue as part of the Project proposal;
- **Reconfigured Site Access:** Access to the site is proposed to be reconfigured to more efficiently bring employees from the public street network onto the SRI

campus. The reconfiguration includes the removal of vehicular access from Laurel Street, reduction of the driveways on Ravenswood Avenue from five to four, and greater emphasis on use of the existing driveways on Middlefield Road; and

- **Reduced Parking:** The project site currently includes 3,224 parking spaces, which exceeds existing and proposed project demand. As part of the proposed project, the parking spaces would be reduced to approximately 2,444 spaces, with approximately one-fifth of those parking spaces located within a parking structure.

Land use entitlements and associated agreements related to the requested SRI Campus Modernization Project include:

- **General Plan Amendment and Zoning Ordinance Amendment** to create a new General Plan land use designation and a new Zoning District that would allow for a long range master plan to reconstruct the existing approximately 62-acre research campus with state-of-the-art facilities with a maximum gross floor area of approximately 1.38 million square feet. A new General Plan land use designation and Zoning District is necessary because the existing and proposed gross floor area exceeds the maximum permissible in the Professional and Administrative Offices land use designation and the C-1 (Administrative and Professional District, Restrictive) zoning district, which are both applicable to the site. The new zoning district would conditionally permit uses such as research and development facilities, including laboratories, offices, auditoriums, conference facilities, employee amenities including cafes and health/fitness centers, accessory facilities, and public utilities;
- **Rezoning** to change the zoning of the site from C-1 (X) (Administrative and Professional District, Restrictive, Conditional Development) and P (Parking) to the new zoning district;
- **Amended and Restated Conditional Development Permit** to revise the existing Conditional Development Permit to reflect the 25-year phased modernization plan and applicable development standards;
- **Lot Merger or Lot Line Adjustments** to reconfigure the existing parcels;
- **Plan Line Abandonment** for the Burgess Drive right-of-way;
- **Heritage Tree Removal Permits** to remove approximately 91 heritage trees; and
- **Development Agreement**, which results in the provision of overall benefits to the City and adequate development controls in exchange for vested rights in Project approvals.

In addition, the preparation of an EIR and a Fiscal Impact Analysis (FIA) would be required.

ANALYSIS

Staff has reviewed the most recent project submittal and proposes the following draft project milestones and public meetings framework, subject to refinement as project review proceeds. This process is generally based on the project review framework utilized for the Facebook Campus Project, and is designed to facilitate review of the project in an efficient manner that provides sufficient opportunity for public, Commission, and City Council input:

Meeting or Milestone	Purpose
City Council Meeting	Authorization for the City Manager to enter into consultant contracts for environmental review and fiscal impact analysis in excess of \$50,000, and review of the draft public outreach and development agreement negotiation process
Milestone	Issue a Notice of Preparation (NOP) pursuant to the requirements of the California Environmental Quality Act (CEQA)
Planning Commission Meeting	EIR scoping session and study session
City Council Meeting	Appointment of a Development Agreement subcommittee comprise of two Council members
Milestone	Release of Draft EIR and Draft FIA for public review
Public Outreach Meetings and Commission Meetings	To inform the public and Commissions about the proposed project and documents available for review
Planning Commission Meeting	Review of Draft EIR, Draft FIA and Study Session to discuss the project proposal
City Council Meeting	Review of Draft EIR, Draft FIA, development program and provision of direction or parameters to guide Development Agreement negotiations
Milestone	Prepare Final EIR, Final FIA and negotiate Development Agreement Term Sheet
City Council Meeting	Review of Development Agreement Term Sheet
Planning Commission Meeting	Review and recommendation on project and all applicable land use entitlements and agreements
City Council Meeting	Review and action on project and all applicable land use entitlements and agreements
City Council Meeting	Second reading of the Rezoning and Development Agreement Ordinances

During the project review process, there will be numerous discussion points and potential for project refinements. Staff has already identified a number of key topic areas for further discussion, including:

- Project design with a focus on site layout, access, height, and massing;
- Interface with the neighboring properties and uses;
- Maximization of TDM Program;
- Construction phasing;
- Burgess Drive plan line abandonment; and
- Parking agreements with neighboring property owners.

These topics, as well as others, will be discussed in greater detail at future public meetings.

SUGGESTED STUDY SESSION PROCESS

Staff suggests that the City Council consider an agenda for the study session that would include the following:

1. Staff presentation;
2. Council questions of clarification regarding the presentation;
3. Applicant presentation;
4. Council questions of clarification regarding the presentation;
5. Public comments; and
6. Council discussion and direction on project processing.

The study session is intended to provide feedback on the project proposal and confirm City Council's support for subsequent project review and processing.

IMPACT ON CITY RESOURCES

The applicant has submitted application fees for all applicable land use entitlements and agreements. The applicant is required to pay planning permit fees, based on the City's Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project. The applicant is also required to bear the cost of the associated environmental review and fiscal analysis. For the environmental review and fiscal analysis, the applicant deposits money with the City, and the City pays the consultants.

POLICY ISSUES

The applicant is requesting General Plan and Zoning Ordinance amendments, as well as a rezoning of the project site. At future public meetings the City Council would want to consider whether the requested General Plan and Zoning Ordinance amendments and associated rezoning are appropriate for this project site and for the City in totality. In addition, the City Council would need to consider the potential significant and unavoidable environmental impacts and the appropriate level of public benefit based

upon the applicant's request for a phased development proposal, and General Plan and Zoning Ordinance amendments.

ENVIRONMENTAL REVIEW

Study sessions do not result in an action, and as such are not subject to the requirements of CEQA. Project review would include preparation of an EIR.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting. In addition to the agenda posting, an email update was sent to subscribers of the project page for the proposal, which is available at the following address: http://www.menlopark.org/projects/comdev_sri.htm The Project page allows interested parties to subscribe to email updates, and provides up-to-date information about the Project, as well as links to previous staff reports and other related documents.

ATTACHMENTS

- A. Project Description Letter, inclusive of select plan sheets

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Introduction

I. INTRODUCTION

SRI International, a nationally recognized nonprofit research and development (R&D) institute and innovation center, is submitting an application to the City of Menlo Park to modernize its aging campus. The proposed Campus Modernization Project will permit SRI to continue its important work in a facility better designed to meet the needs of its clients, its staff, and the City of Menlo Park. SRI proposes no increase in existing campus gross floor area. The application focuses instead on modernizing the campus by replacing and improving SRI's facilities without expansion.

The objectives for the Campus Modernization Project are as follows:

- Revitalize and upgrade the existing SRI campus in a manner that promotes orderly campus renewal and enhances campus economic vitality and fiscal health;
- Create high-quality, state-of-the-art facilities to promote world-leading multi-disciplinary research;
- Improve the working environment for SRI employees so as to attract and retain top scientists, engineers, researchers, and other professionals;
- Update campus seismic, safety and security features to maintain a safe environment for SRI employees and neighbors;
- Enhance the energy efficiency of the campus through modernization of buildings and utility infrastructure, and through building placement based on solar orientation;
- Improve campus bicycle and pedestrian pathways, as well as internal vehicular circulation patterns, to minimize traffic congestion on surrounding streets; and
- Allow flexibility to respond to future changes in world-class research needs.

SRI's present Menlo Park facilities comprise approximately 38 buildings constructed incrementally from the earliest structures built as part of the Dibble Army Hospital in the 1940s, additional office and laboratory buildings constructed in the 1960s and 1970s, and more recent building expansions erected within the past decade. Modernizing these buildings is driven by four important considerations: continuing SRI's research contributions, retaining and attracting talent, improving energy efficiency, and enhancing safety and security.

Contributions to society: World-leading research is achieved by talented staff, working in modern facilities with the best equipment available. SRI's researchers have continued to perform outstanding work even with the challenges presented by aging facilities. However, the quality of SRI's buildings must be addressed so that physical conditions on the campus do not become barriers to technical excellence and innovation.

Talented staff: The job market for the most talented staff is fiercely competitive. Offering first-class equipment and facilities, a supportive physical environment, and a comprehensive compensation package all contribute to recruiting top talent. As a nonprofit scientific research institute, SRI cannot always compete with Fortune 500 companies in terms of salary and benefits. Consequently, the attractiveness and functionality of SRI's campus facilities and amenities are critical to its ability to attract and retain staff, and to maintain its world leadership in research and development.

Green buildings: Consistent with SRI's public-benefit mission, employees also want to work in facilities that provide a healthy, energy efficient environment, knowing that they are minimizing their imprint on the environment. SRI will seek U.S. Green Building Council LEED (Leadership in Energy and Environmental Design) certification to validate that its new buildings are designed and built to achieve high performance in sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality.

Modern safety and security: Much has been learned over the years about constructing buildings to withstand seismic events and to promote safety. This knowledge has been incorporated into modern building design and construction building codes. While SRI has invested considerable financial resources into retrofit projects, a preferred and more prudent approach is to take full advantage of best practices and to invest SRI's resources in modern buildings that are fully compliant with current seismic and safety standards. In addition, changing needs for overall campus security can be accomplished through a more cohesive site plan and thoughtful attention to security fencing, gates and access points.

The City of Menlo Park will benefit from a more modern SRI facility. Upgrading and revitalizing SRI's campus will enable SRI to continue to serve as a stable and large employer, attracting talented and educated scientists and other professionals. In addition, as the long-standing home of one of the most famous and honored research institutes in the United States, Menlo Park's reputation as a Silicon Valley hub visited daily by researchers and clients from around the world will continue to be enhanced. Other benefits to the City include improved aesthetics, the potential to reduce SRI's carbon footprint and water use, an increase in permeable surfaces to reduce runoff, and improved bicycle, pedestrian and vehicular circulation.

The physical and regulatory components of the Campus Modernization Project reflect the objectives identified above, as well as two important projections: (1) SRI's unique research needs will continue to result in a relatively low ratio of employees per square foot of building space, and (2) SRI will not dramatically increase the number of employees at the site. It will gradually grow its employee population until it reaches a level similar to its historic employment count in Menlo Park.

- Low intensity use of space: SRI occupies its floor space with fewer employees than is the case in more traditional commercial or office buildings. SRI's research activities drive a need for laboratory, high bay, clean room and R&D equipment support spaces that result in a low density of employees. For example, SRI's largest current laboratory is more than 180,000 square feet in size, but houses only 320 employees due to the size and configuration of the laboratory's research equipment, as well as square footage needs for researcher offices and support space. As another example, SRI's existing high bay facility of 21,000 square feet has no resident occupants. All scientists working in the high bay facility have private offices in other buildings. SRI anticipates that it will continue its practices that result in much lower occupancy levels per square foot than companies utilizing "open office" and other higher occupancy strategies.
- Gradual employment growth: SRI's employment base has historically moved in gradual, long-term cycles. Just as SRI's Menlo Park employment count slowly decreased from its peak during the 1980s, its future return to levels similar to its historical peak will also take many years. Campus employment growth will be moderated both by SRI's business program and by the need to continue ongoing research studies while old buildings are removed and replaced by new ones.

The Campus Modernization Project can be summarized as follows:

- **Building replacement with no net new square feet.** Existing buildings will be replaced without increasing total campus gross floor area at full development. The existing campus buildings total 1,380,332 square feet of gross floor area. SRI proposes to limit total campus gross floor area upon completion of the Campus Modernization Project to the identical amount. ***This is 11 percent less than the 1,494,774 square feet of gross floor area allowed under SRI's current Conditional Development Permit.***

- **Minimized visual effects.** The tallest new buildings will be located away from the campus edges and neighboring residential areas. Existing building heights on the campus range from 12 to 48 feet above average finished grade. The new buildings will be taller to promote collaboration by providing flexible workspaces on smaller floor plates. Increasing building height will also result in increased landscaping and permeable surfaces, reducing runoff. The new buildings are proposed to be 48 feet or less on the west side of the campus, nearer to residential neighborhoods, and 64 feet or less on the east side of the campus, nearer to commercial uses and more distant from public roadways.
- **Gradual return to historic employment levels.** As the new campus takes shape, SRI expects to gradually return to employment levels that are similar to those that have been on the site in the past. Presently, SRI and its related entities employ approximately 1,500 people on the campus. Another 280 people are employed onsite by unrelated tenants. A maximum 25-year employment cap of 3,000 employees is proposed. ***This is a reduction of more than 10 percent from the 3,308 employees permitted under SRI's current Conditional Development Permit.***
- **A new campus orientation.** The new campus buildings will be clustered at the center of the campus, creating an integrated research campus surrounding a central green. Both the relationship of the new buildings to one another, and the design of each individual building, will promote collaboration, cross-disciplinary exchange of ideas, and innovation.
- **Flexible building design.** The new campus buildings will be designed in a flexible manner to accommodate offices, research laboratories or both. This type of flexible floor plate will ensure that building use can conform to evolving research needs over the next quarter of a century.
- **Enhanced amenity space.** Amenities will be added to promote a healthy and productive workplace, including expanded onsite dining facilities, employee fitness centers, a new auditorium, and an integrated system of outdoor gathering and walking spaces.
- **Reduced carbon footprint.** Energy-efficient building designs, utility systems and materials will be used to reduce energy demand and associated greenhouse gas emissions. The new buildings will be oriented to take advantage of natural daylight for lighting and heating, as well as shading for cooling.
- **Sensitive campus edges.** Enhanced landscaping is proposed at the campus edges to provide a shady, soft edge that will be visually appealing to neighbors and passersby. The proposed site plan includes 60-foot setbacks along Ravenswood Avenue, most of Laurel Street, and the southwest boundary between SRI and the Classics Communities neighborhood. Existing buildings will be retained on the southern "tab" portion of the site; therefore setbacks in this area will continue to be 20 feet. Setbacks along the edges of the site adjacent to the United States Geological Survey buildings and commercial uses on the southern and eastern side of the campus similarly are proposed to be 20 feet.
- **Increased landscape.** More of the campus land area will be dedicated to landscaping than exists under current conditions. Landscaping and other pervious materials currently cover 24 percent of the campus. At full development of the Campus Modernization Project, landscaped areas will increase to approximately 37 percent.

- **Tree preservation and planting.** Trees, including heritage trees, will be preserved where feasible and additional trees will be planted, increasing the total number of trees on the campus. The new landscape plan will include dense tree plantings at the campus perimeter, with ribbons of trees flowing through the campus.
- **Transportation demand management.** SRI has unique trip-generation characteristics compared to more typical office or R&D land uses. Its location within 1/4 mile walking distance of the Menlo Park Caltrain station, close proximity to downtown services, and flexible work environment have combined to encourage employees to travel to campus in modes other than commuting by car. Recent studies show that only 59 percent of SRI employees commute in drive-alone vehicles. By comparison, 78 percent of all employees who work in Menlo Park commute in drive-alone vehicles according to the most recently available census data. Under the Campus Modernization Project, SRI intends to continue to implement its progressive transportation demand management program, which is designed to provide and encourage alternatives to private automobile travel.
- **Improved bicycle and pedestrian facilities.** Pedestrian and bicycle paths and gateways will be designed to support and encourage non-vehicular transportation—both by those commuting to and from work and by those biking, walking and cycling during lunch hours and workday breaks. Bicycle storage will be added to further promote non-vehicular transportation choices.
- **Improved circulation.** Internal roadways and parking areas will be designed to enable employees to travel easily within a campus loop road system. These improvements include: a consolidated single driveway on Laurel Street instead of the current two driveways on Laurel, four driveways on Ravenswood Avenue instead of the current five driveways, and greater emphasis on utilizing the two existing driveways on Middlefield Road.
- **Sensitive location for truck access.** A new campus loading dock, receiving center, and warehouse will be located on the east side of the campus, away from residential neighborhoods. Delivery trucks and waste and recycling hauling trucks will access the campus from Middlefield Road via Ringwood Avenue.
- **Reduced parking.** Fewer parking spaces will be provided on the campus than exist today. All campus parking demand (including conference center demand) can be accommodated with 2,135 spaces as compared to the 3,224 existing spaces. The Campus Modernization Project has been designed to accommodate the anticipated parking demand by providing 2,444 spaces in surface lots and a new parking structure.
- **Efficient utility infrastructure.** SRI is served by an energy-efficient cogeneration plant. Under the Campus Modernization Project, the cogeneration plant boiler will be replaced, heat exchangers and pumping stations will be added to convert steam to hot water, and new high-efficiency chillers and a multi-cell cooling tower will be added to accommodate demand while reducing water use. Utility pipelines and ducts will be installed in an efficient loop, with water, sewer, gas and electrical distribution lines installed at the outer perimeter of the new campus buildings and mechanical steam, heating hot water, and chilled water installed at the perimeter of the new campus green, to the interior of the new campus buildings. The combined improvements will substantially decrease annual electricity and chilled water consumption, and only slightly increase natural gas consumption compared to existing conditions. Water demand will decrease by more than 11 percent, and sewer discharge will decrease by 8 percent.

- **Enclosed recycling and waste facilities.** Recycling and trash enclosures will be fully enclosed, with smaller collection points located along the outer perimeter of the new buildings, and a recycling and a centralized waste sorting and storage area located at the eastern edge of the campus. SRI employs sustainable resource recovery practices on its campus and will continue to do so with the Campus Modernization Project.
- **Enhanced security.** Improved security fencing and gates will surround the portions of the campus that will be closed to public access. Along the most public campus edges, the security fence will be located behind a vegetated screen to reduce its visibility from the campus exterior.
- **Improved fire department access and facilities.** New fire hydrants, fire truck access routes, and fire department staging areas will be constructed throughout the campus, substantially improving fire department access.
- **Gradual construction phasing.** Buildings will be replaced gradually to minimize campus disruption. No more than two buildings will be under construction at any one time.
- **Planning for interim conditions.** In some campus locations, interim surface parking lots, fencing and utilities will be installed to enable campus operations to continue during the Campus Modernization Project. In addition, there will be interim periods when overall gross floor area on the campus will be higher than gross floor area at full development due to the need to complete new buildings before moving research functions from existing buildings.

SRI proposes general plan amendments, new zoning, and an amended and restated Conditional Development Permit to conform the City's land use regulations and permits for the SRI campus to the existing gross floor area on the site and the new building heights proposed by the Campus Modernization Project. In addition, once project impacts and mitigation measures have been identified, SRI intends to apply for a Development Agreement with the City that will allow the implementation of the Campus Modernization Project over a 25-year period. This timeframe is necessary to manage the removal of old buildings and the construction of new buildings so as to allow SRI to continue its research programs during the modernization process. A Development Agreement will assure SRI that once it begins its Campus Modernization Project, it will be allowed to complete the full project as designed. A Development Agreement also gives the City flexibility to recognize and obtain community benefits beyond those required to mitigate project impacts. SRI values its long-standing partnership with the City of Menlo Park and intends to continue to serve the Menlo Park community into the future.

SRI Background

II. BACKGROUND ON SRI

A. Overview of SRI

SRI International is an independent, nonprofit research institute conducting client-sponsored research and development. SRI brings its innovations to the marketplace through licenses and new ventures. Since its founding in 1946, SRI has been committed to discovery and to the application of science and technology for knowledge, commerce, prosperity, and peace.

SRI works on some of the world's most important—and difficult—challenges in a manner that combines the best of academic research with business pragmatism. SRI conducts basic and applied research and technology development to advance understanding of scientific and technological principles, and to address practical problems. From field exercises to system demonstrations, technologists and engineers translate research and development into integrated systems and working solutions. And to bring new solutions to market and end-users, SRI offers off-the-shelf and custom products, technologies for license, and spin-off venture opportunities.

Scientists, engineers, technologists, and policy researchers at SRI are organized around the broad areas of biomedical sciences and health, chemistry and materials, computing, earth and space sciences, economic development, education and learning, energy and green technologies, security and defense, and sensing and devices.

In the last decade alone, SRI has conducted more than \$4 billion in client-sponsored research and development. Most of SRI's research funders are U.S. government agencies such as the National Institutes of Health, Department of Defense, Defense Advanced Research Projects Agency, National Science Foundation, NASA, U.S. Agency for International Development, and the Departments of Education, Energy, Transportation, and Health and Human Services. SRI helps these agencies enter new fields by providing new approaches and breakthrough solutions.

For foundations such as the Bill and Melinda Gates Foundation and the Packard Foundation, SRI conducts research in global health and evaluates education and social programs. Businesses faced with growing economic and competitive pressures also sponsor research and development at SRI. SRI serves as an extension of their in-house technical groups, providing multidisciplinary teams that ramp up quickly, specialized facilities and equipment, and licenses to SRI intellectual property.

In addition to contributing to the success of its clients and society at large, SRI's contributions to the local economy and civic activities have added to the quality of life enjoyed in Menlo Park today. Almost 10 percent of SRI's Menlo Park employees live in the City, and 20 percent live in the City or immediately surrounding communities. In addition, SRI's active alumni association includes more than 400 retired and former staff, with many living nearby. Staff members and alumni are intertwined in the community not only through employment at SRI, but also through their families, home ownership, extracurricular activities, volunteerism, and civic involvement. SRI also provides in-kind and cash charitable contributions to local educational, environmental, and human service organizations and programs. These include the Menlo Park Library Foundation, student robotics teams, Menlo Park school field trips to The Tech Museum, Trees for Menlo, Children's Health Council, American Cancer Society Relay for Life, Menlo-Atherton High School Outreach Fund, and more. In addition, SRI shares its parking lots through long-standing arrangements with its neighbors, including Menlo-Atherton High School, First Church of Christ Scientist, Trinity Church, U.S. Geological Survey, Sunset Magazine, and the City of Menlo Park.

B. SRI's past accomplishments

SRI has served as a springboard for new industries and has created billions of dollars in market value and lasting benefits to society. SRI innovations have changed how people work, live, and benefit from technology. Many people touch an SRI innovation every day, such as automated bank checks, the computer mouse, interactive personal computing, and advancements in the Internet. These are just a few examples.

Countless lives have been saved because SRI pioneered diagnostic ultrasound, discovered malaria and cancer treatments, and developed the first robotic surgical system. SRI has stimulated economic development by, for example, identifying Anaheim, California as the site for Disneyland. Closer to home, an SRI study gave the Packard Foundation a green light to build the Monterey Bay Aquarium. SRI's achievements have been recognized with Emmy® Awards for broadcast innovations such as high-definition television (HDTV) and with an Academy Award for the Technicolor electronic movie print timer. In 2010, Apple acquired Siri from SRI and incorporated it in its iPhone. These are just a few of SRI's many accomplishments.

In addition, SRI has spun off more than 40 new companies with top-tier venture capitalists in Menlo Park and around the world. These companies incubate on SRI's campus and then move into other facilities as they mature and add staff. Notable SRI ventures include speech-recognition leader Nuance Communications, Intuitive Surgical, and Siri.

C. SRI's future direction

SRI is committed to high-value innovation. The proposed Campus Modernization Project will permit SRI to build on its extraordinary legacy and continue important research and development programs such as digital math curricula for students and teachers, clean fuel and carbon dioxide capture technologies, intelligence systems for the war against terrorism, new approaches to automation and robotics, and much more.

A more modern facility better designed to meet the demanding and sophisticated needs of its clients and research staff is critical. For example, SRI operates cleanrooms to design and fabricate innovative micro-scale structures, sensors, and systems. A wave tank is used to research the detection of submerged objects and to develop algae photo-bioreactors for biofuels. SRI operates one of seven National Cancer Institute-funded laboratories to identify biomarkers for cancer. This is only a sampling of the wide range of specialized facilities and equipment used by SRI researchers.

SRI also requires a facility with more adaptable, flexible workspaces and laboratories for tomorrow's research and development activities—activities that can only be imagined today. The Campus Modernization Project envisions adaptive, prototype buildings that will be designed to accommodate SRI's various research activities and associated work styles (labs, offices, workshops, meeting spaces, collaborative workspaces, etc.).

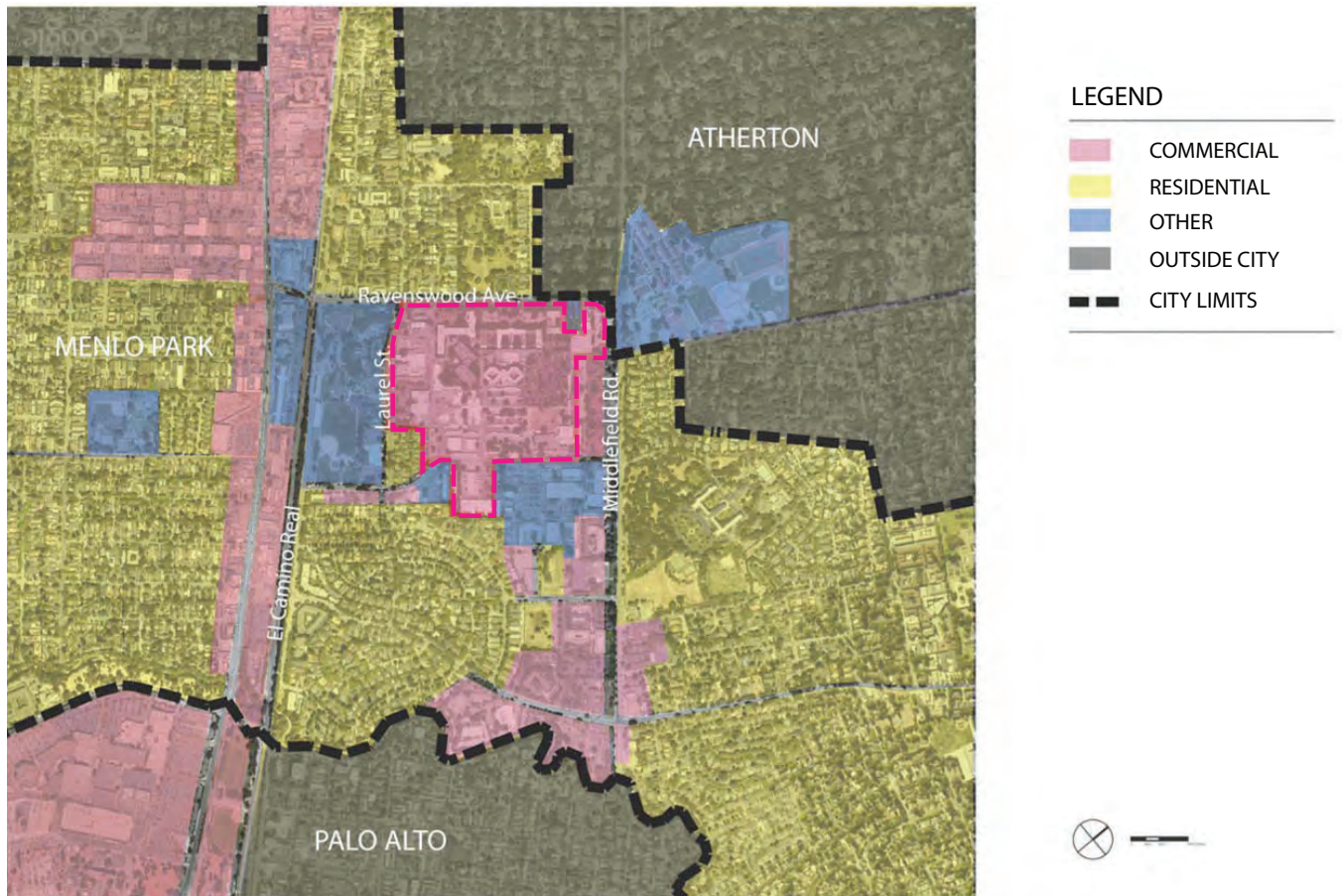
Project Location

III. Project Location

A. Surrounding land uses in the immediate vicinity

The 63.2-acre SRI campus is directly adjacent to a variety of land uses, including commercial, institutional, religious, and residential uses typical of a downtown suburban context. It is a diverse and lively neighborhood context, with City Hall across Laurel Street, single-family homes and churches along Ravenswood Avenue, the Menlo-Atherton High School and Performing Arts Center and office buildings along Middlefield Road, and a mix of offices including the United States Geological Survey federal offices and multi-family residential uses adjacent to the property's rear lot line.

Surrounding Land Use



B. Relationship to broader geographic region

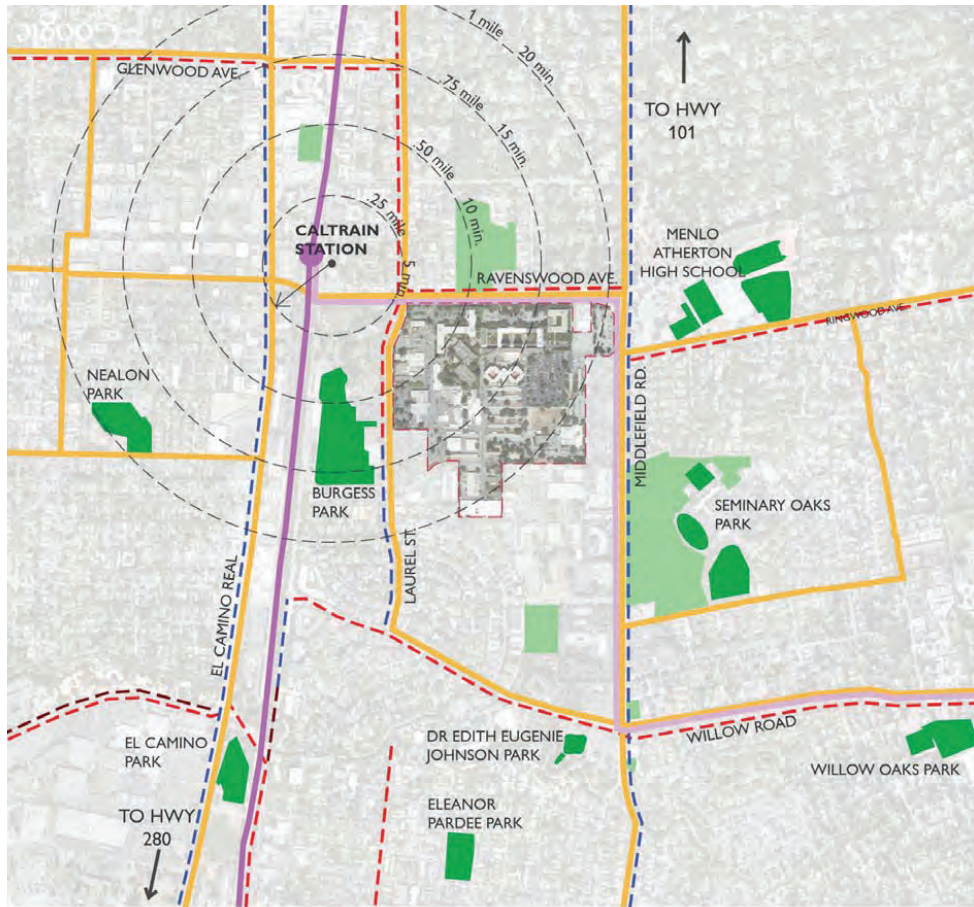
SRI is located on the San Francisco Peninsula, approximately midway between the cities of San Francisco and San Jose. As such, the campus is in the desirable Silicon Valley area, where the world's most innovative science and technology companies are clustered. Also of note for SRI is its ongoing relationship with Stanford University in nearby Palo Alto. SRI was founded by Stanford University, and—although independent of the university—SRI continues to maintain research collaborations with Stanford. This cluster of thriving research institutions and technology companies contributes to a healthy economy for the region.

SRI is conveniently located near regional transit service, including within ¼ mile (less than a 10-minute walk) of the Menlo Park Caltrain station and 1.5 miles from the Palo Alto (University Avenue) Caltrain station (a 10-minute bicycle ride). Several major bus routes also provide service near SRI, including Samtrans bus routes 390 and KX on El Camino Real; 83 on Laurel Street; 83, 85, 295, 296 on Ravenswood Avenue; and 83, 296, 297, 397 on Middlefield Road.

Geographic Regions



Transit Service



LEGEND

- WILLOW EXPRESS CALTRAIN SHUTTLE
- CALTRAIN
- ON-STREET BIKE ROUTE
- BIKE LANE
- OFF-STREET SHARED-USE PATH
- SAMTRANS
- PARKS
- FIELDS



Project Purpose and Objectives

IV. PROJECT PURPOSE AND OBJECTIVES

A. Overall needs and objectives for the project

The current SRI campus has several physical deficiencies that impede the ability to create a high-quality environment for world-class science and research. From outmoded buildings to a campus layout that is difficult to navigate, the campus tends to isolate researchers rather than promote collaboration and innovation.

The primary impetus driving the Campus Modernization Project is the age and quality of the older campus buildings. Constructed as far back as the 1940s, the older buildings do not incorporate modern seismic safety features, ventilation systems, and utility infrastructure. The buildings tend to provide little natural daylight and feature long narrow corridors that isolate researchers rather than bringing them together to share ideas and form teams. Further, the long, spread out floor plates result in lengthy walking distances between research and workspaces. Most of the buildings contain no central, communal space or other common gathering areas for shared activities or interaction. The auditorium is not adequate for SRI's staff size. In addition, the floor to ceiling heights within the buildings and the building configurations do not enable adaptation to changing needs for office or research space.

The existing relationship between the campus buildings exacerbates these deficiencies. Internal campus circulation paths are circuitous. Surface parking areas are interspersed with buildings, making pedestrian travel lengthy and uninviting. Landscaped areas appear in isolated pockets, rather than in a central area designed to draw workers outside.

And finally, reflecting the age of their construction, the campus buildings lack energy-efficient features. Typical of the time they were built, the buildings are sited on a grid, without recognition of seasonal daylight patterns. They require substantial energy for heating and cooling because they lack state-of-the-art design features and materials. Building fixtures similarly are outdated and do not conserve water to the same degree as modern, water-conserving fixtures.

SRI proposes the Campus Modernization Project to accomplish the following project objectives:

- Revitalize and upgrade the existing SRI campus in a manner that promotes orderly campus renewal and enhances campus economic vitality and fiscal health;
- Create high-quality, state-of-the-art facilities to promote world-leading multi-disciplinary research;
- Improve the working environment for SRI employees so as to attract and retain top scientists, engineers, researchers, and other professionals;
- Update campus seismic, safety and security features to maintain a safe environment for SRI employees and neighbors;
- Enhance the energy efficiency of the campus through modernization of buildings and utility infrastructure and building placement based on solar orientation;
- Improve campus bicycle and pedestrian pathways, as well as internal vehicular circulation patterns, to minimize traffic congestion on surrounding streets; and
- Allow flexibility to respond to future changes in world-class research needs.

These objectives align with the City of Menlo Park’s planning goals, as articulated in the City’s General Plan:

- The overall philosophy of the Menlo Park General Plan includes “revitalization of existing development.” (General Plan Policy Document, p. 2)
- To carry out this philosophy, the General Plan states that development should be carried out in a manner that:
 - Promotes the upgrading of existing commercial development;
 - Allows for the development of the City’s employment and commercial base;
 - Maintains and enhances the City’s economic vitality and fiscal health;
 - Minimizes the exposure of people and property to health and safety hazards;
 - Minimizes traffic congestion on city streets; and
 - Maintains and enhances the residential quality of life in the city by emphasizing development which has a human scale and is pedestrian friendly. (General Plan Policy Document, pp. 2-3).
- The City’s General Plan also promotes energy efficiency for public and quasi-public facilities through street orientation, placement of buildings, and use of shading. (Policy I-H-12, page I-16) SRI has extended this policy to the private facilities on its campus.

Project Components

V. PROJECT COMPONENTS

A. Building Replacement

As explained above, the primary impetus driving the Campus Modernization Project is the age and quality of the older campus buildings. Existing buildings will be replaced without increasing total campus gross floor area at full development. Existing building gross floor area totals 1,380,332 square feet. SRI proposes to limit total campus gross floor area upon completion of the Campus Modernization Project to the identical amount. This is approximately 11 percent less than the 1,494,774 square feet of gross floor area allowed under SRI's current Conditional Development Permit.

Existing Buildings

There are 38 buildings on the SRI campus. Of those 38 buildings, one is used exclusively to provide campus amenities, three are used exclusively for support functions, and the remaining buildings house a mix of amenity, office, research and development and support uses.

The gross floor area calculations provided in this application are based upon the methodology adopted by the City of Menlo Park in May 2009. At SRI, the main difference between the previous methodology for calculating gross floor area and the City's May 2009 methodology is the inclusion of mezzanine and penthouse spaces in Buildings A, L, M, P, R and T. These areas previously were not included in gross floor area calculations reported for the SRI campus.

The City of Menlo Park Planning Commission Staff Report dated October 25, 2004 reported that SRI had an existing gross floor area of 1,319,060 square feet. The 61,867 square foot difference between the previously reported square footage and the gross floor area identified in this application is due to the following:

- Per the City's new definition of gross floor area mezzanine and penthouse space totaling 50,347 square feet has been added;
- Building M square footage totaling 25,644 square feet was not included in the total reported in the Planning Commission staff report and has been added;
- The constructed square footage of the Building T expansion was 2,916 square feet greater than the preliminary square footage calculation reported in 2004, and this difference has been added;
- The buildings demolished as part of the Building T expansion project totaled 17,642 square feet, and this square footage has been subtracted; and
- Per the City Planning Department requirements, 39 square feet for the Building 205 awning has been added.

Existing Buildings — Table 1

Bldg ID	Use	Height	Existing	Demo	Existing to Remain
100	Office/Research	29'	9,006	9,006	-
108	Office/Research	29'	10,093	10,093	-
110	Office/Research	29'	12,836	12,836	-
201	Office/Research	16.5'	9,128	9,128	-
202	Office/Research	16.5'	10,514	10,514	-
203	Office/Research	16.5'	10,070	10,070	-
204	Office/Research	16.5'	10,557	10,557	-
205	Office/Research	16.5'	10,039	10,039	-
301	Office/Research	11.5'	19,943	19,943	-
302	Amenity	11.5' - 28.5'	2,893	2,893	-
303	Office/Research	11.5'	4,267	4,267	-
304	Office/Research	14' - 18.5'	22,978	22,978	-
305	Office/Research	16.5'	9,982	9,982	-
306	Office/Research	14'	14,331	14,331	-
307	Office/Research	13.5'	9,600	9,600	-
309	Office/Research	16.5'	9,236	9,236	-
320	Office/Research	14'	19,440	19,440	-
404	Office/Research	12'	16,867	16,867	-
405	Office/Research	12'	2,055	2,055	-
406	Office/Research	12'	16,520	16,520	-
408	Office/Research	12'	15,395	15,395	-
409	Office/Research	20'	5,527	5,527	-
412	Office/Research	35'	5,858	5,858	-
A	Office/Research	30.5' - 56'	276,113	276,113	-
B	Office/Research	40.5' - 50.5'	135,110	135,110	-
E	Office/Research	42.5' - 46.8'	171,980	171,980	-
G	Office/Research	28.8' - 36.8'	59,536	59,536	-
I	Office/Research	30.5'	39,220		39,220
I	Amenity	30.5'	17,700		17,700
K	Office/Research	9'	4,101	4,101	-
L	Office/Research	24' - 36'	75,267	75,267	-
M	Office/Research	23'	25,772	25,772	-
P	Office/Research	50' - 60.5'	183,423	183,423	-
R	Support	32'	23,009	23,009	-
S	Office/Research	26'	21,241		21,241
T	Office/Research	14.75' - 30'	82,066		82,066
U	Support	28' - 33'	5,400		5,400
W	Support	11'	1,819		1,819
M1	Office/Research	23'	1,440	1,440	-
TOTAL Bldg Area (Gross Floor Area):			1,380,332	1,212,886	167,446

Buildings to be Retained

Under the Campus Modernization Project, up to 33 of the existing buildings collectively having a gross floor area totaling 1,212,886 square feet will be demolished. The following five buildings will be retained:

- Conference center Building I (56,920 sq. ft): The conference center, Building I, is located near the campus entrance and houses conference facilities and office space, as well as the current onsite gymnasium and kitchen.
- Tab area, Buildings S, T, U and W (110,526 sq. ft.): No changes are proposed to the existing buildings located on the southern portion of the campus known as the “tab” area. SRI received City approval to expand the largest building in the tab area, Building T, in 2004 and completed the Building T expansion project in 2006. Building S also recently has been upgraded through remodeling completed in 2000. Building U houses the existing campus cogeneration facility and Building W houses the existing campus hazardous waste processing facility. These facilities will continue to serve the campus under the Campus Modernization Project.

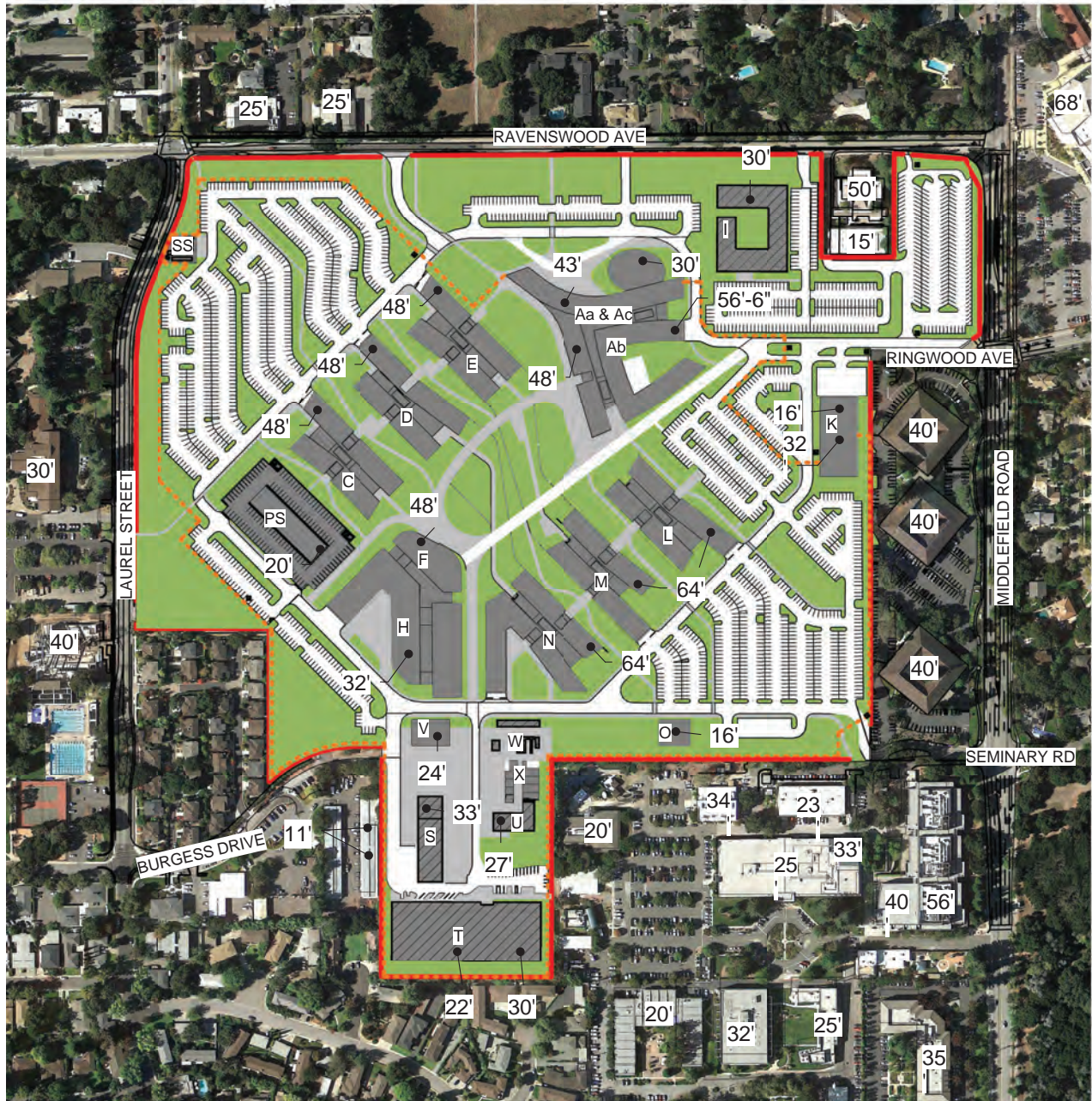
Replacement Buildings

Approximately 13 new buildings totaling 1,212,886 square feet of gross floor area will replace the 33 buildings to be demolished. Like the buildings they replace, most of the new buildings will house a mix of amenity, office, research and development and support uses. Two of the new buildings are anticipated to be used exclusively for campus amenities, three will be used exclusively for support functions.

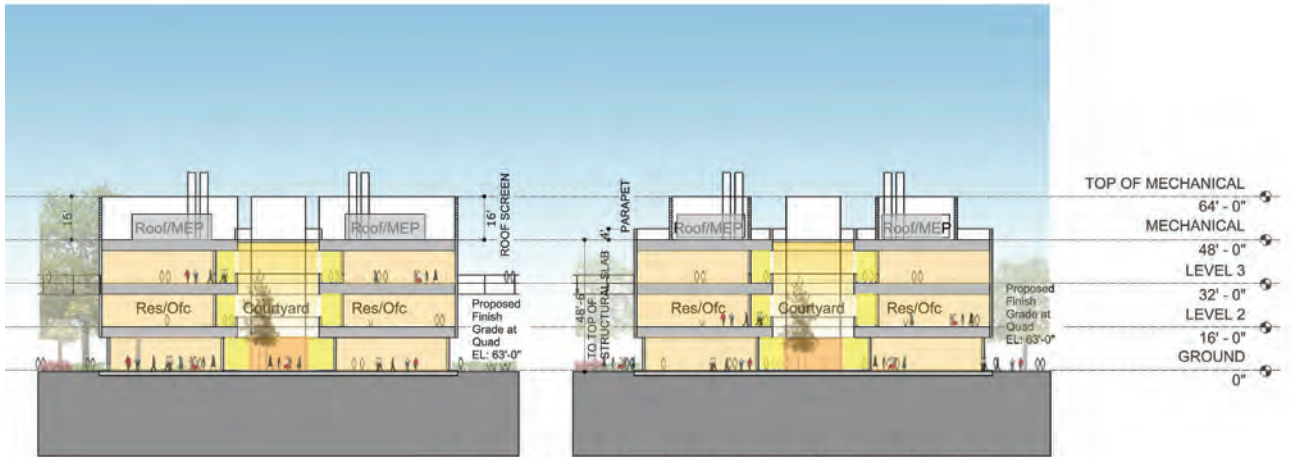
SRI CAMPUS MODERNIZATION PROJECT - PROPOSED BUILDING PROGRAM					
EXISTING BUILDINGS TO REMAIN					
Bldg ID	Use	Height	Existing to Remain	New	
I	Amenity	30.5'	17,700	-	
I	Office/Research	30.5'	39,220	-	
S	Office/Research	26'	21,241	-	
T	Office/Research	14.75' - 30'	82,066	-	
U	Support	28' - 33'	5,400	-	
W	Support	11'	1,819	-	
TOTAL Bldg Area (GSF):			167,446	-	
NEW BUILDINGS					
Bldg ID	Use	Height	Existing to Remain	New	
Aa	Amenity	48'	-	47,315	
Ab	Office/Research	48'	-	75,200	
Ac	Office/Research	56'6"	-	139,995	
C	Office/Research	48'	-	95,940	
D	Office/Research	48'	-	97,735	
E	Office/Research	48'	-	95,831	
F	Amenity	48'	-	26,290	
H	Office/Research	32'	-	64,820	
K	Support	16' & 32'	-	28,000	
L	Office/Research	64'	-	163,015	
M	Office/Research	64'	-	157,475	
N	Office/Research	64'	-	204,770	
O	Amenity	16'	-	5,000	
V	Support	24'	-	6,000	
X	Support	27'	-	5,500	
TOTAL New + Existing Bldg Area (GSF):			167,446	1,212,886	
BUILDING USE SUMMARY (GSF)			Existing to Remain	New	Proposed
	Office/Research		103,307	1,094,781	1,198,088
	Amenity		56,920	78,605	135,525
	Support		7,219	39,500	46,719
	Total Bldg Area (Gross Floor Area):		167,446	1,212,886	1,380,332

The tallest new buildings will be located away from the campus edges and neighboring residential areas. Existing building heights on the campus range from 12 to 48 feet above average finished grade. The new buildings will be taller in order to promote collaboration by providing flexible workspaces on smaller floor plates. Increasing building height also directly will result in increased landscaping and other permeable surfaces. The new buildings are proposed to be 48 feet or less on the west side of the campus, nearer to residential neighborhoods, and 64 feet or less on the east side of the campus, nearer to commercial uses and more distant from public roadways. Basements will be provided in some of the buildings.

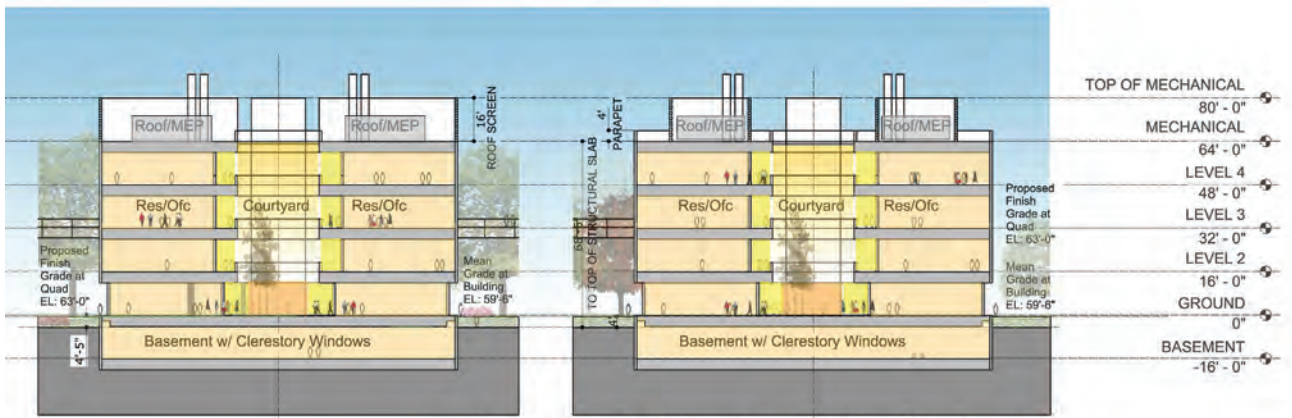
Building Heights



Conceptual Building Sections



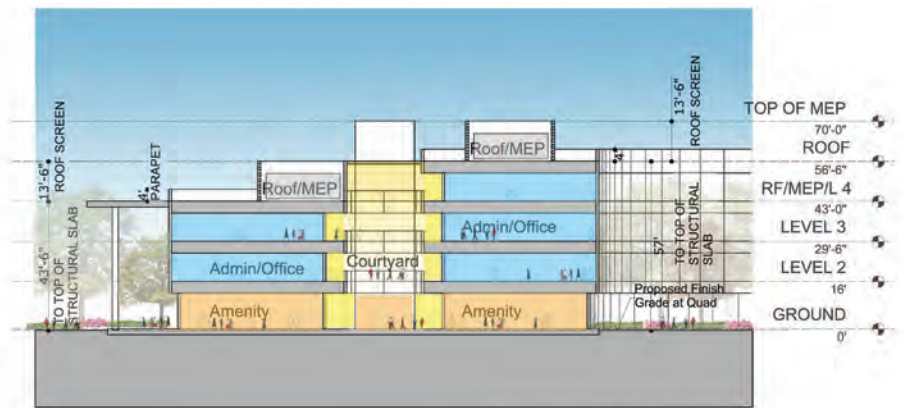
West Buildings- 3 Potential Parapet/Mechanical Configurations



East Buildings- 3 Potential Parapet/Mechanical Configurations

Conceptual Building Sections C, D, E, H, L, M, N - Proposed

Conceptual Building Sections

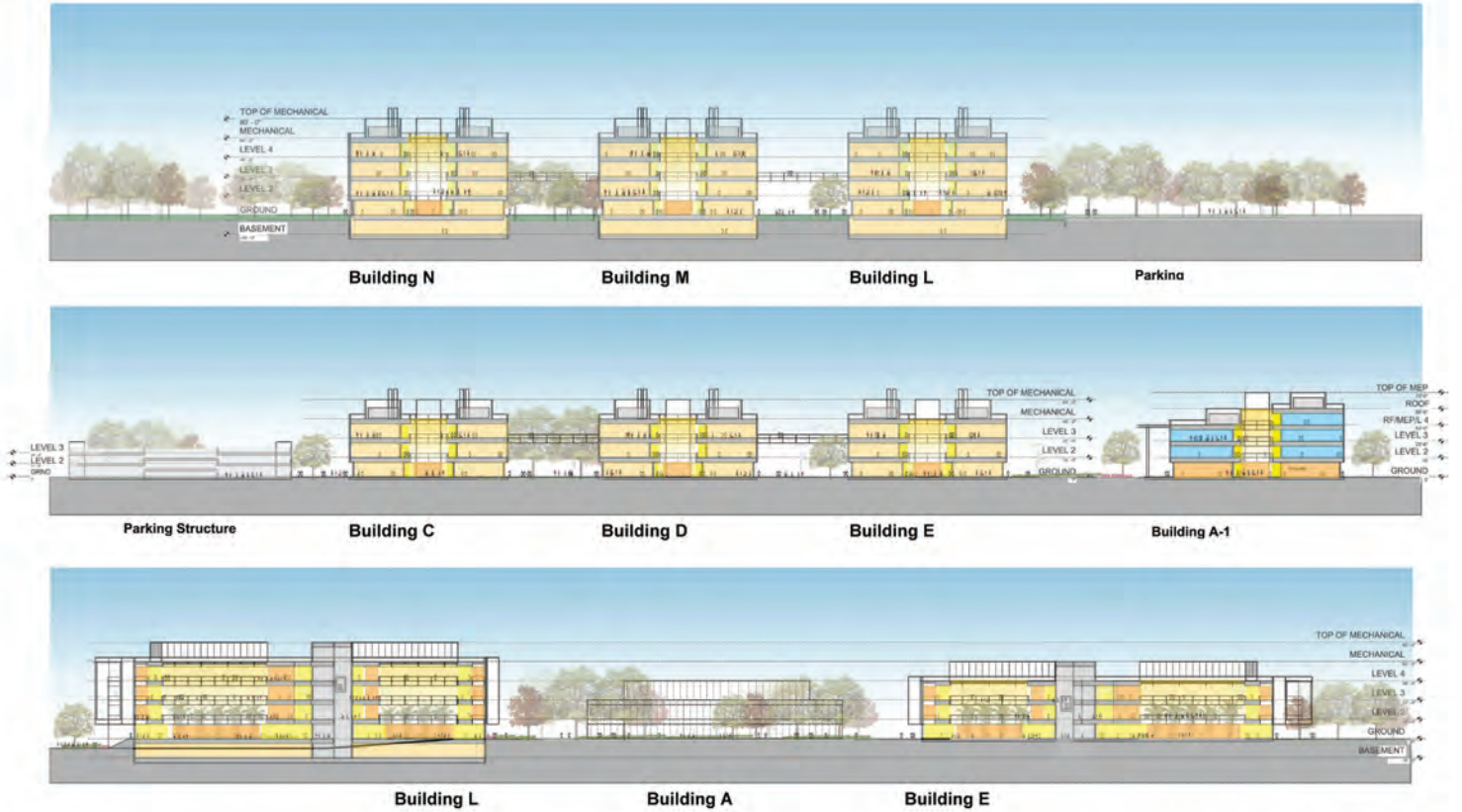


Conceptual Building Section A



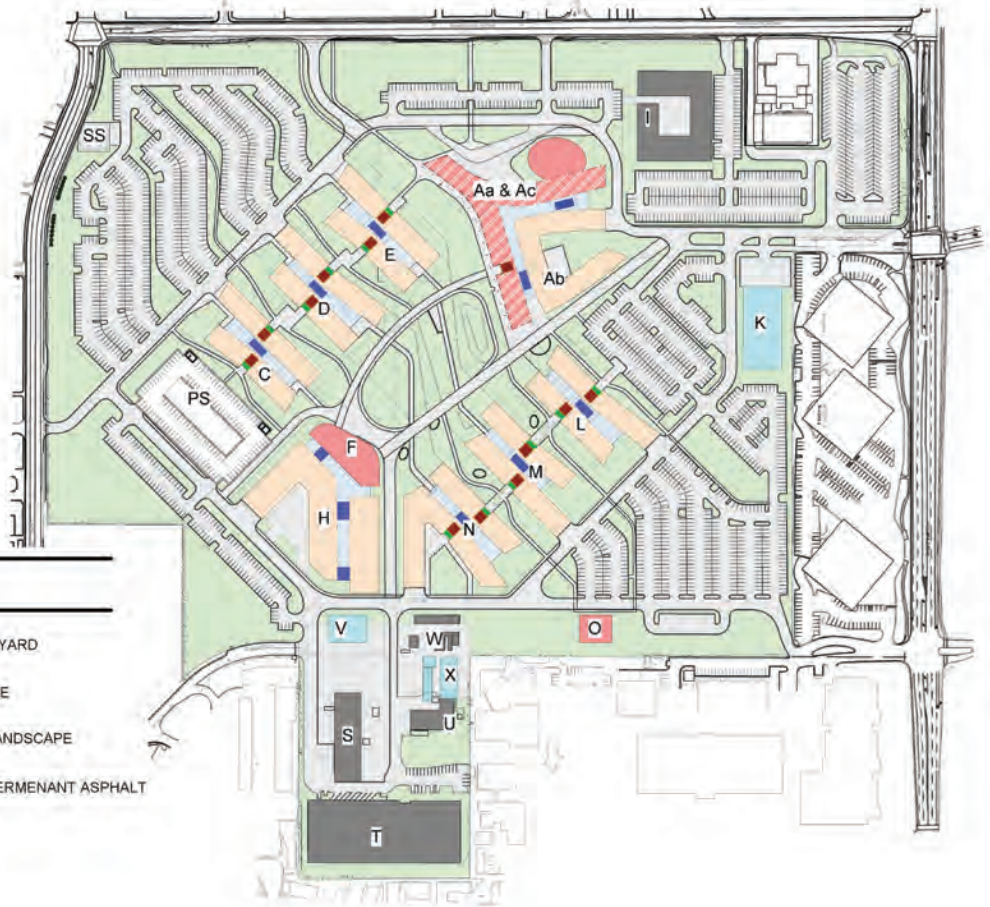
Conceptual Building Section L

Conceptual Building Section

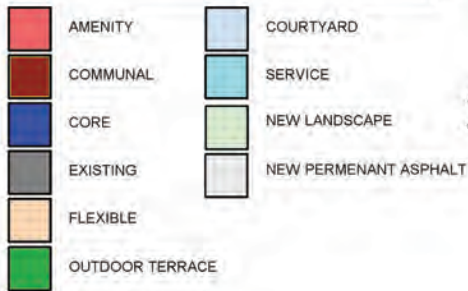


Conceptual Site Sections Proposed

Plan Square Footage Calculations



PROGRAM TYPE



Square Footage Calculations Proposed Schedule

Aa	
GROUND	47315 SF
	47315 SF
Ab	
GROUND	40910 SF
LEVEL 2	33065 SF
LEVEL 3	33220 SF
LEVEL 4	32800 SF
	139995 SF
Ac	
LEVEL 2	36795 SF
LEVEL 3	37600 SF
LEVEL 4	805 SF
	75200 SF
C	
GROUND	34360 SF
LEVEL 2	30080 SF
LEVEL 3	30695 SF
LEVEL 4	800 SF
	95940 SF
D	
GROUND	35205 SF
LEVEL 2	30545 SF
LEVEL 3	31185 SF
LEVEL 4	800 SF
	97735 SF
E	
GROUND	34320 SF
LEVEL 2	30050 SF
LEVEL 3	30680 SF
LEVEL 4	800 SF
	95830 SF
F	
GROUND	13145 SF
LEVEL 2	13145 SF
	26290 SF
H	
BASEMENT	2725 SF
GROUND	59370 SF
LEVEL 2	2725 SF
	64820 SF

Square Footage Calculations Proposed Schedule

K	
GROUND	18000 SF
LEVEL 2	10000 SF
	28000 SF
L	
BASEMENT	32015 SF
GROUND	35695 SF
LEVEL 2	30650 SF
LEVEL 3	31285 SF
LEVEL 4	30650 SF
MECHANICAL	1660 SF
	161955 SF
M	
BASEMENT	29350 SF
GROUND	33865 SF
LEVEL 2	30395 SF
LEVEL 3	30975 SF
LEVEL 4	30395 SF
MECHANICAL	1620 SF
	156595 SF
N	
BASEMENT	30870 SF
GROUND	44680 SF
LEVEL 2	40090 SF
LEVEL 3	40720 SF
LEVEL 4	40090 SF
MECHANICAL	1570 SF
	198025 SF
O	
GROUND	5000 SF
	5000 SF
UTILITY TUNNEL	
BASEMENT	8560 SF
	8560 SF
V	
GROUND	6000 SF
	6000 SF
X	
GROUND	6200 SF
	6200 SF
Grand total	1213455 SF

The new campus buildings will share a natural material palette, with colors and hues derived from the local natural surroundings. Building faces will be imbued with warm ochres, soft creams and sienna colors inspired from native species, earth forms, rocks, trees and skies. Natural building materials consistent with the context will include terra cotta tiled facades; expressed concrete structure, through board-formed walls and round columns; low iron and tinted glazing; and natural finish metal, brushed aluminum, copper and steel. Architectural features will display richness of surface and depth with trellises, green screens, and surface treatments.

B. Employment Levels

As the new campus takes shape, SRI expects to gradually return to similar employment levels as the levels that have historically been experienced on the site. Presently, SRI and its related entities employ approximately 1,500 people on the campus. Another 280 people are employed onsite by unrelated tenants. A maximum 25-year employment cap of 3,000 employees is proposed. This is a reduction of more than 10 percent from the 3,308 employees permitted under SRI's current Conditional Development Permit.

C. Campus Design

The existing campus is largely constructed on a grid, with internal roadways running between buildings, surface parking scattered throughout, and long pedestrian travel distances. By contrast, the new campus buildings will be clustered at the center of the campus, creating an integrated research campus surrounding a central green.

Both the relationship of the new buildings to one another and the design of each individual building will promote collaboration, cross-disciplinary exchange of ideas, and innovation. The campus green will draw professionals together at the center of the campus. Bridges will enable researchers to move quickly and easily from one building to another. Smaller floor plates will reduce travel time within and between buildings. Conference rooms and other gathering spaces will draw employees out of their offices and into areas where ideas can be exchanged and groups can collaborate.

To determine how best to modernize its campus and create a world-class center for innovation, SRI sought advice from two world-renowned design firms. First, SRI retained the Gensler architecture firm to evaluate existing conditions and to develop a set of design principles targeted to address SRI's specific needs. SRI then retained HOK to confirm and fine-tune these principles, and design the campus. The resulting site plan will create a platform for SRI to continue to succeed and to attract the talent, creativity and innovation that underpin the organization.

The six design principles that guided the site plan, along with a brief explanation of how the new campus design carries them out, follows.

Design Principle 1. Connect researchers to foster Innovation Bring researchers closer together on the campus

- Consolidate districts
- Weave connective tissue within and outside buildings
- Encourage a culture of walking
- Foster interaction and collaboration

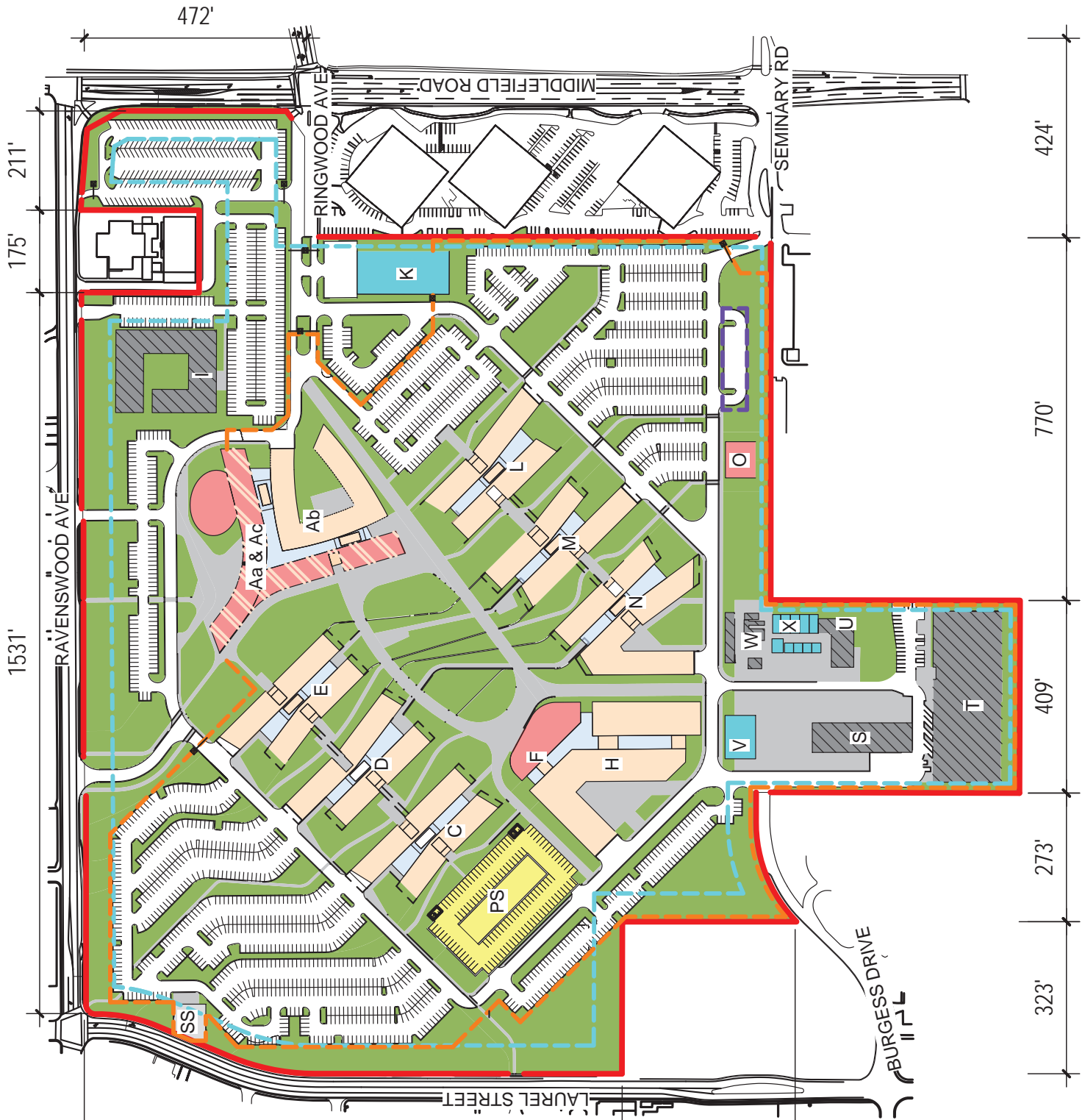
The new campus design draws from several inspirations with the goal of connecting people and encouraging interaction and innovation. In the American tradition of great campus architecture, the campus will be centered on a landscaped public space that connects people and will serve as the heart of the institution. Layered over the "central green," the campus design team has interwoven landscaped treatments with buildings in a naturalistic way, using concepts that emulate streams, rivulets, and hillocks. These landscape ribbons will run through the entire campus. The contrasting bands will weave across the site, defining green and built zones

as well as uniting the overall composition. Buildings will be further stitched together with connecting pathways on various levels, including along the ground plane at the front and rear of the buildings, and through the central spine. These planned pathways will allow people many ways to reach other colleagues and places. The internal circulation of the buildings will spur interaction and connection offering public break spaces, visual connectivity and a range of collecting areas for fostering communication and innovation. The combination of the central gathering space with the interweaving streams of activity will create a walkable environment and will offer a diversity of places for people to enjoy, during both work and rest.

Each new building will leverage the central green and exterior landscape ribbons by featuring an open gallery that will draw the open landscape into the core of the building, encourage interaction, and improve visibility of communal gathering spaces. Smaller conference rooms and team working spaces will surround the gallery space, encouraging collaboration among colleagues.

New employee amenity space will further expand opportunities for professionals working in different disciplines to come together to share ideas and to spark creativity. New auditorium space will be designed to enable multi-disciplinary teams to share ideas, present findings, and engage in scientific debates. Larger dining facilities will move employees away from their desks, encouraging informal discussions. New fitness facilities similarly will enable employees to re-charge and will promote chance interactions.

Overall Site Plan



Design Principle 2: Plan for Flexibility to Adapt Space as Needs Change

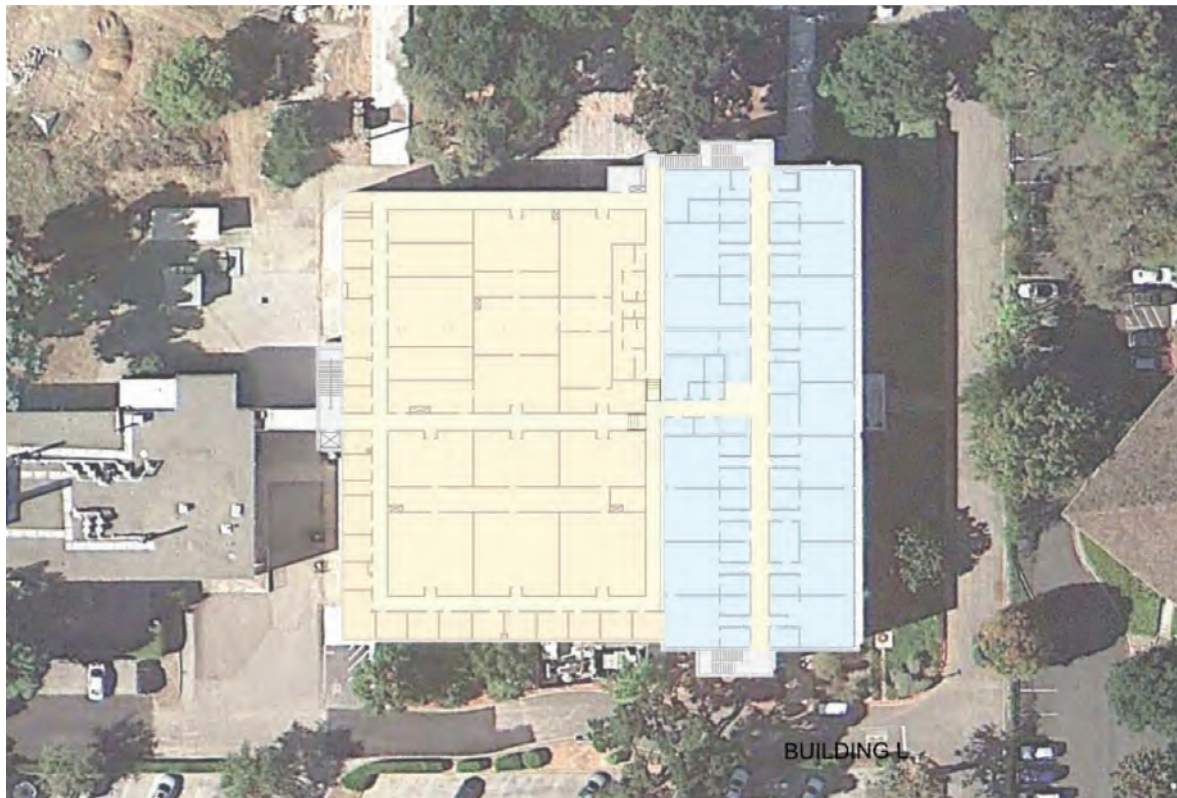
- Accommodate multiple types of users within the same building envelope
- Allow spaces to adapt based upon changing business needs
- Locate key resources in strategic locations
- Provide flexible infrastructure

The design team has created a flexible building prototype for six of the new campus buildings that can easily accommodate different types of uses and programs from very highly defined laboratory research space to more standard offices. This type of flexible floor plate will ensure that building use can conform to evolving research needs over the next quarter of a century.

The prototypical building design will feature open flexible space with plentiful access to perimeter light and views. Within this open framework, space can be configured readily in a traditional laboratory layout with bench space and supporting storage space for equipment and materials. Depending upon research needs, laboratory size can vary to accommodate differing equipment and team sizes. The same floor plate can be divided into individual offices, meeting rooms, and workrooms. Key to this flexible design is a building grid and floor heights that will not be a constraint for future uses.

The general footprint of the prototypical building will allow it to be used as a single building, or as two easily programmable building wings connected at the center. Each wing will share infrastructure and service cores united by a common open courtyard filled with light and air.

Existing Building L Floor Plan (most labs receive no natural light)



Existing Building L Lab Space



Existing Building L Support Space



Proposed Typical Lab Floor Plan



Proposed Typical Lab Space



Proposed Lab Support Space






Existing Building A Floor Plan (long corridors, few gathering spaces)



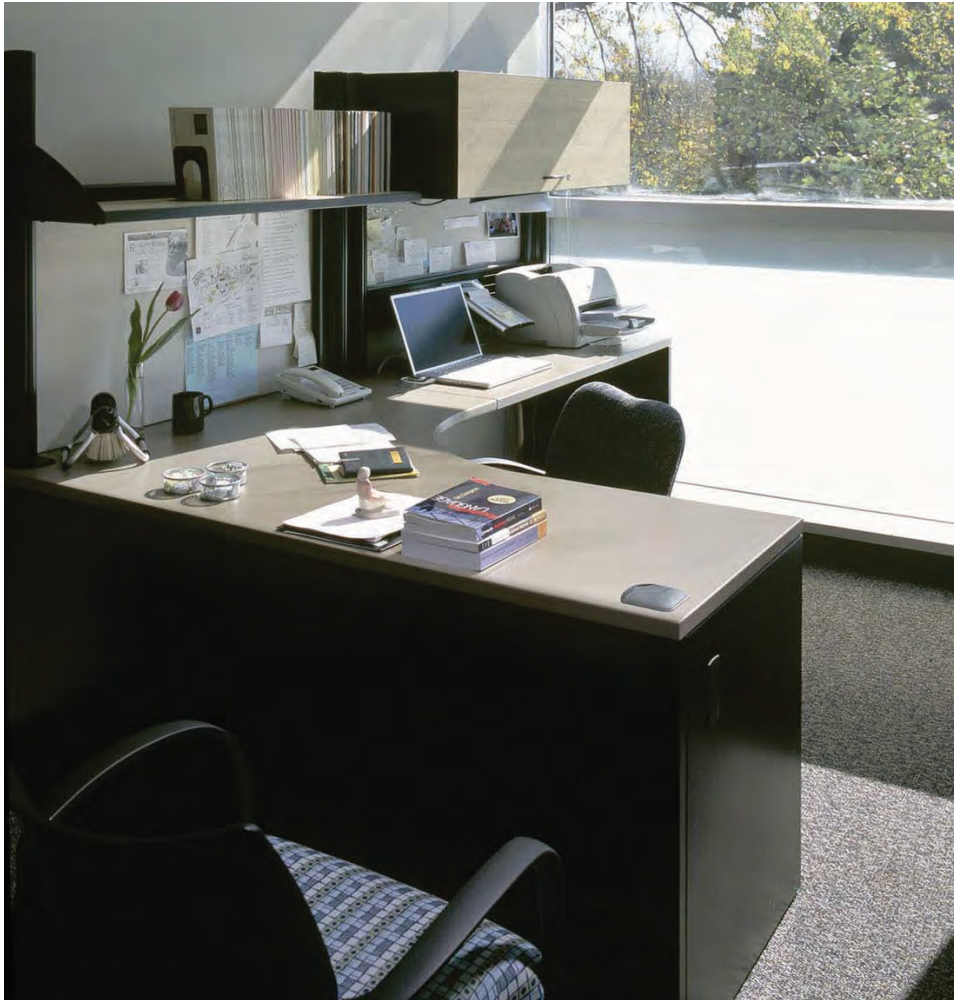
Proposed Typical Office Floor Plan



PROGRAM TYPE

-  COMMUNAL SPACE
-  OFFICE
-  COMMUNAL SPACE
-  CIRCULATION
-  CORE/SERVICES

Proposed Office Space



In addition to the six prototypical, flexible research/office buildings, the proposed site plan includes replacement of an existing high-bay research space to accommodate a variety of research projects.

The proposed site plan also includes an entrance building that can be configured to include auditorium space, meeting rooms, and offices. This space, like the other new spaces, will enable multiple uses in a single building and will be readily adaptable to meet future needs.

Design Principle 3: Energize the In-Between

- Make work and processes transparent
- Spark connections; support discovery
- Blend indoor-outdoor spaces
- Create consistent, intuitive way-finding
- Create a hierarchy of public and private spaces

As described above, the central green will serve as the focal point of the campus. An interior perimeter walking path will connect each of the new buildings, augmented by bridge connections on upper levels. Buildings will be visible from one another, organized around the central green, and accessible from multiple locations.

The central open gallery within each new building will organize the internal workings of the building much the same way as the central campus green space but on a smaller scale. It will become the heart of the building, focusing people on activity, interconnectivity, and sharing. Way-finding will be clear and intuitive with centralized vertical circulation and common gathering spaces. Activity will be visible with opportunities for maximum daylight penetration and open views from research spaces and offices out to the open spaces and outdoors.

Design Principle 4: Build Common Rituals

- Instill a sense of belonging
- Give a unique character to each district
- Provide community hub amenities

The campus will be pedestrian-oriented and allow for common rituals such as daily employee arrival and entry, as well as a distinctive and welcoming new public face and visitor arrival procession. Amenities will be added to promote a healthy and productive workplace, including expanded onsite dining facilities, employee fitness centers, a new auditorium, and an integrated system of outdoor gathering and walking spaces.

The new campus design will provide places for communal activities and gatherings unique to SRI as an institution. The central green also will allow for new common activities from organized large gatherings for events or performances to the casual gathering for an impromptu discussion or picnic. New recreation and playing fields, and spaces for campus gardens, will provide more active spaces, enabling employees to recharge, connect with one another, and support a healthy lifestyle.

Design Principle 5: Celebrate the Homegrown

- Showcase SRI's legacy of innovation
- Recognize SRI's uniqueness

The seven-decade history of SRI is a unique and proud one. It is a legacy of innovation as colorful as it is important. Today, SRI's main lobby features a display case of selected SRI innovations and their impact on society. Modernizing the campus design offers an opportunity to extend the theme of this display throughout campus and building amenities. For example, a timeline can be extended from the public entrance display through the conference center and then continuing into the central green and other walkways and courtyards. Subtle, elegant markers and graphic displays can be woven into the areas to provide context for SRI's work, to add visual interest, and to educate visitors and staff alike about the special ways SRI has contributed to the research community, its clients, and society at large.

Design Principle 6: Promote Sustainable Campus Design and Operations
Use high energy and water efficient building materials and fixtures

- Design buildings to take advantage of natural shade, sunlight, and climate
- Promote water conservation in landscaped areas
- Design buildings to take advantage of the prevailing winds and breezes on site
- Design buildings to use environmentally tempered areas for social collaboration and for circulation.

Energy-efficient building designs, utility systems and materials will be used to reduce energy demand and associated greenhouse gas emissions. The design of the overall campus and individual buildings will take advantage of measures to attain sustainable goals, including choice of materials and placement of buildings to maximize passive solar energy gains and prevailing wind patterns. Individual buildings will utilize operable windows to allow occupants to take advantage of Menlo Park's temperate climate for natural ventilation. SRI will increase the planted, permeable area on campus to increase storm water absorption and carbon dioxide uptake.

D. Landscape and Lighting Design

Overall Plan

The existing campus landscape is an eclectic mix of planting and hardscape. While lush, green landscaping surrounds parts of the campus exterior, the landscaped interior spaces are not interconnected. There are relatively few areas of common, usable green spaces and surface parking areas contain few canopy trees.

The proposed landscape plan will reinforce the overall campus design by using trees (both existing and new), shrubs, ground cover, paving, and site elements such as walls and fences to delineate a clear "front door" to the campus; highlight vehicular and pedestrian circulation; define the large central green; extend that central green through the campus, between buildings and into parking lots; frame views; and contribute to unique campus districts.

The landscape design also will employ principles of sustainability by emphasizing the use of native and xeric plant material. Trees, shrubs, forbs and groundcovers will be arranged in combinations representative of native California landscapes. Existing trees will be incorporated into the design, and many new trees will be added.

Landscape Plan Proposed



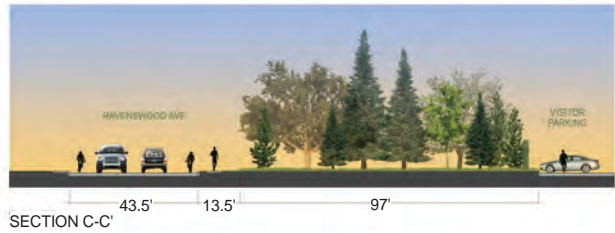
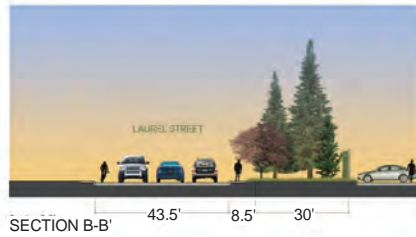
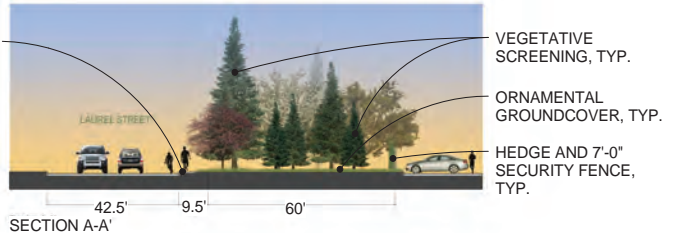
Campus Edges

The campus edges will receive special treatment. Enhanced landscaping is proposed at the campus edges to provide a shady, soft edge that will be visually appealing to neighbors and passersby. The most public portion of the campus perimeter will contain heavily planted areas to screen campus buildings and to ensure the campus continues to fit into its surroundings. The proposed site plan includes 60-foot setbacks along Ravenswood Avenue, Laurel Street, and the southwest boundary between SRI and the Classics Communities neighborhood. Existing SRI buildings will be retained on the southern “tab” area of the site; therefore setbacks in this area will continue to be 20 feet. Setbacks along the edges of the site adjacent to the United States Geological Survey buildings and commercial uses on the southern and eastern side of the campus similarly are proposed to be 20 feet.

Frontage Improvement Sections

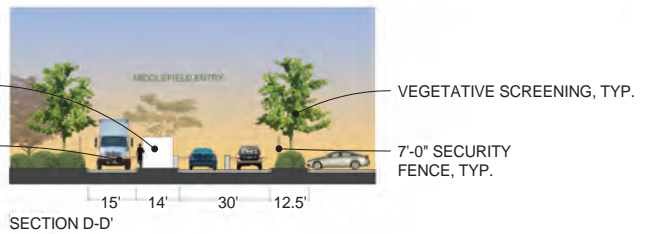


EXISTING CURB, GUTTER, AND SIDEWALK TYP.



SECURITY GUARD BOOTH

SECURITY GATE, TYP.



Surface Water Treatment

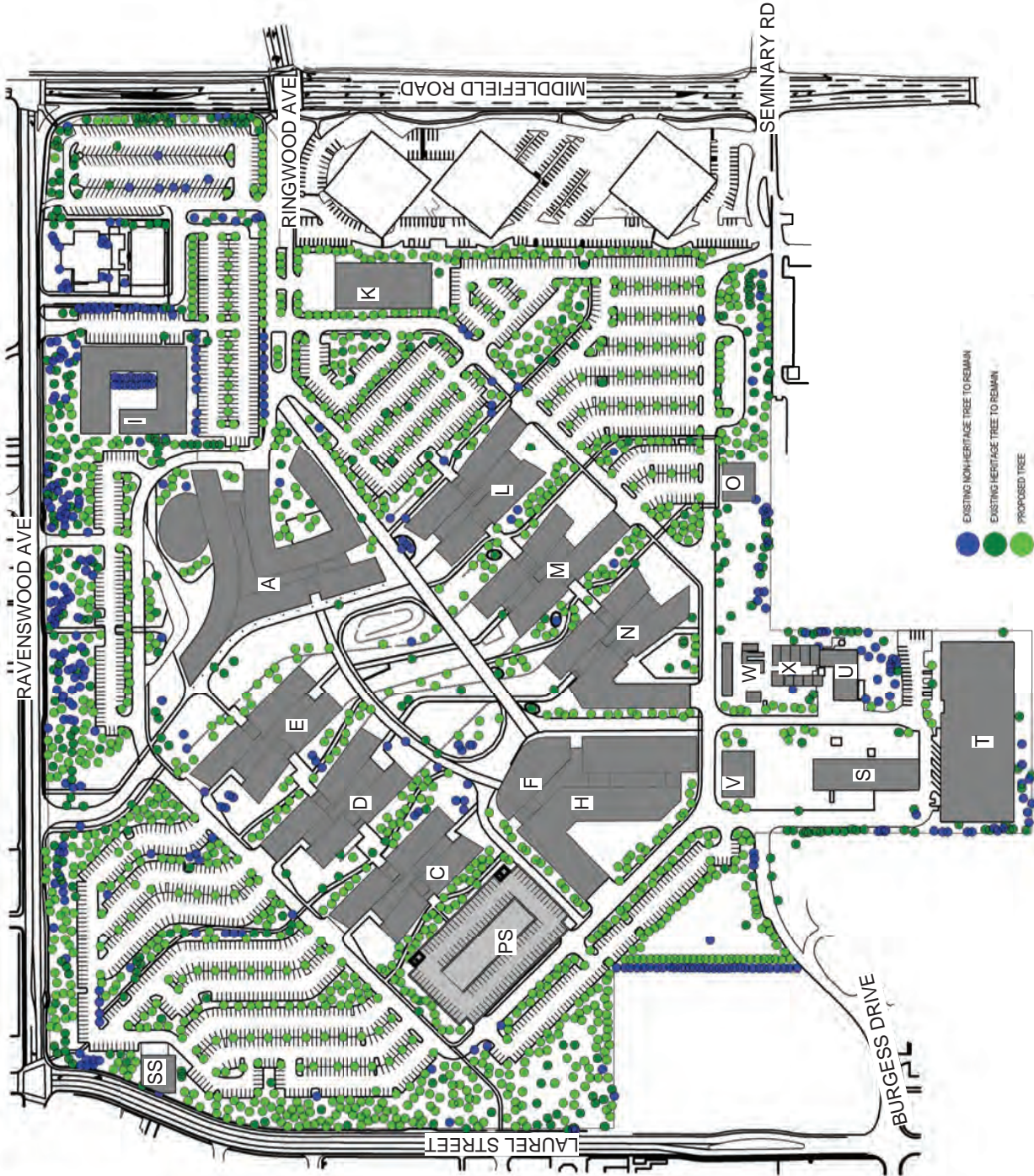
More of the campus land area will be dedicated to landscaping and other pervious surfaces than exists under current conditions. Landscaping and other pervious materials currently cover 24 percent, or 15.45 acres, of the campus. At full development of the Campus Modernization Project, pervious landscaped area will increase to approximately 37 percent, or 23.53 acres of the site. Bioretention planters will be designed to meet storm water quality requirements. Peak discharges for the 10-year storm and 100-year storm events will be lower than under existing conditions. (Please see BKF Stormwater Runoff Memorandum dated 10/22/12, attached as Exhibit A.)

Tree Preservation and Planting

Central to the design of the new campus is the preservation of as many trees as is feasible. The existing campus is in no small part defined by its heritage trees. Species include native oaks and redwoods, as well as adapted non-native species such as eucalyptus and magnolias. A substantial number of trees are located along the property line at Ravenswood Avenue and Laurel Street, delineating the edge of the campus and creating a visual buffer to passersby and adjacent properties. Most trees on the site have consistently been maintained by a professional arborist and are in good health. The proposed campus landscape plan will preserve several hundred trees, while planting many more.

Heritage trees will be preserved in place whenever feasible. Heritage trees that cannot be preserved in place will be relocated on site if they are healthy, safe, suitable candidates for relocation (as determined by a professional arborist) and relocation is likely to be successful.

Currently, there are 520 heritage trees and 767 additional non-heritage trees on the SRI campus, for a total of 1,287 trees. Surface parking and interior roads have been designed to accommodate many of the existing heritage trees, including the substantially vegetated edge along Laurel Street and Ravenswood Avenue. Sculpted topography and low retaining walls will be used to maintain existing grades and preserve trees within the central green and in the landscaped spaces between the new buildings. The resulting plan preserves 419 heritage trees in their original location and relocates 10 additional heritage trees, for a total of 429 protected heritage trees. Thirty-five heritage trees are proposed for removal based upon the arborist's determination that these trees are unhealthy or unsafe. Fifty-six heritage trees are proposed for removal exclusively due to their location within the Project footprint. All of the heritage trees to be removed will be replaced at a 2:1 ratio, as required by the City's tree ordinance. In addition, while 182 replacement trees would be required under the tree ordinance, SRI intends to plant approximately 1,000 new trees on the campus. New trees will be added to the campus perimeter to reinforce the green edge of the campus, to surface parking lots to provide shade, along interior roadways to highlight primary corridors, and at the new central green and between new buildings to further define campus districts. (Please see Arborwell Tree Inventory, dated 2012, attached as Exhibit B.)



EXISTING NON-HERITAGE TREE TO REMAIN
 EXISTING HERITAGE TREE TO REMAIN
 PROPOSED TREE

Total Removed Heritage Trees: 91
 *Replacement Ratio of 2:1

91 x 2 = 182 New Trees Required

Proposed New Trees: Approximately 1000

1000

Proposed Plant Species

- Trees**
- Acer rubrum "October Glory"
 - Aesculus californica
 - Arbutus "Marina"
 - Cercus occidentalis
 - Citrus species
 - Cornus nutallii "Eddie's White Wonder"
 - Ficus carica
 - Malus "Prairiefire"
 - Myssa sylvatica
 - Pinus radiata
 - Pinus sabiniana
 - Pistacia chinensis "Keith Davey"
 - Platanus x acerifolia "Bloodgood"
 - Platanus racemosa
 - Tristania conferta
 - Tristanopsis laurina "Elegant"
 - Quercus agrifolia
 - Quercus douglasii
 - Quercus lobata
 - Salix nigra
 - Sequoia sempervirens
 - Ulmus parvifolia "Frontier"
- Shrubs**
- Ceanothus thyrsiflorus
 - Dondeona viscosa
 - Lupinus arboreous
 - Myrica californica
 - Phormium californica
 - Photinia arbutifolia
 - Rhamnus californica
 - Rhus integrifolia
 - Rhus ovata
 - Solidago californica
 - Vitex agnus-castus
 - Zauschneria californica mexicana
- Perennials and Groundcover**
- Arctostaphylos lva-ursi "Point Reyes"
 - Aristida purpurea
 - Baccharis pilularis "Twin Peaks"
 - Carex pansa
 - Juncus patens
 - Lantana montevidensis
 - Mimulus aurantiacus
 - Muhlenbergia rigens
 - Salvia gregii "Diane"

Lighting

Lighting design is a critical part of the landscape. Outdoor lighting will be replaced with low-voltage lighting systems, shielded to reduce spillover effects. Lighting will be used to provide a safe and comfortable environment on the campus, while minimizing lighting effects on surrounding neighborhoods and the night sky.

The existing campus exterior lighting systems utilize a variety of light sources to illuminate roadways, parking lots and pedestrian pathways throughout the site. The type of exterior light sources used on the campus range from high and low-pressure sodium sources to Light Emitting Diode (LED), compact fluorescent, linear fluorescent, and metal halide sources. Many non-cutoff and unshielded sources are used, which contribute to light pollution and light trespass beyond the property line. Further, the reliance on mostly high-pressure and low-pressure sodium light sources, which inherently render colors poorly, causes difficulty when trying to differentiate between colors of objects.

Under the Campus Modernization Project, the campus lighting systems will utilize energy efficient sources to illuminate roadways, parking lots and pedestrian pathways during nighttime hours. Roadways and parking lots will be illuminated with pole-mounted luminaires. Pedestrian pathways will be illuminated with a combination of pedestrian-scale pole-mounted luminaires, illuminated bollards and pathway style fixtures. Building-mounted fixtures will be used at building entries, under canopies and to illuminate pathways immediately adjacent to buildings where necessary.

The new lighting will meet the following performance standards:

- Lighting power densities will meet or exceed the latest efficiency standards contained in the California Energy Code (CEC).
- Lighting will be designed to meet the criteria of the Illuminating Engineering Society of North America (IESNA) and the applicable City of Menlo Park codes and regulations.
- To minimize light pollution, no more than 5 percent of the total initial designed fixture lumens (sum total of all fixtures on the campus) will be emitted at an angle of 90 degrees or higher from nadir (straight down). All luminaires will be full cutoff or “dark-sky” approved by the International Dark-Sky Association, except as required for aesthetic purposes.
- All luminaires will have a maximum illuminance value no greater than 0.20 horizontal and vertical footcandles at the campus boundary and no greater than 0.01 horizontal footcandles 15 feet beyond the campus.

E. Transportation and Parking

Transportation Demand Management and Alternative Modes of Travel

SRI has unique trip-generation characteristics compared to more typical office or research and development land uses. In 2012, SRI was named a Best Workplace for CommutersSM, a national recognition for meeting the National Standard of Excellence in commuter benefits that was created by the National Center for Transit Research and the U.S. Environmental Protection Agency. Its location within ¼ mile walking distance of the Menlo Park Caltrain station, close proximity to downtown services and amenities, and flexible work environment have combined to encourage employees to travel to the campus in modes other than commuting in drive-alone vehicles. Thus, SRI's vehicle trip generation rates are lower compared to traditional development.

To quantify the amount of vehicle traffic generated by SRI and the percentages of employees using various modes of travel, Fehr and Peers conducted manual and automated surveys at the SRI campus during May and June 2012. (Please see Fehr and Peers Transportation Analysis dated 10/24/12, attached as Exhibit C.)

The Fehr and Peers surveys reveal that SRI generates peak hour vehicle trips at a rate that is 54 percent lower than the standard average rates for general office land uses, and 49 percent lower than the standard average rates for research and development land uses, as published in the Institution of Transportation Engineers' Trip Generation Manual (8th Edition, 2008). Daily trips generated at the campus also are well below industry averages.

Consistent with these relatively low vehicle trip rates, the Fehr and Peers surveys show that a high percentage of SRI employees use transit, bike, walk, or take carpools to travel to the campus. Only 59 percent of SRI employees commute in drive-alone vehicles. By comparison, 78 percent of all employees who work in Menlo Park commute in drive-alone vehicles according to the most recently available census data.

Under the Campus Modernization Project, SRI intends to continue to implement its progressive transportation demand management (TDM) program, which is designed to provide and encourage alternatives to private automobile travel. SRI's TDM program includes the following elements:

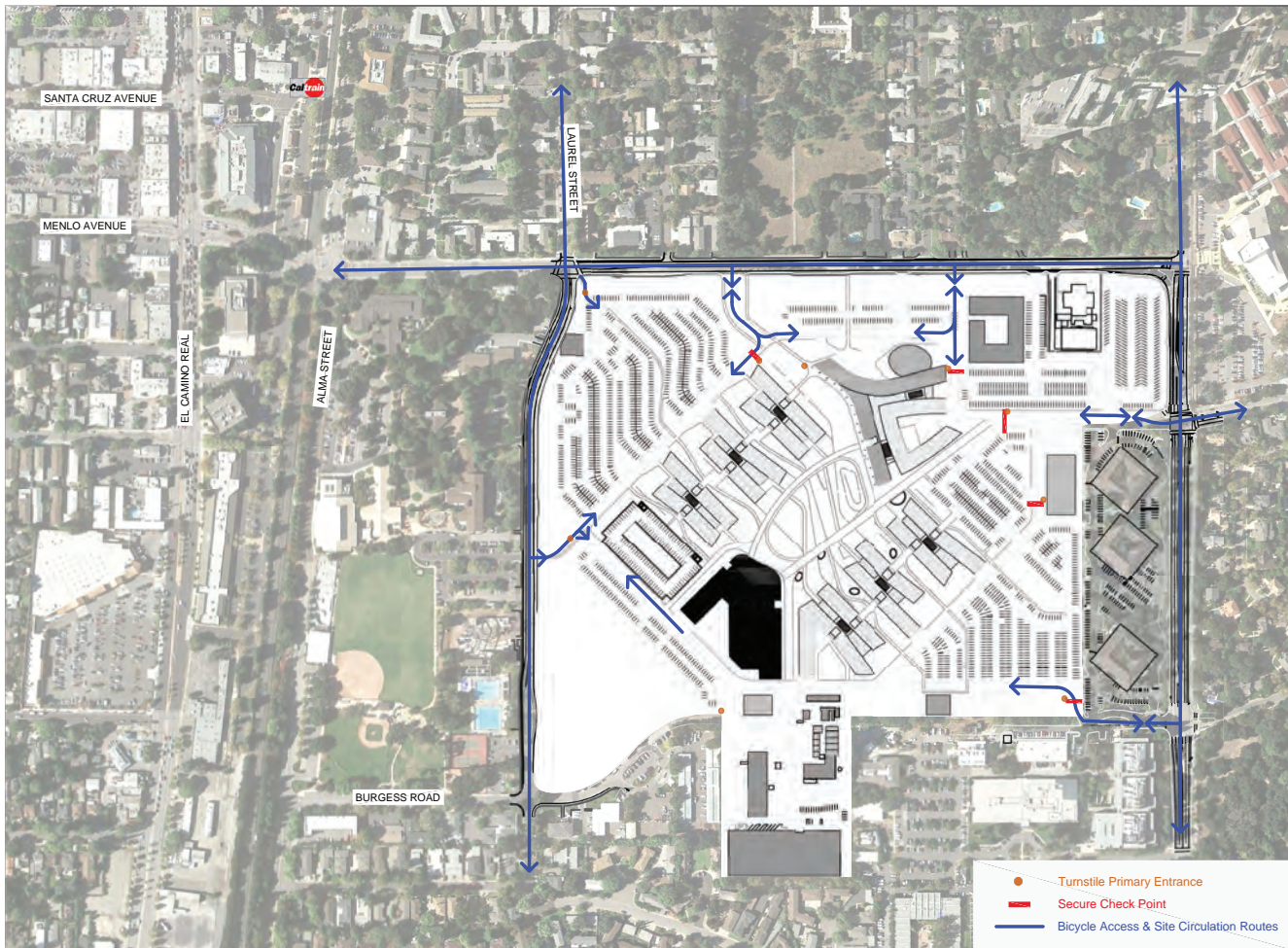
- On-site TDM program coordinator
- Subsidized transit passes for employees
- Carpool matching assistance program
- Preferential carpool parking
- Bicycle parking
- Showers and changing rooms
- Alternative and flexible work schedules
- Guaranteed ride home program
- Promotional campaigns (such as Bike to Work Day)
- On-site amenities, including cafeteria, showers and fitness center, and professional services

Improved Bicycle and Pedestrian Facilities

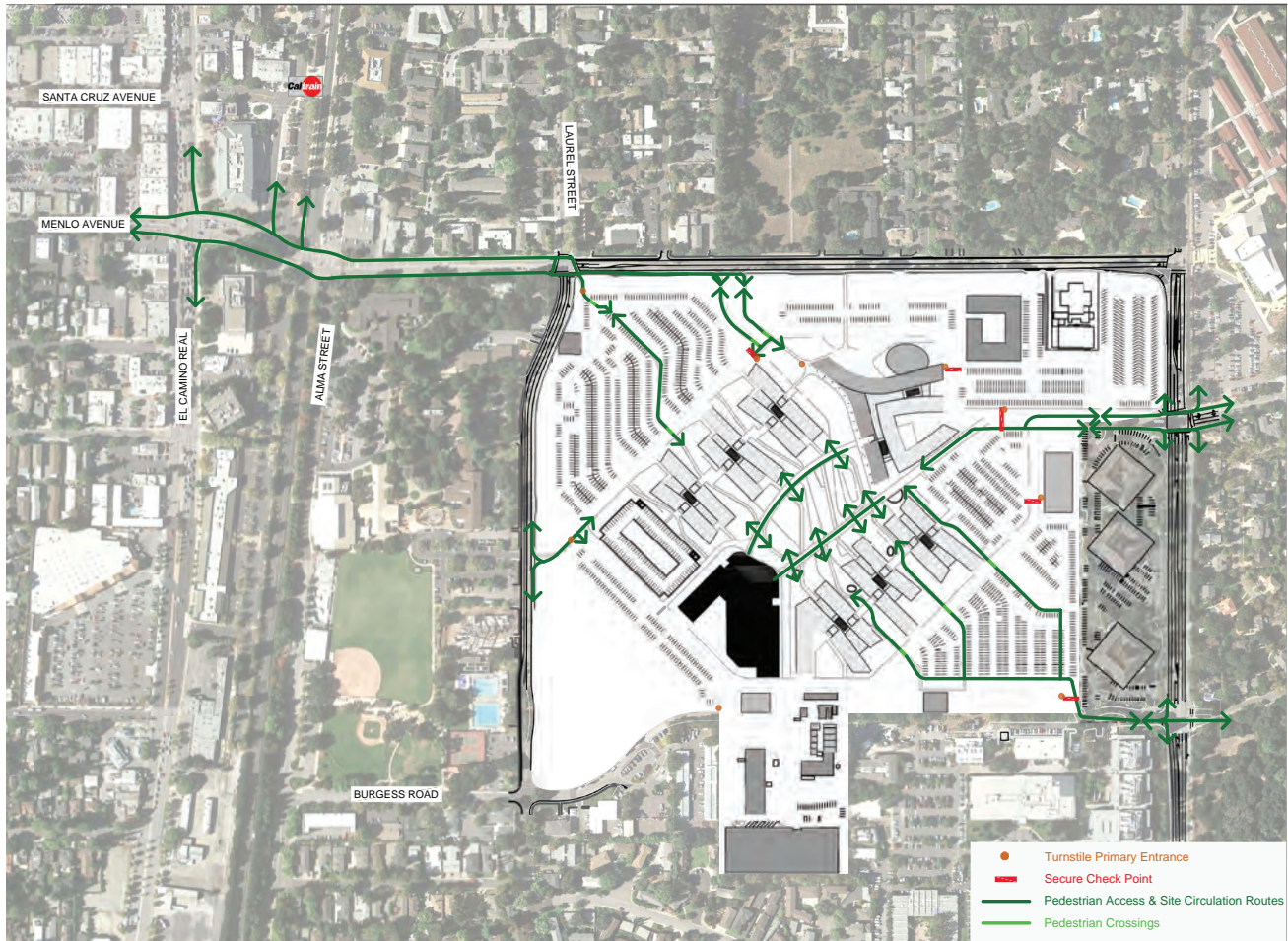
The Transportation Analysis prepared by Fehr and Peers depicts the existing offsite bicycle, transit and pedestrian circulation systems serving the SRI campus and concludes they are comprehensive and complete.

Under the Campus Modernization Project, bicycle access to the campus will be provided at each vehicular driveway plus through the gate at the southeast corner of the Ravenswood Avenue and Laurel Street intersection. Bicycle parking will meet Cal Green requirements and will be distributed throughout the perimeter and courtyard area of the campus to provide convenient parking at various building entrances. Bicycle parking also will be incorporated into the new parking structure near Buildings C and H.

Bicycle Circulation



Pedestrian access will be provided at each vehicular driveway entry and through the gate at the southeast corner of the Ravenswood Avenue and Laurel Street intersection, where the majority of Caltrain commuters enter the campus. A direct pathway will be provided through the parking lot from this corner to the front doors of Buildings A and E. This will provide a significant improvement over existing pedestrian access from this location.



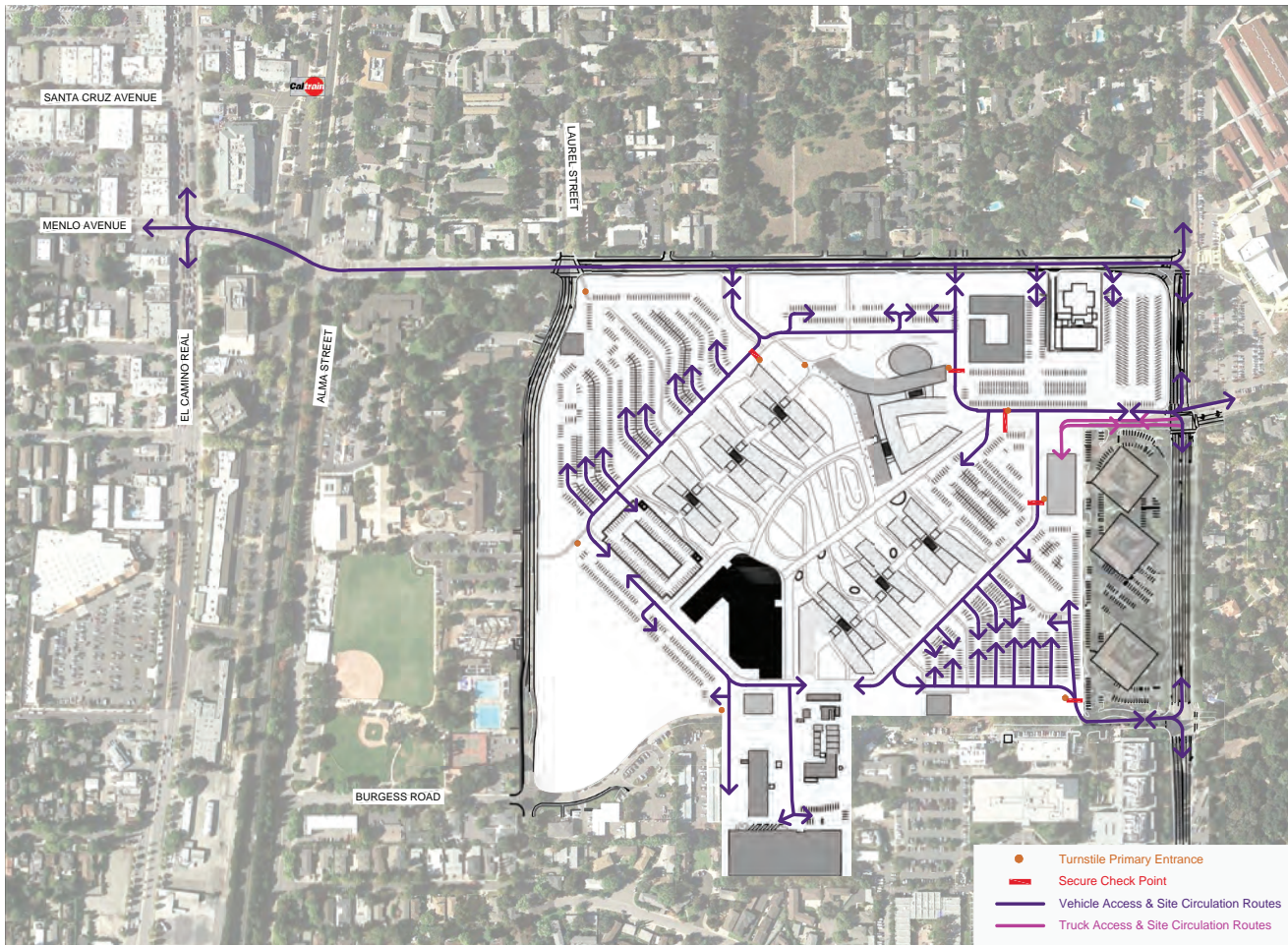
Improved Vehicle Access and Circulation

The Transportation Analysis describes and depicts the existing onsite vehicular access and egress locations, including two driveways on Laurel Street, five on Ravenswood Avenue and two on Middlefield Road (at Ringwood Avenue and Seminary Drive). All driveways are stop sign controlled, except the Middlefield Road/Ringwood Avenue driveway, which is signalized.

Under the Campus Modernization Project, internal campus driveways and roadways will be designed to enable employees to travel easily within a campus loop road system. Access improvements include a consolidated single driveway on Laurel Street instead of the current two driveways on Laurel Street, four driveways on Ravenswood Avenue instead of the current five driveways, and greater emphasis on utilizing the two existing driveways on Middlefield Road. The provision of multiple driveways serving a campus loop system will make travel direct and efficient. Employee vehicles are anticipated to enter the SRI campus at the first available opportunity, depending on the direction of approach, and then circulate to on-site parking areas convenient to their final destination.

The consolidated single driveway on Laurel Street is proposed to be located opposite Mielke Street, which provides access to City Hall and the Arrillaga Recreation Complex. This will be an improvement over existing conditions, as the new driveway location will operate similar to a four-way intersection and will reduce the number of access points on Laurel Street. Visibility and sight lines at the consolidated driveway will meet required stopping sight distance design standards. Landscaping within 50 feet of either side of the driveway will be kept to low plantings (less than 24 inches high).

Vehicular Circulation



Improved Truck Delivery Access and Circulation

The existing truck loading area is located in the southwest corner of the campus, near Building R and the closed Burgess Drive gate. Delivery trucks and vans enter the campus from the 4th Street gate, and then circulate south through the campus on 4th Street to access shipping and receiving docks at Building R, for a distance of approximately 1,400 feet in each direction.

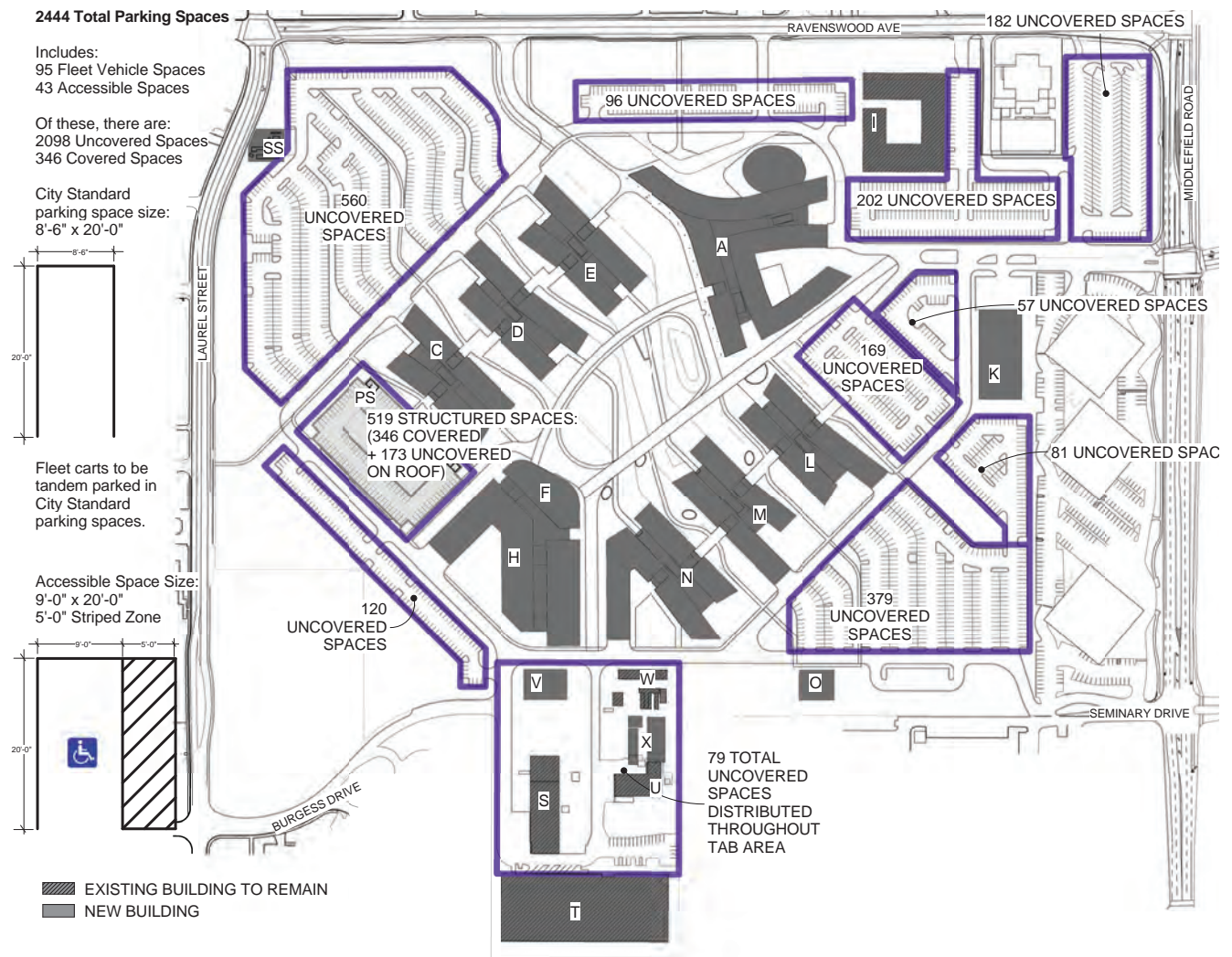
The Campus Modernization Project will improve truck circulation by relocating the shipping and receiving docks and associated loading area to the portion of the site closest to the Middlefield Road/Ringwood Avenue gate. This will provide greater separation between existing residential uses and truck circulation and loading. Trucks will enter the campus at the signalized Middlefield Road/Ringwood Avenue intersection, and circulate on the new internal loop road to access the new shipping and receiving docks for a distance of approximately 1,000 feet in each direction.

Reduced Onsite Parking

Presently, there are 3,224 surface parking spaces on the SRI campus. Much of this parking is unused, and will not be needed in the foreseeable future. The current campus parking configuration reflects outmoded commute patterns. As explained above, the campus' location near the Menlo Park Caltrain station combined with SRI's leadership in transportation demand management have resulted in exceptionally high rates of commute trips by alternative modes of transportation.

Based on a survey of parking demand at the SRI campus, Fehr and Peers has determined that 2,135 parking spaces will be needed to provide sufficient onsite parking for employees and visitors (1,819 spaces), campus service vehicles (126 spaces) and special events such as conferences (190 spaces). The Campus Modernization Project has been designed to accommodate the anticipated parking demand by providing 2,444 spaces in surface lots and a new parking structure near Buildings C and H.

Vehicular Parking



F. Utilities

Electricity, Chilled Water and Natural Gas

The SRI campus is served by an existing cogeneration plant, which provides efficient and clean electricity, steam and chilled water to power, heat and cool campus buildings. Underground PG&E pipelines provide the natural gas used to operate the cogeneration plant, as well as to provide the gas needed for burners and other gas-powered appliances in individual buildings. A PG&E electrical line also serves as a back-up power source to be used when peak electricity demand exceeds the capacity of the cogeneration plant, or during maintenance of the cogeneration plant.

Under the Campus Modernization Project, the cogeneration plant will continue to be used as the primary source of electricity and building heating and cooling. The existing cogeneration plant boiler will be replaced with a new, efficient 47,400 lbm/hour high-power steam boiler. Heat exchangers and distribution pumping stations will be added to convert steam to hot water in order to more efficiently heat the new campus buildings. Three new 1,500-ton high-efficiency electrical centrifugal chillers, a 1,200-ton steam absorption chiller, and a mechanical multi-cell induced draft cooling tower also will be added to increase cooling capacity and efficiency. Chillers will be piped and operated in parallel and chilled water will be generated at a 14 to 16-degree Fahrenheit differential temperature to promote energy and cost savings. Cooling tower fans will be provided with variable frequency drives for capacity control and noise mitigation. Motors will be premium efficiency. Condenser water will be distributed from the chilled water plant to the cooling tower cells through an above-grade piping system by constant speed condenser pumps. The condenser water supply, return, and equalization system will be manifolded to enhance system redundancy, reliability and flexibility to promote energy consumption and cost savings.

Utility pipelines and ducts will be installed in an efficient loop, with water, sewer, gas and electrical distribution lines installed at the outer perimeter of the new campus buildings and mechanical steam, heating hot water, and chilled water installed at the perimeter of the new campus green, to the interior of the new campus buildings. This will improve access to utilities for ongoing maintenance, as well as overall efficiency of the utilities system.

Variable speed pumps will distribute hot water for individual building heating and chilled water for individual building cooling through a direct-buried, pre-engineered/fabricated piping system and utility tunnels. Natural gas and electrical lines will be relocated as needed to serve new campus buildings.

The existing electrical distribution substation will be modified so that each section of the substation will serve one building, which will increase the reliability of the system.

Technical consulting firm EXP U.S. Services, Inc. quantified existing energy demand and consumption on the SRI campus and calculated future demands and consumption at full development of the Campus Modernization Project. As summarized in the following table, the analysis shows that at full development of the Campus Modernization Project, annual electricity consumption will decrease by 10 percent, annual chilled water consumption will decrease by 7.6 percent, and annual natural gas demand will increase slightly by 1.7 percent compared to existing conditions. (Please see exp Development Permit Submittal, dated 10/22/12, attached as Exhibit D.)

EXP Utility Profile Summary – Table 3

Utility	Utility Provider	Existing Campus Year 2011		Full Campus Modernization Project		Percent Increase/Decrease in Annual Energy Consumption
		Peak Annual Demand	Annual Consumption	Peak Monthly Demand	Annual Consumption	
Electricity	SRI on-site cogeneration paralleled with PG&E	5.0 MW	23,413,247 kWh	8.2 MW	21,001,406 kWh	- 10%
Chilled Water	SRI on-site cogeneration	2,776 tons	3,921,922 ton-hours	4,230 tons	3,625,632 ton-hours	- 7.6%
Natural Gas	PG&E	40,419 MBH	2,052,838 therms	45,748 MBH	2,086,897 therms	+ 1.7%

Emergency Generators

Existing emergency generators on the SRI campus are decentralized and located adjacent to or inside of the individual buildings to which they supply emergency/standby power. The table below identifies the existing emergency generators on the campus.

EXP Existing Emergency Generator – Table 4

Generator Tag and Service	Generator Size		
	Volts	Amps	Capacity (kW)
Building U (Cogeneration Plant)	277/480	752	500
Building - T	277/480	800	400
Building – S	277/480	400	275
Building – I	120/208	60	15
Building – L	277/480	527	350
Building – PN	277/480	1,526	1,000
Building – GH	120/208	48	15

As part of the Campus Modernization Project, existing emergency generators that are serving buildings planned to be demolished will be decommissioned. New emergency generators will be provided in support of life safety and critical standby electrical loads. New generators will be located in the building (or group of buildings) they will serve. The following table identifies the generators that will supply emergency/standby power to the campus at full development of the Campus Modernization Project.

Campus Modernization Project Emergency Generator – Table 5

Generator Tag and Service	Generator Size		
	Volts	Amps	Capacity (kW)
Building - U (Cogeneration Plant)	277/480	752	500
Building – T	277/480	800	400
Building – S	277/480	400	275
Building – I	120/208	60	15
Building – L	277/480	600	350
Building – M	277/480	600	350
Building – N	277/480	600	350
Building – H/F	277/480	400	275
Building – C	277/480	400	275
Building – D	277/480	400	275
Building – E	277/480	400	275
Building – X	277/480	1526	1,000

Water and Sewer

The water supply to the SRI campus is fed from two metered connections to Menlo Park’s water system, one at Laurel Street and one at Middlefield Road. Under the Campus Modernization Project, both of these feeds will continue to be used.

BKF engineers identified the existing water use at the SRI campus based on historical average water meter readings for the site and information in SRI’s South Bayside System Authority (SBSA) Wastewater Discharge Permit. BKF determined future water demand at full development of the Campus Modernization Project by using the 2010 California Green Building Standards Code (Cal Green) baseline water demand calculations where applicable, and then reducing baseline water use by 20 percent. The 20-percent reduction will be achieved by selecting plumbing fixtures with demands lower than the baseline defined by Cal Green, such as by using toilets and urinals similar to those identified in BKF’s Water Demand Memorandum dated 10/22/12. (Please see BKF Water Demand Memorandum dated 10/22/12, attached as Exhibit E.)

As shown in the following tables, it is anticipated that full development of the SRI Campus Modernization Project will reduce site water demand from 201,994 gallons per day to 179,252 gallons per day, a decrease of 11.3 percent. Although the campus square footage will not change, and employee count will increase by 68 percent compared to existing conditions, implementation of water conserving fixtures will reduce the sanitary water demand from 42,930 gallons per day to 32,520 gallons per day, a 24.2 percent reduction. Further, although demands for process and wash/rinse water are anticipated to be higher due to the increase in employees, cooling system demands will be substantially reduced, and the overall demand for non-sanitary water uses will be reduced 13.2 percent from 115,404 gallons per day to 100,159 gallons per day. The Campus Modernization Project includes an increase in landscaped area, and irrigation demand is projected to increase from 43,660 gallons per day to 46,573 gallons per day, an increase of 6.7 percent.

Existing Domestic Water Demands – Table 6

Use	Water Use (gpd)
Indoor Water Demand (Sanitary)	42,930
Other Water Demands	
Process	20,430
Wash/Rinse	2,580
Boiler	44,002
Cooling	48,392
Total Other Water Demands	115,404
Irrigation Water Demand	43,660
Total Water Demand	201,994

Notes:

1. Estimate demands based on the 2010 SBSA Waste Discharge Permit Application.

Existing Domestic Water Demands — Table 7

Use	Daily Uses	Flow Rate	Unit	Duration	Unit	Occupants	Water Use (gpd)
Baseline Indoor Water Demand (2010 California Green Buildings Standards Code Worksheet WS-1)							
Water Closet (female)	3	1.6	gpf	1	flush	1,500	7,200
Water Closet (male)	1	1.6	gpf	1	flush	1,500	2,400
Urinal	2	1	gpf	1	flush	1,500	3,000
Lavatory	3	2.2	gpm	15	sec	3,000	4,950
Kitchen Sink (break room)	1	2.2		15	sec	3,000	1,650
Showers	0.1	2.5	gpm	480	sec	3,000	6,000
Total Baseline Indoor Water Demand (Worksheet WS-1)							25,200
Total Baseline Indoor Water Demand with 20% Required Reduction							20,160
Other Indoor Water Demands							
Dishwasher (break room)	0.02	6	gal	1	run	3,000	360
Food Service	1	2	gal	1	meal	3,000	6,000
Health Club	0.1	20	gal	1	visit	3,000	6,000
Total Other Indoor Water Demands							12,360
Total Indoor Water Demands (Sanitary)							32,520
Other Water Demands							
Process							37,876
Wash/Rinse							4,783
Boiler							44,000
Cooling							13,500
Total Other Water Demands							100,159
Irrigation Water Demand							46,573
Total Water Demand							179,252

Notes:

1. Assumes 50 percent male and 50 percent female employee distribution. Males use the water closet 1 time per day and the urinals 2 times per day. Females use the water closet 3 times per day. Both use the lavatory sink 3 times per day. New water closets will be maximum 1.6 gallons per flush. Urinals will be maximum 1.0 gallons per flush. Lavatories will be maximum 2.2 gallons per minute fixtures. An average run time of 15 seconds per visit is used for lavatories.
2. Other fixtures for employee kitchen/breakrooms and shower facilities are also included. We have assumed breakroom kitchen sinks with 2.5 gallons per minute faucets and an average of 1 uses per employee for 15 seconds each day for washing of coffee cups and miscellaneous items. This is less than the 4 minutes identified in the green building code since it is a minor usage. We have assumed 1 kitchen breakroom dishwasher run per 50 employees per day using 6 gallons per run. We have assumed showers with 2.5 gallon per minute heads and 1 shower per 10 employees for a 480 second duration.
3. Assumes on site food service that include one meal per day per employee.
4. Assumes health club facility that includes one visit per day per each 10 employees.
5. Laboratory process and washing/rinse water determined by prorating the existing condition by campus population and adding 10 percent for laboratory expansion and flexibility.
6. Boiler and cooling demand based on values obtained from campus model provided by mechanical engineer.
7. Site irrigation demands developed using City of Menlo Park Water Budget Calculation Form.

The SRI campus currently discharges to a private sewer system at two locations at the southeast portion of the site. The private sewer system then discharges to the West Bay Sanitary District main on Middlefield Road, and ultimately to the SBSA Treatment Plant. The Campus Modernization Project will use the existing sewer connections.

BKF identified the existing sewer discharge at the SRI campus based on the SBSA Wastewater Discharge Permit. BKF determined future sewer discharge at full development of the Campus Modernization Project by using the water demand calculations described above. (Please see BKF Sanitary Sewer Memorandum dated 10/22, attached as Exhibit F.)

As shown in the following tables, average daily sewer discharge is anticipated to be reduced from 80,077 gallons per day under existing conditions to 73,646 gallons per day under the Campus Modernization Project, a reduction of 8 percent.

Existing Sanitary Sewer Demands – Table 8

Use	Water Demand (gpd)	Discharge to Sewer (gpd)	% of Water Demand Discharged to Sewer
Indoor Water Demands (Sanitary)	42,930	42,930	100%
Process	20,430	18,380	90%
Wash/Rinse	2580	2,580	100%
Boiler	44002	19	0%
Cooling	48392	16,168	33%
Total Sewer Demand		80,077	

Notes:

1. Water and Sewer demands based on the 2010 SBSA Waste Discharge Permit Application. Percent of Water Demand Discharged to Sewer is calculated from the values for use in developing proposed demands.

Proposed Project Sanitary Sewer Demands — Table 9

Use	Water Demand (gpd)	Discharge to Sewer	Sewer Demand (gpd)
Indoor Water Demands (Sanitary) ^{1,2}	32,520	100%	32,520
Process ^{1,2}	37,876	90%	34,088
Wash/Rinse ^{1,2}	4,783	100%	4,783
Boiler ^{1,2}	44,000	0%	0
Cooling ^{1,3}	13,500	17%	2,255
Total Sewer Demand			73,646

Notes:

1. Water demands based on SRI Water Demand Summary by BKF Engineers.
2. Percent discharge to sewer based on 2010 SBSA Waste Discharge Permit Application.
3. Discharge to sewer provided by mechanical engineer.

G. Recycling and Waste

Recycling and trash enclosures will be fully enclosed, with smaller collection points located along the outer perimeter of the new buildings, and a recycling and centralized waste sorting and storage area located at the eastern edge of the campus.

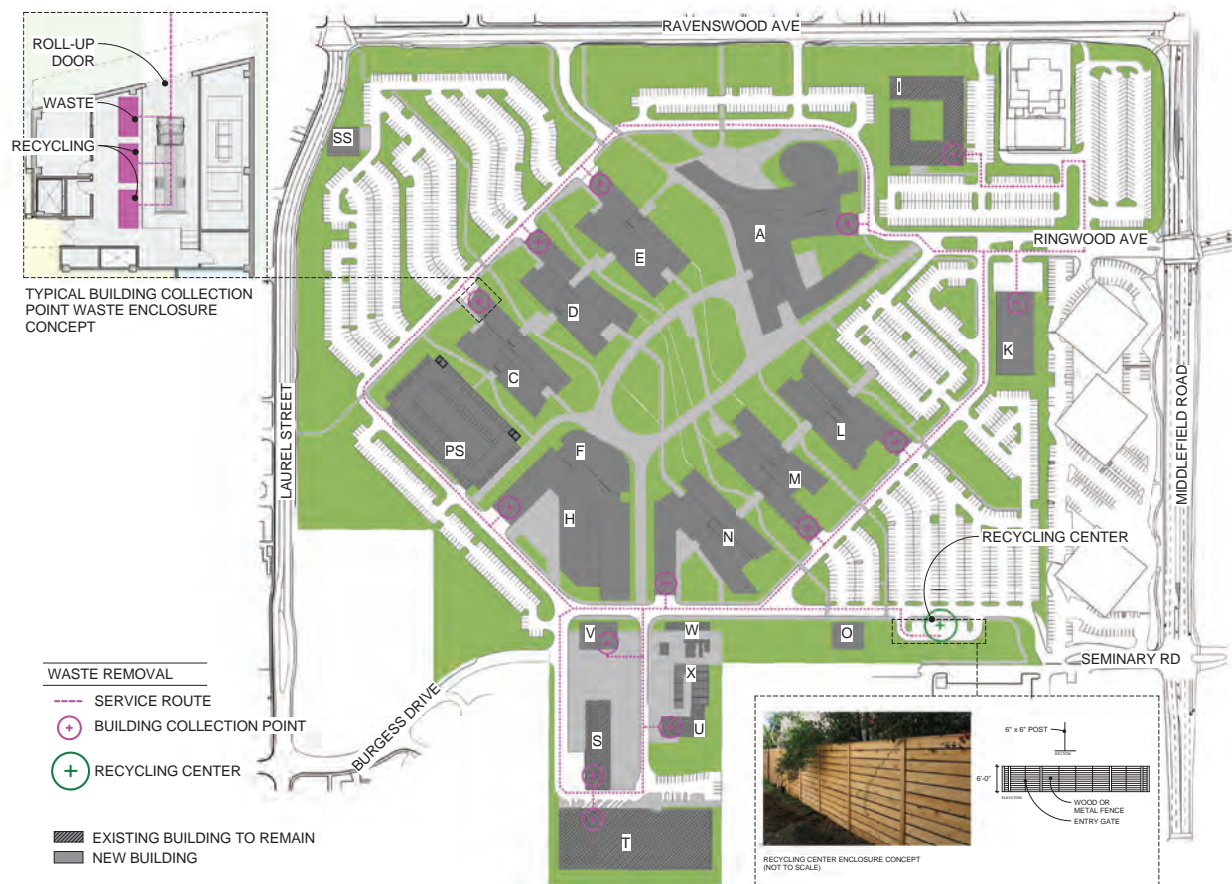
SRI employs sustainable resource recovery practices on its campus. Resource recovery includes collecting, sorting, and processing materials that are traditionally viewed as waste. Recycling and composting are among the best known resource recovery practices. Through a variety of actions, SRI has increased employee awareness about resource recovery, while ensuring it is a positive contributor to the community.

SRI's resource recovery practices include the following:

- Break rooms, dining rooms and conference rooms are equipped with recycling stations for three waste streams
 - Mixed Recycling (Blue)- Cans, glass/plastic bottles, aluminum foil, newspaper/magazines, plastic (marked)
 - Waste/Landfill (Black)- Black plastic, plastic bags, straws, candy wrappers, condiment packages, chip bags
 - Compostable (Green)- Paper trays/containers, beverage cups, soup bowls, unfinished food/organics
- Labs are furnished with mixed recycling bins
- Private offices include desk-side mixed recycling bins
- Copy centers include large paper bins for recycling
- Batteries and light bulbs are properly collected and disposed of by the Environmental Health & Safety department
- The campus implements a metal recycling sorting program and yard for all reusable metals

- The campus motor pool implements a tire recycling program through a third party
- The campus HVAC department pays to remove used filters, which are used by a third party to provide energy
- Green waste is collected and removed to be used for composting
- Café staff compost all food waste; most dining ware is compostable
- Outdoor recycling stations are provided, and portable ones are used for large picnics
- Wood is removed from the waste stream to be recycled
- Cardboard is removed from the waste stream and is sold by a third party
- Toner and ink cartridges are recycled by a third party
- Projector bulbs are returned to the manufacturer for recycling
- Confidential materials are shredded and recycled by a third party
- Cooking oil is collected by a third party, with the majority used for bio-diesel fuel

Conceptual Waste Plan Proposed

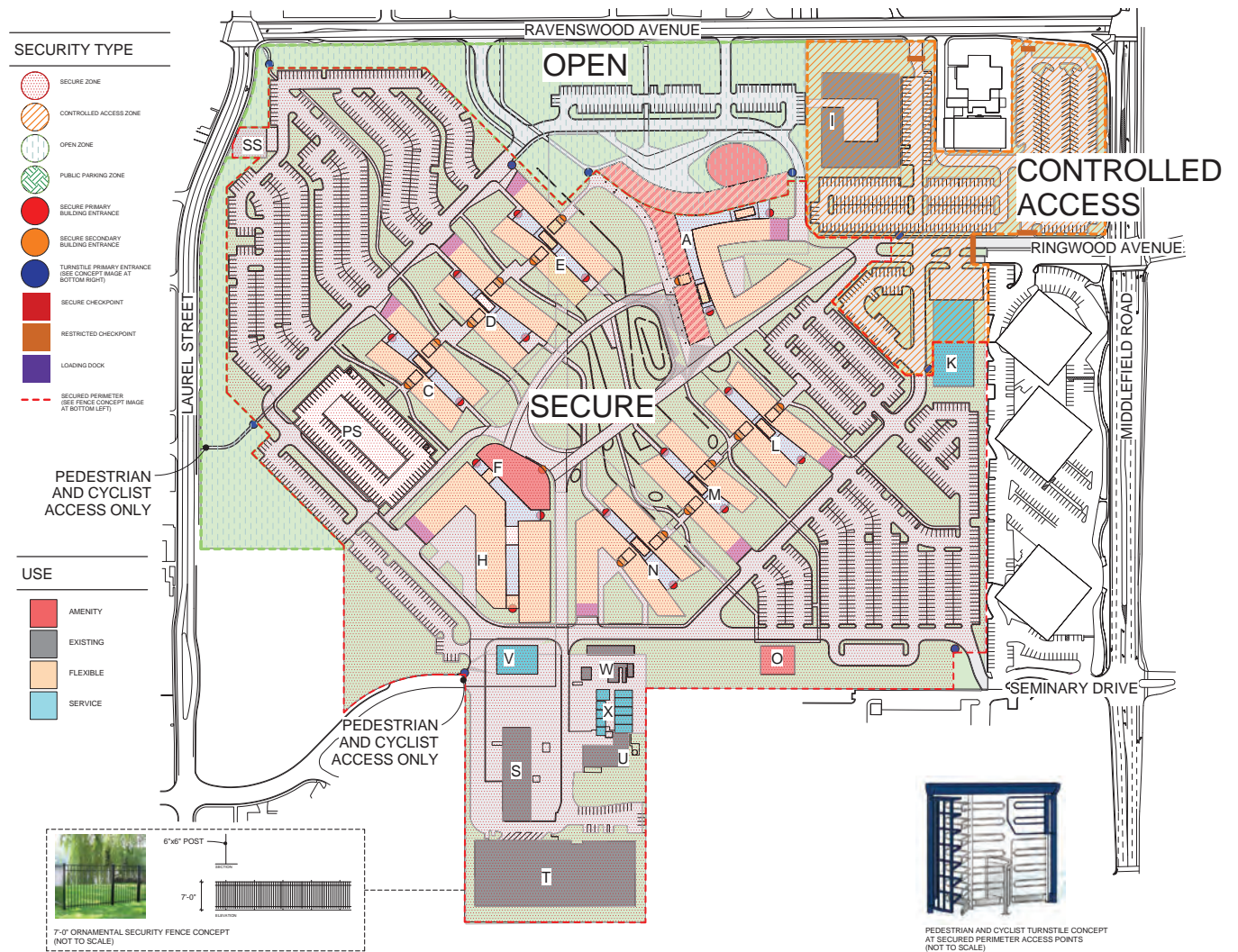


H. Security

Improved security fencing and gates will surround the portions of the campus that will be closed to public access. Parking areas nearest to Burgess Park and Menlo-Atherton High School will have separate fencing and controls so that shared community access can be provided on evenings and weekends. Public access will be limited to the front of the campus, on Ravenswood Avenue.

Along the most public campus edges, the security fence will be located behind a vegetated screen to reduce its visibility from outside the campus. The fence will be dark in color, ornamental metal, and 6 feet high.

Security Plan



SRI maintains small quantities of a variety of hazardous materials used in research, maintenance and cleaning. The nature and type of these materials change over time based on changes in the research that is being conducted on the campus. Storage and disposal of these materials is highly regulated, and SRI complies with all applicable laws designed to protect onsite and offsite populations and the environment.

I. Hazardous Materials Storage and Waste

Hazardous materials are stored in a manner that protects the material from fire, physical damage, reaction with incompatible materials, and release into the environment. SRI complies with the provisions of the Uniform Fire Codes to ensure that storage and safety cabinets and safety cans meet requirements for fire protection and secondary containment. SRI also complies with its Environmental Health & Safety manuals and guidelines, and with Department of Transportation specifications for storage of waste materials.

All activities at SRI that involve hazardous materials are conducted in a manner that minimizes the risk of injury to people or an accidental release of hazardous materials. SRI complies with its Environmental Health & Safety Materials Management handbook and maintains an inventory of all materials used on the site.

Hazardous Waste

SRI's Environmental Health & Safety department maintains a waste storage facility on the campus, where SRI sorts materials for either offsite disposal or storage and recycling. Hazardous wastes are handled and transported in accordance with laws and regulations protecting persons and the environment.

Monitoring and Inspection

Industrial waste discharge is monitored twice annually by the South Bayside Systems Authority at two locations near the SRI property line: a manhole at the southeast end of First Street and a manhole at the southeast end of Third Street.

Satellite waste accumulation areas and the Building W waste-handling facility are inspected weekly by the operators.

Underground fuel storage tanks located near Buildings A and 306 were removed, and a site investigation determined that no remediation action is needed. An additional underground fuel storage tank located at Building 412 was cleaned, epoxy coated, backfilled and covered in December 2006. No groundwater monitoring is being performed at this time.

Emergency Equipment

An extensive emergency equipment inventory is maintained at SRI, including all equipment and materials necessary for responding to spills. Detailed emergency equipment inventory lists are located in the onsite emergency response van and in the onsite disaster response trailer. The disaster response trailer has supplies necessary to care for emergency response personnel at the site during the 72 hours following an earthquake or other major disaster, including communications and medical supplies.

Emergency Response

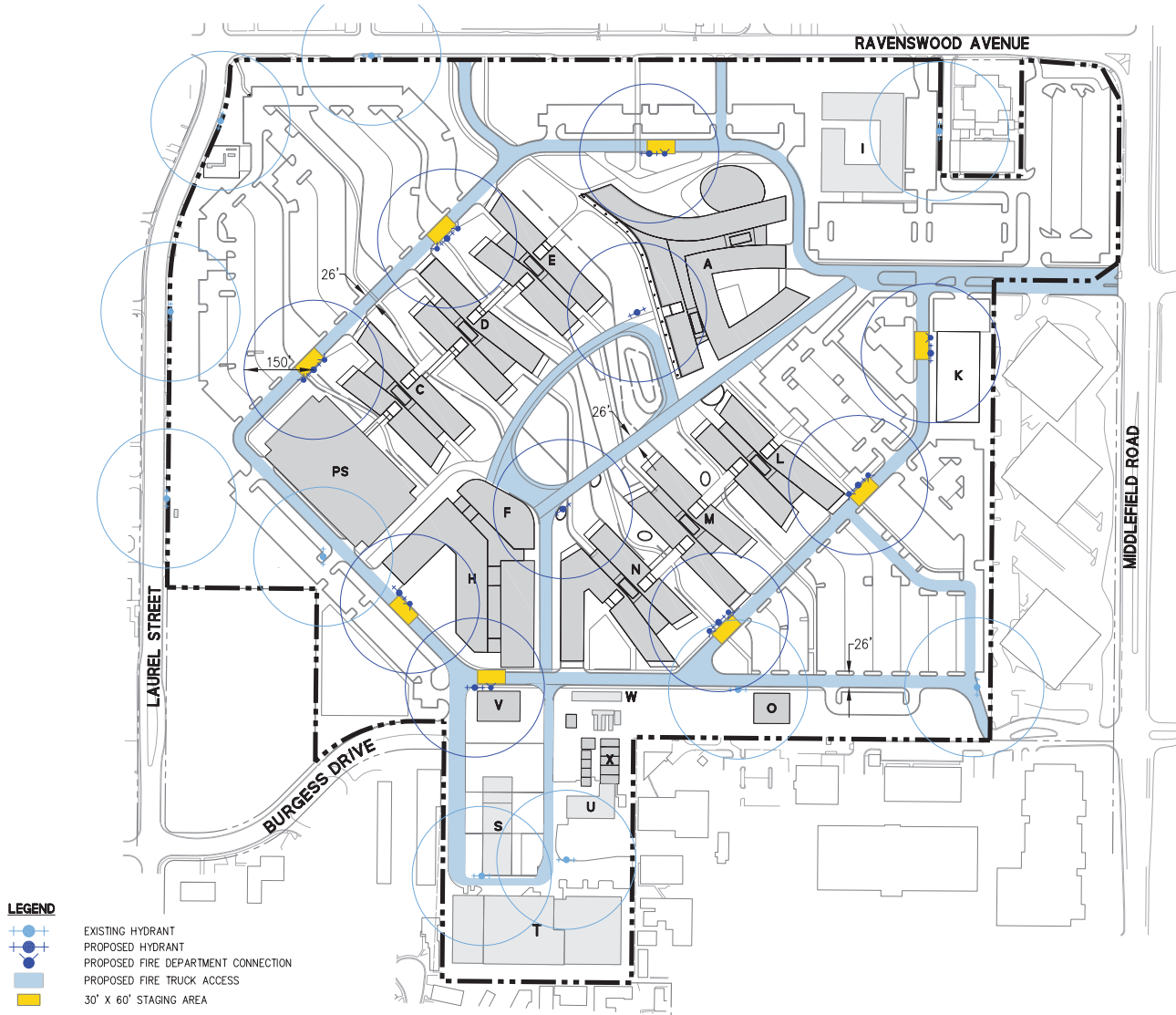
The Menlo Park Fire Protection District (MPFPD) maintains pre-fire plans for all buildings at the SRI campus. Pre-fire plans are developed from information contained in the Hazardous Materials Management and Business Plans and Hazardous Materials Inventory, as well as from information provided by SRI's fire prevention experts and from site tours performed with SRI's Support Operations group.

SRI has trained critical response staff onsite. Three members of the SRI emergency response team are also members of the MPFPD search and rescue Task Force 3 hazardous materials team, and train with them. SRI plans to continue close coordination with the MPFPD training officer, leading to joint training exercises at the campus. Information obtained from these joint exercises will be used to further modify pre-fire plans and SRI emergency procedures to enhance coordinated emergency response between SRI and MPFPD.

J. Fire Department Access and Facilities

New fire hydrants, fire truck access routes, and fire department staging areas will be constructed throughout the campus, substantially improving fire department access.

Fire Department Access



K. Construction

Buildings will be replaced gradually to minimize campus disruption. No more than two buildings will be under construction at any one time. The application plan set includes conceptual phasing diagrams dividing the campus into four quadrants. SRI anticipates that it will commence construction in the eastern quadrant because that quadrant contains open areas in which new buildings can be constructed prior to moving researchers and equipment from existing campus buildings. The order in which other quadrants will be constructed is unknown and will depend upon future program needs.

In some campus locations, interim surface parking lots, fencing and utilities will be installed to enable campus operations to continue during build-out of the site plan. In addition, there will be interim periods when overall gross floor area on the campus will be higher than gross floor area at full development of the Campus Modernization Project due to the need to complete new buildings before moving research functions from existing buildings.

CONCEPTUAL EAST - DEMOLITION PLAN



PHASING - DEMOLITION



NOTES:

1. THE PHASING INFORMATION IS CONCEPTUAL IN NATURE. THE EAST PHASE LIKELY WILL BE CONSTRUCTED FIRST. AFTER COMPLETION OF THE EAST PHASE, THE OTHER THREE PHASES MAY PROCEED IN ANY ORDER.
2. AS PHASES ARE CONSTRUCTED, SECURITY FENCING WILL BE PLACED IN TEMPORARY LOCATIONS AS NEEDED. THE SPECIFIC LOCATIONS SUCH AS FENCING ARE NOT YET KNOWN
3. AS PHASES ARE CONSTRUCTED, TEMPORARY UTILITY RE-ROUTING AND CONNECTIONS MAY BE NEEDED IN ORDER TO PROVIDE SERVICE TO NEW AND EXISTING BUILDINGS PRIOR TO THE CONSTRUCTION OF PERMANENT UTILITIES

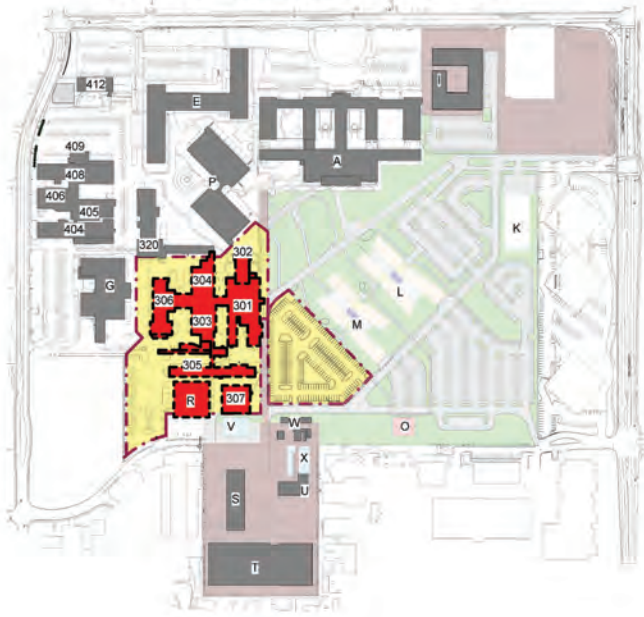
CONCEPTUAL EAST - DEVELOPMENT PLAN



PHASING - DEVELOPMENT



CONCEPTUAL SOUTH - DEMOLITION PLAN



PHASING - DEMOLITION



NOTES:

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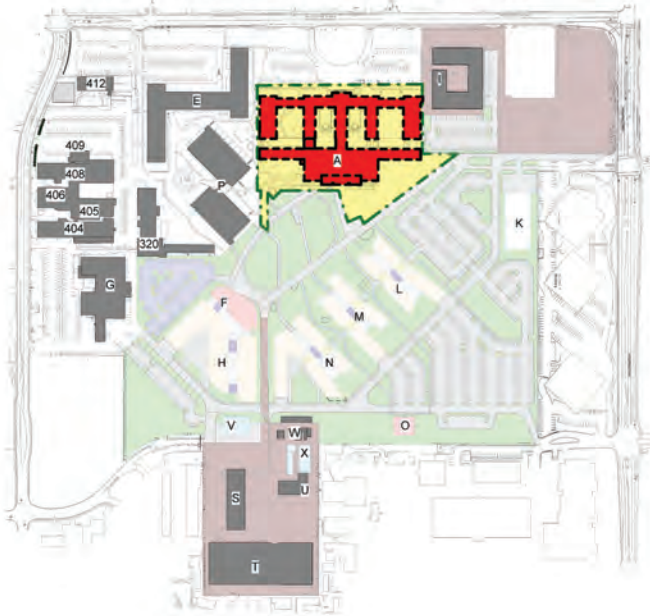
CONCEPTUAL SOUTH - DEVELOPMENT PLAN



PHASING - DEVELOPMENT



CONCEPTUAL NORTH - DEMOLITION PLAN



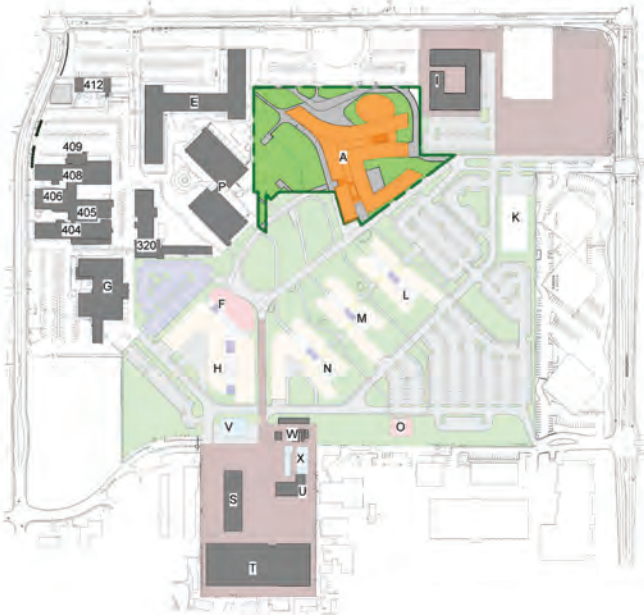
PHASING - DEMOLITION

- EXISTING TO REMAIN - BUILDING
- DEMOLITION - BUILDING
- DEMOLITION - LANDSCAPE/ASPHALT

NOTES:

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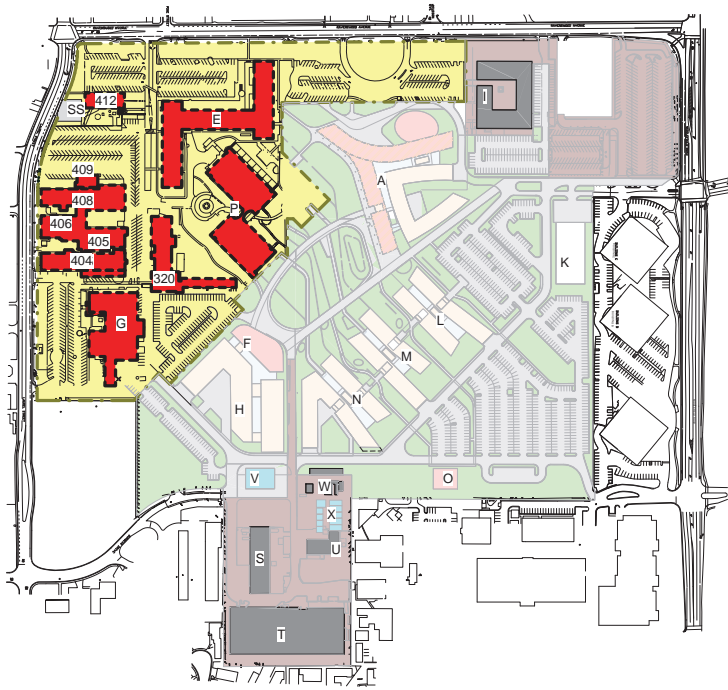
CONCEPTUAL NORTH - DEVELOPMENT PLAN



PHASING - DEVELOPMENT

- NEW BUILDING
- NEW LANDSCAPE
- NEW PERMANENT ASPHALT
- TEMPORARY ASPHALT
- NO DEVELOPMENT CHANGES PROPOSED

CONCEPTUAL WEST - DEMOLITION PLAN



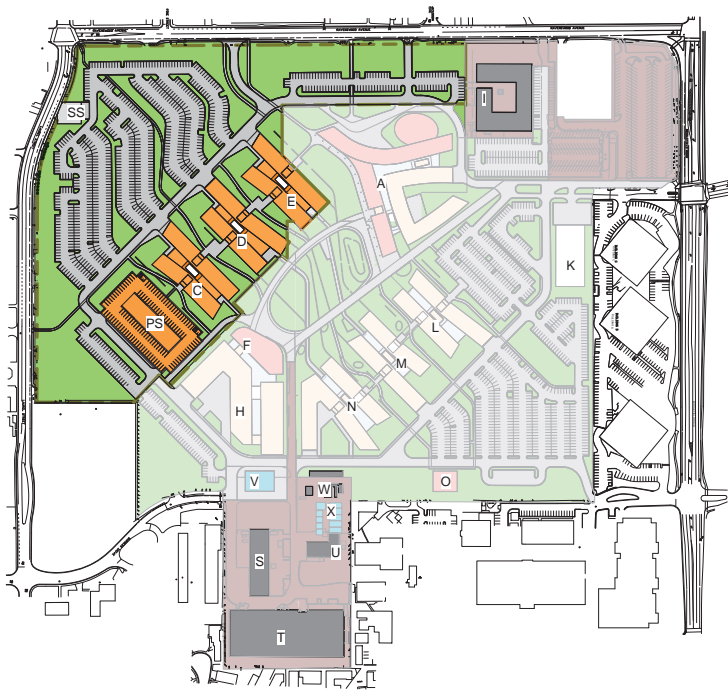
PHASING - DEMOLITION



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CONCEPTUAL WEST - DEVELOPMENT PLAN



PHASING - DEVELOPMENT





PUBLIC WORKS DEPARTMENT

Council Meeting Date: April 2, 2013
Staff Report #: 13-051

Agenda Item #: SS-2

STUDY SESSION:

Provide Direction on the Climate Action Plan Update and Status Report, New Measuring Methodology for Transportation Greenhouse Gas Emissions, a Community Greenhouse Reduction Target, and Provide Direction on Funding in Order to Achieve Target

RECOMMENDATION

Staff recommends Council consider and provide direction on:

1. The Climate Action Plan Update and Status Report;
2. The proposed new methodology for measuring transportation greenhouse gas emissions; and
3. The desired community greenhouse gas reduction (10%, 17% or 27%) target in balance with needed budget increases to achieve the desired targeted reduction.

BACKGROUND

Attached is the Climate Action Plan Update and Status Report, a chart summarizing the adopted targets of other Cities in the area, and a Report by the Menlo Park Environmental Quality Commission to the City Council on establishing Targets for Reducing Community-wide Greenhouse Gas Emissions.

Staff will provide an in-depth presentation at the Study Session to provide an overview of the updated Climate Action Plan and to identify the key policy questions that need Council determination to assist staff in developing specific recommendations for Council consideration.

ENVIRONMENTAL REVIEW

No action is being taken.

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. Climate Action Plan Update and Status Report
- B. Survey of community greenhouse gas reduction targets in other communities
- C. Report by Menlo Park Environmental Quality Commission to City Council



March 2013

Climate Action Plan Update and Status Report

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Introduction

Scientists have concluded that human activities are contributing to global climate change by adding large amounts of heat-trapping gases, known as Greenhouse Gas (GHG) emissions, to the atmosphere. For approximately 1,000 years before the Industrial Revolution, the amount of GHG's in the atmosphere remained relatively constant. During the 20th century, however, scientists observed a rapid change in GHG emissions that are attributable to human activities, such as use of fossil fuels to power vehicles and buildings, and disposing of waste in landfills that release GHG emissions.

The Intergovernmental Panel on Climate Change (IPCC) has identified four major GHG emissions—water vapor, carbon dioxide (CO₂), methane (CH₄), and ozone (O₃)—that are the likely cause of an increase in global average temperatures observed within the 20th and 21st centuries. CO₂ is one the most prevalent GHG emissions resulting from human activity. According to the IPCC, the amount of CO₂ has increased by more than 35 percent since preindustrial times and has increased at an average rate of 1.4 parts per million (ppm) per year since 1960, mainly due to combustion of fossil fuels and deforestation.

Climate-change impacts are affected by varying degrees of uncertainty. IPCC's 2007 Fourth Assessment Report projects that the global mean temperature increase from 1990 to 2100, under different climate-change scenarios, will range from 1.4 to 5.8 degrees Celsius (°C) (2.5 to 10.4 degrees Fahrenheit (°F)). In the past, gradual changes in the earth's temperature changed the distribution of species, availability of water, etc. In California potential impacts resulting from climate change are:

- Poor air quality made worse due to more severe heat waves
- Decreasing Sierra Nevada snow pack, affecting adequate water supplies
- Reduction in available renewable hydropower
- Declined productivity in agriculture due to irregular blooms and harvest and increased pests and pathogens.
- Accelerated sea level rise, impacting beaches, roads, buildings, and other infrastructures
- Increased and more severe wildfire seasons
- Increasing threats from pests and pathogens from warmer weather
- Altered timing for wild life migrations and loss of species, impacting food chain and ecosystems

With this understanding, many local, state, and federal governments around the world are taking action to reduce global GHG emissions. The purpose of Menlo Park's Climate Action Plan (CAP) is to provide strategies that reduce local greenhouse gas (GHG) emissions and assist Menlo Park to meet or exceed the emission reduction targets of AB 32 (California's Global Warming Solutions Act of 2006). AB 32 sets a goal for the state to reduce greenhouse gas emissions to 1990 levels by 2020, and 80% below 1990 levels by 2050.

The Climate Action Plan was approved by the City Council in 2009 and the Council stated that the Climate Action Plan was intended to be a 'living document' to be updated periodically as current strategies are implemented and as new emission reduction strategies and technologies emerge that effectively reduce emissions. On an annual basis, the Council reviews and approves a report on Menlo Park's Greenhouse Gas Inventory trend and five year Climate Action Plan strategies and implementation status.

Community Greenhouse Gas Inventory Results Between 2005 and 2011

Using ICLEI's (Local Governments for Sustainability) updated Clean Air and Climate Protection Software (CACP), Menlo Park was able to complete greenhouse gas inventories between 2005 and 2011. Greenhouse Gas (GHG) emissions were measured from building energy usage, solid waste sent to the landfill, estimated fuel consumption, and methane produced from a closed landfill (Bedwell Bayfront Park) in Menlo Park.¹ Figure 1 shows the annual trend in greenhouse gas emissions while Figure 2 shows Menlo Park's inventory for 2011 by source.

Figure 1: Community Greenhouse Gas Emission Inventory 2005-2011

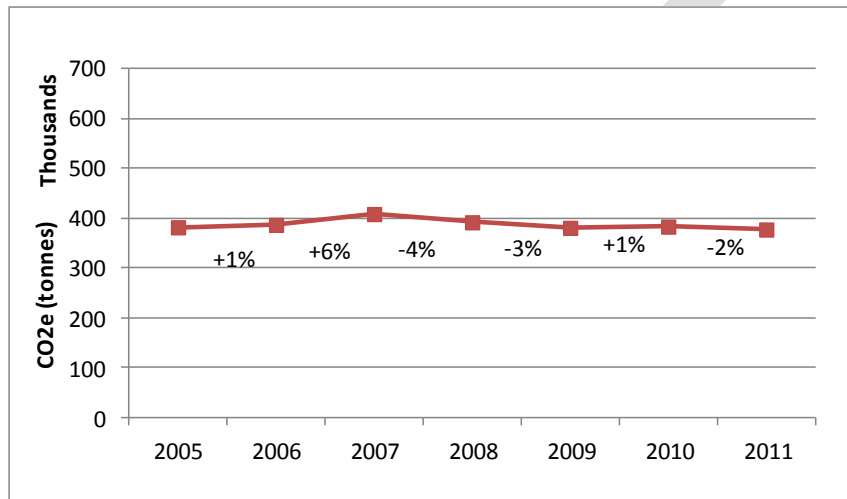
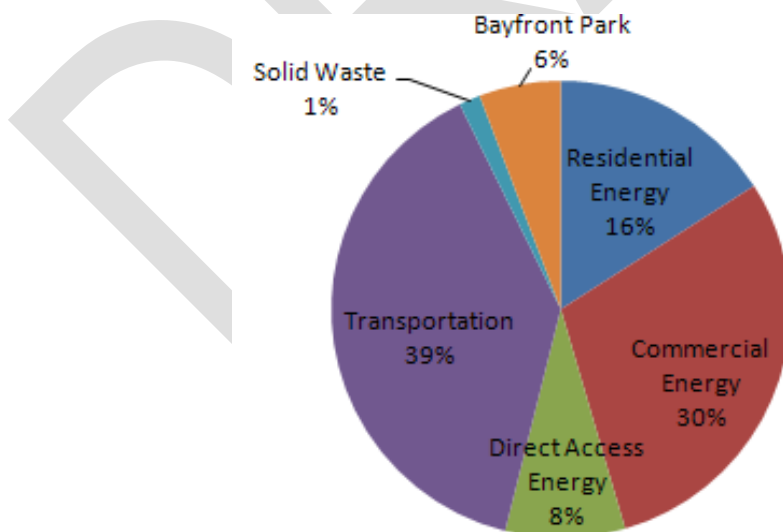


Figure 2: 2011 Community Greenhouse Gas Emissions By Source (Total = 377,669 Tons)



¹ Energy data obtained from PG&E. Transportation calculated using total gasoline sales data provided by Menlo Park's Finance Department with an assumption that 95% of sales are fuel sales, and applying the average cost per gallon of gasoline in California from the California Energy Almanac produced by the California Energy Commission. Solid Waste Data obtained CalRecycle, and Bayfront Park data was provided by Fortistar, contracted operator of the landfill.

For reference, GHG emissions can also be expressed as carbon dioxide equivalents (CO₂e). Menlo Park's GHG trend shows a continued decrease in GHG emissions. These decreases may be explained by the economic downturn that started in 2008, increased gas prices, and new state fuel efficiency standards and renewable energy requirements. Even with the decreasing GHG emissions, the current trend will not meet State AB 32 goals to reduce emissions to 1990 levels by 2020 and 80% below 1990 levels by 2050. Local policies and programs are needed in order to achieve this statewide goal. The next section provides an overview of strategies that Menlo Park will review and potentially implement over the next five years.

Recommendations for Greenhouse Gas Reduction Strategies Between 2013 and 2018

Table 1 on the following page outlines the recommended community and municipal strategies for near-term and mid-term considerations. This analysis is further defined and expanded in Appendix A. Each strategy was ranked according to the following criteria:

- Provides significant GHG reduction potential (e.g. strategy focuses on the largest GHG sectors in Menlo Park's GHG Inventory)
- Ease of implementation (e.g. strategy can be implemented with limited staff and other resources)
- Considered a "best practice for GHG reduction strategies" and successfully implemented in other jurisdictions
- Considered reasonable and cost-effective to the community and city operations
- Has significant environmental co-benefits for the Menlo Park community such as improved air quality, improved public health, reduced traffic congestion, reduced energy and water consumption, preserves natural resources and extends landfill life.

This is a recommended timeline only. New policy and program related GHG reduction strategies with an asterisks (*) would require a comprehensive cost-benefit analysis using methodology approved by Council in 2011. Nearly all policies and programs would require council approval prior to implementation.

Much of the five year plan has areas that are "To Be Determined." This is due to the development of energy and transportation plans in the first two years for programs and policies that can be implemented in these future years. In addition, the five year strategy also reflects what can be accomplished with current staff resources.

Table 1: Menlo Park Five Year Community GHG Reduction Strategy at a Glance

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Consider sustainable building standards-continued from 2012-2013 *	Consider mandatory commercial recycling ordinance	Consider Zero Waste Policy*	Consider bike sharing program*	Consider encouraging local food production through social marketing, education, and community garden programs*
Consider developing a energy efficient/renewable energy plan for commercial and residential sector*	Consider a social marketing program to increase biking, public transit, and walking in the community*	Consider program to increase installation of electric plug in recharging stations*	To Be Determined	Consider car sharing program *
Consider energy efficient upgrades and renewable energy installation at city facilities	To Be Determined	To Be Determined	To Be Determined	To Be Determined
Consider program to increase Caltrain ridership by downtown employees	To Be Determined	To Be Determined	To Be Determined	To Be Determined
Consider incorporating CAP strategies and GHG emission reductions into General Plan update				

* Requires a comprehensive cost-benefit analysis using methodology approved by Council in 2011.

Status on Projects Approved by Council from 2011 Update

In July 2011, Council approved of a five year CAP strategy. The following is the status on projects that were to be completed or evaluated in fiscal year 2011-12 and 2012-13:

Increase Participation in Energy Upgrade California (2011-12); currently implementing. The state program provides up to \$4,000 in rebates to homeowners that complete energy efficient upgrades. Environmental program staff continue to actively market the program to the community using workshops, mailings, door hangers, published ads, and robocalls. However, state program funding has been depleted since last year and is expected to return July 2013. Local marketing will resume once state funding has

been replenished for the program. To further increase participation, Council approved a rebate program in 2011 that provides partial payment to residents for completing a home energy audit, and full rebate if any recommended energy efficient upgrades are made. This is necessary step in the program that is not included in the \$4,000 rebate program. According to San Mateo County Energy Watch reports, Menlo Park has the third highest participation rate in the program for the county behind San Mateo and San Bruno. To date, 25 projects have been completed in Menlo Park.

Consider adopting Mandatory Commercial Recycling Ordinance (2011-12); moved to 2014-15. Due to the recent impacts to the community as a result of adopting the Reusable Bag Ordinance and Polystyrene Food Ware Ordinance, this project has been moved.

Adopt Environmental Purchasing Policy for City Operations (2011-12); in progress. Delays are due to other city priorities and limited staff resources. Expected completion in 2013-14.

Research Opportunities to Improve Methane Capture at Bedwell Bayfront Park (2011-12); in progress. Delays are due to unexpected changes in regulatory standards for operating the landfill. Expecting to hire consultant in 2013-14.

Energy Performance Contracting and Solar Power Purchase Agreements (2011-12); in progress. Environmental Program staff is working with San Mateo County Energy Watch and Ecology Action in providing a free energy audit of the City's administration building. In addition, Council also approved participating in the regional renewable energy procurement project with Alameda County to potentially install photovoltaic systems on five city facilities. Expected completion 2013-2014.

Phase II Sustainable Building Standards Development (2011-12); in progress. Delays are due to other city competing priorities and limited staff resources. Expected completion 2013-14.

Social Marketing Program for Alternative Transportation (2012-13); moved to 2014-15. Delays are due to competing city priorities and limited staff resources.

Consider Adopting Zero Waste Policy (2012-13); moved to 2015-16. Delays are due to competing city priorities and limited staff resources.

Expand Green Business Certification Program (2012-13); on hold. County is revamping the program and may offer the program at a low cost to the City. Expected completion 2013-14.

Implement Civic Green Building Policy for New City facilities or major renovations (2012-13); on hold. Due to limited staff resources, this project is on hold until the Environmental Purchasing Policy is completed.

Implement Bike Improvements (considered ongoing). Since last update in 2011, the following projects have been completed:

- Installed Shared Lane Markings on University Dr. and Menlo Ave.
- Replaced existing Ringwood Bicycle/Pedestrian Overcrossing with more ADA compliant one.
- Conducted a Safe Routes to Encinal project.

Expand Community Shuttle (considered ongoing). There are no updates to report since last report in 2011.

Establish Climate Action Plan Greenhouse Gas Reduction target, monitoring, and progress reporting program (2011-12); currently implementing except for adoption of a reduction target. Target is to be considered by Council in March 2013.

Maximize recycling and composting at all city facilities to a 75% measured diversion rate (considered ongoing); on hold. Delays are due to other environmental project priorities and limited staff.

Continue to replace existing city streetlights with LEDs (considered ongoing); currently implementing. Since January 2011, 276 streetlights (12%) have been replaced and by the end of 2013 approximately 670 more will be replaced bringing the total LED streetlight conversion to 41%.

Recommended Next Steps of GHG Emission Reduction Strategies

This annual update and status report is intended to complete a high level analysis of the City's current GHG emissions and five year reduction strategies and identify new strategies for consideration over the next five years. The next recommended steps include:

- Adopting a GHG emission reduction target in FY 12-13, and evaluate possible funding sources for climate action plan work
- Calculating the community GHG inventory for 2012 in fiscal year 2013-14.
- Continue to consider and implement strategies identified in the report through the annual Capital Improvement Plan and/or city budget process.










Appendix





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Appendix A- Details on Community Greenhouse Gas Reduction Strategies


















A native valley oak leaf is used to indicate if the strategy fully meets the criteria. Some criteria will have no leaf or a half leaf. A half leaf indicates that the strategy meets some of the criteria intent. A “no leaf” means that it is difficult to meet the criteria.

Community GHG Reduction Strategy	Rationale	Evaluation Timeline Before Implementation	Significant GHG Reduction Potential	Ease of Implementation	Successfully Implemented in Other Jurisdictions	Reasonable and Cost-effective to the community	Significant Environmental Co-benefits
Energy Efficiency							
Consider adopting Phase II of Sustainable Development/ Green Building standards that exceed California’s Green Building Code (CalGreen) for Residential and Commercial *	<p>Building energy efficiency standards are important because Menlo Park has significant policy control over residential and commercial energy consumption, and this strategy has been implemented in many other cities in the bay area to reduce greenhouse gas emissions. Phase I, which was adopted by Council, included a local energy efficiency ordinance that required newly constructed buildings in Menlo Park to be 15% more efficient than state code requirements.</p> <p>Phase II involves expansion to Phase I to include other sustainable standards for saving water and reducing waste, and possibly extending requirements to remodels.</p>	<p>2012-2013</p> <p>Currently working on. Project likely to continue into 2013-2014.</p>					
Consider actively marketing and providing additional incentives for residents to participate in the Regional Energy Upgrade California Program	The regional Energy Upgrade California program for Menlo Park and other San Mateo County jurisdictions provides outreach, education, and up to \$4,000 rebates for homeowners to complete energy efficiency upgrades. The program provides rebates based on the percentage of increased home energy efficiency. The program is funded through state, regional and federal grants. Menlo Park has increased participation by offering additional rebates and actively marketing the program.	Current and Ongoing. Over 25 projects completed in Menlo park.					

Community GHG Reduction Strategy	Rationale	Evaluation Timeline Before Implementation	Significant GHG Reduction Potential	Ease of Implementation	Successfully Implemented in Other Jurisdictions	Reasonable and Cost-effective to the Community	Significant Environmental Co-benefits
<p>Consider developing an Energy Efficiency/ Renewable Energy Plan for Commercial and Residential sector*</p>	<p>This would provide a comprehensive five year strategy for the City to implement projects and programs to reduce energy consumption of fossil fuels in residential and commercial energy use.</p> <p>The plan would prioritize programs, policies and projects. Examples of measures that could be included are incentive programs for building property owners to obtain an energy audit report, developing financing programs to fund energy projects, evaluating energy policies for existing building stock, etc.</p> <p>The City Council would review the completed plan and select from a menu of measures to implement citywide.</p>	<p>2013-14 to 2014-2015</p>					














Community GHG Reduction Strategy	Rationale	Evaluation Timeline Before Implementation	Significant GHG Reduction Potential	Ease of Implementation	Successfully Implemented in Other Jurisdictions	Reasonable and Cost-effective to the Community	Significant Environmental Co-benefits
Transportation							
Consider social marketing programs/ campaigns to promote alternative transportation (walking, biking, public transit, etc.)*	<p>Social marketing programs aim to uncover barriers that prevent individuals from engaging in sustainable behaviors and establishes a new social norm for the community to engage in. It provides a set of tools that social science research has demonstrated to be effective in fostering behavior change. A typical social marketing design includes surveying community or neighborhood attitudes to identify target audiences and their barriers. A program is then developed around this research that minimizes barriers through incentives, targeted message development, or direct neighborhood engagement activities.</p> <p>The public health sector has been a successful implementer of social marketing programs, such as anti-smoking campaigns. Social marketing is a relatively new tool for local governments to use in effectively engaging the community in sustainable behavior. However, there are past examples of effective environmental social marketing programs that include anti-littering and recycling campaigns during the 1980s until now.</p>	2014-2015					
Consider implementation for City Car Sharing Program*	Many cities (San Francisco, Berkeley, and Portland) have implemented a car sharing program and Zipcar.com may be a viable alternative for Menlo Park since local jurisdictions have these programs underway.	2017-2018					

Community GHG Reduction Strategy	Rationale	Evaluation Timeline Before Implementation	Significant GHG Reduction Potential	Ease of Implementation	Successfully Implemented in Other Jurisdictions	Reasonable and Cost-effective to the Community	Significant Environmental Co-benefits
Implement Bike Improvements	Bicycle trips can generally replace vehicle trips up to five miles.	Currently Implementing					
Consider implementation for City Bike Sharing Program*	A Bike Sharing Program provides publicly shared bicycles that can increase the usage of bicycles in an urban environment. Redwood City is currently participating in a pilot regional a bike sharing program in the bay area.	2016-2017					
Expand Community Shuttle Service	The 2009 Climate Action Plan estimates that shuttle service contributes to reducing 0.5 tons of greenhouse gas emissions per rider per year. Expanding services would increase greenhouse gas emissions reductions.	Currently Implementing					








Community GHG Reduction Strategy	Rationale	Evaluation Timeline Before Implementation	Significant GHG Reduction Potential	Ease of Implementation	Successfully Implemented in Other Jurisdictions	Reasonable and Cost-effective to the Community	Significant Environmental Co-benefits
Consider installing Electric Plug-in Hybrid Vehicle Recharging Stations*	Consider installing recharging electric vehicles (EV) and plug in hybrid electric vehicles (PHEV) and construct recharging stations in public parking facilities. The City can also encourage or require larger local businesses and multi-unit housing projects to install charging stations. \$2.5 million in grants for new electric vehicle charging stations and infrastructure will become available from the Bay Area Air Quality Management District (BAAQMD).	2015-2016					
Consider researching a program to increase Caltrain use by downtown employees.	Due to the small sizes of business in downtown, it is often difficult for employees to participate in bulk purchases of train passes by employers. This project would research a program that would remove this barrier for employers and employees.	2013-2014					
Solid Waste							
Consider adopting a Zero Waste Policy with 75% diversion by 2020 and 90% diversion by 2030*	Currently, the city is required by the State to divert 50% of community solid waste from the landfill. This policy would increase the diversion rate to 75% by 2020, and 90% by 2030. This strategy would also evaluate additional policies and programs needed to reduce waste to landfill to meet diversion goals. Menlo Park's current diversion rate is 54% ² .	2015-2016					
Consider adopting a mandatory Commercial Recycling Ordinance*	60% of Menlo Park commercial waste (compared to 27% Menlo Park's residential waste) is currently going to the landfill ³ . The commercial recycling rate has remained fairly flat in the last several years. A commercial recycling ordinance can increase recycling by an estimated 10-20%.	2014-2015					

² Recology Solid Waste and Recycling Report for City of Menlo Park for 2012.











³ Recology Solid Waste and Recycling Report for City of Menlo Park for 2012.

Community GHG Reduction Strategy	Rationale	Evaluation Timeline Before Implementation	Significant GHG Reduction Potential	Ease of Implementation	Successfully Implemented in Other Jurisdictions	Reasonable and Cost-effective to the Community	Significant Environmental Co-benefits
Other							
Establish Climate Action Plan target, monitoring, and progress reporting program	Council has approved an annual review of the community's GHG inventory, progress in implementing strategies, and updating strategies. A target has not been adopted, and was included as a next step for 2011-2012, and is still being evaluated by City Council.	Currently implementing except for target adoption.					
Expand Green Business Certification Program/Include Green Business education to new business permit applicants	Expand the County's Green Business Certification Program to reduce energy, water and solid waste consumption.	On Hold until further notice from County					
Develop a promotion and education program to encourage local and or organic food production	Develop an education and/or social marketing program to promote locally grown and or organic food production and promote community gardens, school gardens and farmer's markets. This program can help reduce emissions from transporting, refrigerating and packaging food hauled from long distances (the average fresh food travels 1,500 miles ⁴ for use in California homes). Consider an 'Eat Local Campaign' similar to Portland, Oregon program that promotes eating foods grown within a specific mile radius.	2017-2018					















⁴ Center for Sustainable Agriculture data accessed 12/10/10

Community GHG Reduction Strategy	Rationale	Evaluation Timeline Before Implementation	Significant GHG Reduction Potential	Ease of Implementation	Successfully Implemented in Other Jurisdictions	Reasonable and Cost-effective to the Community	Significant Environmental Co-benefits
Research opportunities to improve methane capture at Marsh Road Landfill (Methane Emissions Mitigation)*	Due to methane’s high global warming capacity, this is a priority project. Research potential for new methods to efficiently capture methane even as methane emissions decline (methane is projected to decline to 16,779 tons in 2020).	2011-12 Ongoing					
Consider amending the City’s General Plan to include new sustainability policies, goals and programs*	<p>Consider adding new sustainability policies, goals and programs during the City’s General Plan revision process, either as a new separate element in the General Plan or added into the current General Plan elements. The draft El Camino Real Downtown Specific Plan supports and advances the principles of sustainability, and incorporates sustainability strategies reflected in the 2009 Leadership in Energy and Design (LEED) for Neighborhood Development.</p> <p>Land Use: Consider policies that allow higher density residential and mixed use on sites currently zoned for industrial or commercial, or can create a transit oriented development.</p> <p>Transportation: Consider polices that set travel mode share goals, prioritize alternatives to vehicle travel, require transportation demand management or use of Transportation Management Associations, allow transportation impact fees to reduce single occupancy trips, and institute programs through parking management plans that invest funds in alternative mode share, such as transit passes.</p>	2013-14 to 2015-2016					

Municipal Greenhouse Gas Reduction Strategies

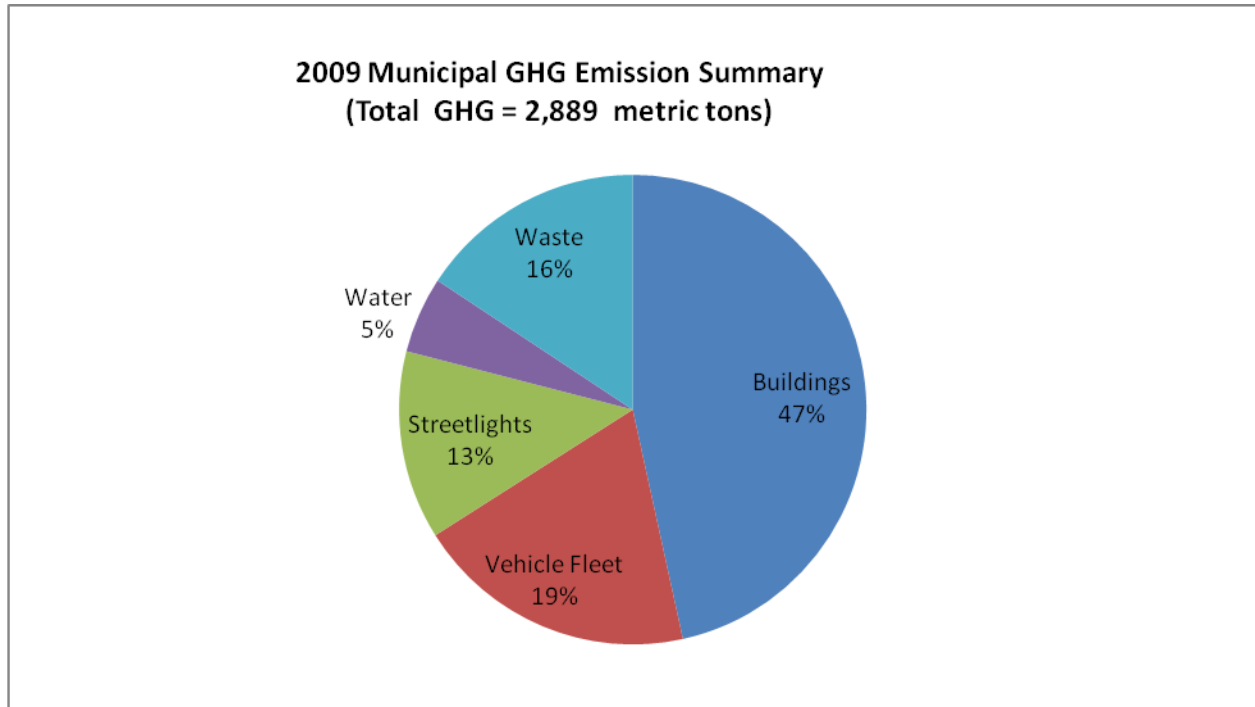
Municipal GHG Reduction Strategy	Rationale	Evaluation Timeline Before Implementation	Significant GHG Reduction Potential	Ease of Implementation	Successfully Implemented in Other Jurisdictions	Reasonable and Cost-effective	Significant Environmental Co-benefits
Adopt an Environmental Preferable Purchasing Policy (EPP)*	<p>Consider adopting an Environmental Preferable Purchasing Policy (EPP) that requires or encourages the purchase of sustainable products that minimize environmental impacts. Consider requiring a minimum of these 2 specific elements:</p> <ol style="list-style-type: none"> 1. All paper products have minimum 30% post consumer content 2. New city fleet purchased should be no or low emission vehicles, with some potential exceptions. <p>Menlo Park's city fleet generates 28.4% of municipal emissions.</p>	2011-14 Currently working on.					
Implement a Civic Green Building Policy for new municipal construction and major renovations*	<p>Menlo Park's city office buildings (electricity and natural gas consumption) account for 33% of Menlo Park's municipal emissions. Consider implementing a green building policy that encourages or requires new green building standards such as Leadership in Energy and Environmental Design (LEED⁵) or the California Green Building Code (CalGreen) Tier 1 to encourage or require new energy efficiency requirements that exceed Title 24, Part 6 by 15% for new municipal construction and major renovations. Green building reduces energy, water and resource consumption. Many cities are adopting Civic Green Building Policies to reduce operating costs and be a green building leader for the public and private sector.</p>	2012-14 Currently working on.					

⁵ www.usgbc.org Leadership in Energy and Environmental Design (LEED)

Municipal GHG Reduction Strategy	Rationale	Evaluation Timeline Before Implementation	Significant GHG Reduction Potential	Ease of Implementation	Successfully Implemented in Other Jurisdictions	Reasonable and Cost-effective	Significant Environmental Co-benefits
Utilize Energy Service Companies (ESCO), Energy Performance Contracting, and/or solar power purchase agreements to reduce GHG emissions, and long term energy cost savings*	<p>An energy performance contract is a method in which the contractor provides and finances energy improvements, and is repaid from the energy related cost savings the project generates. There are no upfront capital cost, and the city will experience overall savings as energy costs continue to increase.</p> <p>Status Update: Energy audit for administration building is underway and entered in a MOU with Alameda County to explore installing photovoltaic on five city facilities.</p>	2011-14 Currently working on.					
Maximize recycling and composting at all city facilities to a 75% measured diversion rate.	Expand current diversion and consider requiring minimum diversion level at city facilities (e.g. 75%). Ensure appropriate organic collection containers are at city facilities to increase diversion.	Ongoing					
Continue to replace existing city streetlights with LEDs	Streetlights generate 12% of the municipal emissions in Menlo Park. The City is already replacing 22% of the existing streetlights in Winter 2010 with partial funding from the Energy Efficiency and Conservation Block Grant (EECBG) administered by the California Energy Commission (CEC) ; Replacing all streetlights is estimated to save 500,000 kWh of electricity and an estimated \$50,000 per year. Continue seeking grant funding to replace additional City lights from (CEC) or other entity. Funding is currently planned for Capital Improvement Project for FY 2010-2011.	Current and Ongoing					

Appendix B- Inventory of Municipal Operations Greenhouse Gas Emissions

Next update will be completed in 2014



Emissions from the City are embedded within the community-wide totals. Government operations are therefore a subset of total community emissions. In the year 2009, the City of Menlo Park's municipal operations generated 2,889 metric tons of CO₂e, which constitutes 0.004% of the community's total green house gas emissions.

Electricity and natural gas use in the City's buildings contributed to 47%, the vehicle fleet contributed 19% of this total, and the remainder of CO₂e came from streetlights, waste, and the electricity for pumping water and storm water.

Below is a current survey of community greenhouse gas reduction targets set in other communities

California Cities	Community-Wide Target below 2005 levels unless otherwise stated
Alameda	25% by 2020
Benicia	10% below 2000 by 2020
Berkeley	30% by 2020, 80% by 2050
Burlingame	15% by 2020, 80% by 2050
Foster City	25% by 2020
Fremont	25% reduction by 2020
Hayward	13-18% by 2020
Hillsborough	15% by 2020, 80% by 2050
Los Altos Hills	30% by 2015
Los Angeles	35% by 2030
Millbrae	15% by 2020, 80% by 2050
Morgan Hill	15% by 2020
Mountain View	5% by 2012, 10% by 2015, 15-20% by 2020, 80% by 2050
Palo Alto	15% by 2020
Portola Valley	15% by 2020
Redwood City	15% by 2020
Richmond	15% by 2020
San Carlos	15% by 2020, 35% by 2030
San Francisco	20% by 2020
San Jose	35% below 1990 by 2030
San Leandro	25% by 2020
San Mateo	15% by 2020
San Rafael	15% by 2020
Santa Cruz	30% by 2020, 80% by 2050
Union City	30% by 2020
California Counties	County-Wide below 2005 levels unless otherwise stated
Marin	15% by 2020
San Mateo	Flat emissions by 2010, 80% by 2050
Santa Clara	80% by 2050, 10% reduction every 5 years
Sonoma	20% by 2012

**Report by Menlo Park Environmental Quality Commission to City Council
on Establishing Targets for Reducing
Community-wide Greenhouse Gas Emissions**

January 9, 2013

SUMMARY OF RECOMMENDATION

This Commission strongly recommends that Menlo Park assume a leadership role by setting a goal of a 27% reduction in community-wide greenhouse gas emissions from the 2005 baseline emissions by 2020. We further recommend that Staff develop an annual reporting mechanism to assess the impact of specific GHG reduction measures and progress toward attaining the overall GHG reduction target.

BACKGROUND

City Council first directly addressed climate change as a local issue toward the end of 2006 and subsequently the Menlo Park Green Ribbon Citizens' Committee was convened as an informal advisory body to Council and tasked with researching and reporting on the likely impacts of climate change in our community and region, and assessing how Menlo Park as a community can most effectively respond to climate change.

This turned out to be an unprecedented community engagement initiative, as more than 130 citizens actively participated in the GRCC over the first 9 months of its existence and more than 40 contributed to the Report and Recommendations that was presented to Council more than 5 years ago, in November 2007. Only one of you, Councilman Cline, had a seat at the dais for this presentation.

The GRCC Report included the following key elements:

- The warming of the climate is unequivocal with global temperature increases in the past 50 years mostly due to human causes.
- Peninsula and Menlo Park impacts by 2100 are likely to include regular inundation east of Highway 101 during the rainy season due to sea level rise and potential disruptions in clean water and electricity supplies due to loss of Sierra snowpack.
- Stabilizing the global temperature increase to 2 degrees Celsius to avert worst impacts of climate change would require an 80% drop in annual GHG emissions below 2000 levels by 2050.
- The longer we wait to act, both mitigation and adaptation will be more difficult and costly.
- The report recommends 130 municipal and community actions, several of which have been incorporated in the Menlo Park's Climate Action Plan and 5-year CIP.

INTERIM DEVELOPMENTS

In the intervening 5+ years Menlo Park has only begun to grapple with this issue. Menlo Park is better positioned than many communities, yet we have not determined whether to play a role as a leading community in addressing the climate crisis, and Council has failed to adopt GHG reduction targets. In keeping with Mayor Ohtaki's astute branding statement that "The Future Begins in Menlo Park," this Commission strongly recommends that Menlo Park assume a leadership role by setting a goal of a 27% reduction in greenhouse gas emissions by 2020.

While we might kindly state that our community has taken this time to ensure a thoughtful approach to this question, the planet's climate has not been so kind. Scientists have recently observed the following:

- Global carbon emissions increased by 5.9% (500M tons of CO₂) in 2010, the largest annual increase ever recorded.
- The world is heading for a 3.5°C warming based on current emissions and actions, nearly double the threshold scientists believe necessary to avert catastrophic levels of sea level rise and other significant impacts.
- Recent research in sea level rise that takes into account the probability of melting land ice in Greenland and Antarctica indicates the potential for sea level to rise 4-6 meters, which would submerge everything east of 101.

If the major GHG emitters, such as China, India, and the United States, had taken concerted action over these past 5 years and adopted a combination of incentives and restrictions to effectively ensure the required reductions, we would perhaps not place such a degree of importance on local action. In the teeth of a major worldwide recession, far too little was done by governments, acting in concert, yet superb technological advances did occur that provide a platform for the next stage of action. Given the absence of national leadership, we believe it is incumbent upon regional and local governments and communities to initiate concerted efforts.

OPPORTUNITIES FOR ACTION

Indeed, we believe that such action will have significant long-term benefits for the Menlo Park community. Of course, we can continue to build Menlo Park within an old paradigm of energy inefficiency that fails to adopt established best practices and builds outdated technologies into long-lived capital investments. The status quo likely would result in significant long-term costs to operate and require future retrofits to comply with more stringent requirements associated with AB-32. Menlo Park can enhance its competitive business environment by taking a leadership path. If we fail to act, we may miss the boat on climate, policy requirements, and opportunities to save. By acting early, we act wisely and with the added benefit of making Menlo Park a more livable community.

As a center of innovation spanning Sand Hill Road to Facebook, Menlo Park is in a unique position to exert leadership in addressing climate change and leverage its efforts

and successes. We of the EQC call on City Council to adopt the 27% GHG reduction targets that will place Menlo Park among the existing leaders and enable our community to live up to our reputation as a center of innovation. If the future does indeed begin in Menlo Park, then let us begin to address our community's greenhouse gas emissions with the level of urgency and effectiveness that the world requires to stabilize the climate. In 2007, the GRCC Report pointed out:

"Because global warming emissions remain in the atmosphere for up to 100 years, the choices we make today will greatly influence the climate and quality of life our children and grandchildren inherit."

COMMISSION RESPONSE TO COUNCIL GUIDANCE

During your March 13 Study Session on Greenhouse Gas Reduction Targets we noted that generally you were supportive of the recommended 27% reduction target by 2020, subject to two primary considerations:

- 1) Greater understanding of potential funding opportunities to remedy the anticipated resource shortfall of \$250,000-\$400,000 per year to achieve the reduction target, and
- 2) Better assessment of the potential impact of greenhouse gas reduction target on development within the Menlo Park community.

In response to Council's request that the EQC address these concerns in greater depth, Environmental Quality Commissioners have met numerous times with staff as individuals, as an Ad-hoc Subcommittee, and as a Commission to research and gain further perspective on these issues.

RECOMMENDATION

After further deliberation, we conclude that it is possible to reconcile higher emissions reduction targets with both the fiscal and development criteria. We reiterate our January 4, 2012 recommendation and urge Council to thoughtfully establish strong goals for Menlo Park that align with larger statewide and international targets. In order to attain statewide and international GHG reduction targets by 2050, we recommend that Council adopt a near-term community-wide GHG reduction target of 27% by 2020 below the 2005 baseline. We further recommend that Staff develop an annual reporting mechanism to assess the impact of specific GHG reduction measures and progress toward attaining the overall GHG reduction target.

Based on research and discussions since the March 13 Study Session, we believe that sufficient funding sources are available to address the shortfall of \$250,000 - \$400,000 estimated by staff. We also believe that significant co-benefits will be available to developers who contribute toward reducing Menlo Park's greenhouse gas footprint, whether through voluntary action or through meeting more stringent potential future requirements for energy efficiency and related measures.

POTENTIAL FUNDING SOURCES FOR GHG REDUCTION INITIATIVES

The Staff Report accompanying the March 13 Study Session discussed the following potential funding sources for GHG reduction initiatives:

“If the 17% or 27% reduction target is recommended, it would require additional resources to implement. One option that was discussed in the community workshops was increasing the Utility User Tax because utilities are closely linked to generation of greenhouse gas emissions. There were also discussions to involve public and private partnerships to fund activities. The other option would be to continue to seek out grants, and annual request that climate action strategies be funded through the Capital Improvement Plan and budgetary processes, although this approach conflicts with ongoing effort to create a sustainable budget, or can shift other project priorities to a later date.”

Recent efforts have focused on exploring these options, and the following six financial resources appear to be feasible:

1) Public/Private Partnerships.

Staff has worked with Commissioner DeCardy (who works in the field of philanthropy) to identify several foundations that fund GHG reduction strategies. From preliminary staff discussions it appears that Menlo Park could qualify for funding as a pilot location for a variety of communitywide initiatives and/or specific energy efficiency programs geared toward lower income neighborhoods. The EQC estimates that \$50,000-\$100,000 of annual funding could be made available through these types of sources.

2) Local Business and Community Resources

Much as staff has successfully partnered with Menlo Park citizens to meet a portion of funding requirements for significant new recreational facilities, the EQC believes it is very feasible for comparable funding of GHG strategies and/or in-lieu resources to be obtained from the local business community and/or private individuals. Indeed, Menlo Park is home to a number of venture capital firms with a substantial clean technology investment focus, has recently approved three substantial land use proposals with notable sustainability features (Menlo Gateway, Menlo Business Park, Facebook), and includes several other major businesses with sustainability commitments and/or direct involvement in clean technology development (The Rosewood, SRI). Menlo Park companies such as Facebook and other sustainability leaders have expressed a willingness to collaborate with staff and the EQC on GHG reduction initiatives and will consider providing resources to supplement other City and community efforts. While it is difficult to speculate on the outcome of such preliminary brainstorming, the EQC believes it is reasonable to assume that \$50,000-\$100,000 of annual funding and/or resources could be made available.

3) Renewable Energy Credit Trading: Bedwell Bayfront Park Methane Recapture

Commissioner Slomiak recently met with an executive from a firm that pairs companies requiring renewable energy credits (RECs) with available sources of RECs. This

executive has knowledge of the methane recapture operation at Bedwell Bayfront Park. He believes that, subject to contractual obligations, this could be a “\$1 million opportunity” for Menlo Park and is interested in further discussions with the City.

4) Core Planning Initiatives for Menlo Park Reduce Spending Requirements

Upcoming Capital Improvement Plan projects related to general plan and zoning review provide the City an opportunity to examine and incorporate GHG reduction strategies. As these projects are already funded, such initiatives can provide substantial funding co-benefits toward achieving the GHG reduction goals.

5) Use of Captive Sustainability-Related Funds

Staff is working to identify existing dedicated funds outside of the City’s general fund, as well as development impact fees, that could be utilized toward GHG reduction strategies. The City could also dedicate a portion of the savings from municipal energy efficiency measures toward this funding. Preliminary discussions indicate that \$50,000 of annual funding could be available.

6) Utility Users’ Tax

Per prior staff discussion, this mechanism is used by numerous municipalities to help fund GHG reduction strategies. Because Utility Users have the ability to conserve energy and reduce their tax bill, this measure would provide a targeted incentive for users to reduce greenhouse gas emissions at their discretion, and would be complementary with programs to encourage residential and commercial conservation. As 54% of Menlo Park’s communitywide GHG emissions are related to commercial and residential buildings, such use of funds appears sensible to us. Indeed, an increase of just 0.25% would result in approximately \$125,000 in annual funds and a 0.5% increase would result in approximately \$250,000 in annual funds which would be sufficient to address the estimated staffing shortfall.

Based on the above discussion the EQC believes it will be quite feasible to develop funding sources to address staff’s estimated annual spending gap of \$250,000-\$400,000.

IMPACT ON DEVELOPERS FROM GHG REDUCTION INITIATIVES

The EQC’s Sustainable Building Ad Hoc Subcommittee is in the process of identifying recent best practices in communitywide GHG reduction strategies. The Subcommittee has learned of a voluntary development arrangement within Seattle, Washington aimed at sharing best practices among developers, for example. This initiative highlights substantial improvements in building operating costs for sustainable buildings over older construction and is resulting in premium pricing for such buildings.

Overall we anticipate that early adopters will experience higher up-front construction costs and that as GHG measures are more widely adopted the costs will normalize. At the same time, early adopters will offer the market developments with lower operating costs and may be able to offset such costs with higher leasing fees.

We recommend that Menlo Park staff and relevant commissions collaborate with developers in the conception and implementation of GHG reduction strategies. We may learn that developers are willing to move much more aggressively than one might otherwise assume. In fact, Clarum Homes, winner of the Environmental Quality Award this past year, demonstrates that sustainable development is profitable and desirable.

LEADERSHIP OPPORTUNITY FOR MENLO PARK

Over the last several years climate scientists are observing impacts of global warming that are more severe than many earlier climate models have predicted. Among these are the melting of the Greenland ice sheet, ice-free days within the Arctic Circle, extensive drought conditions within the United States, a higher incidence of severe wildfires, glacial and snowpack melt, earlier onset of spring, and weather instability. Worldwide GHG emissions continue to grow, and the largest national emitters have thus far failed to collaborate toward concerted action.

Yet, many individual countries, states, and municipalities are adopting GHG reduction measures, some of which are more aggressive than those contemplated by Council.

The EQC believes that we in Menlo Park have a unique opportunity to leverage our reputation to achieve a much greater impact than reducing the 400,000 metric tons of annual CO₂ emissions that are the community's direct responsibility. Menlo Park, as home to numerous venture capital firms and now to Facebook, has a reputation as a center of innovation. Should Menlo Park exert the will to become a climate action leader, this reputation can be leveraged to inspire many other communities toward comparable or even more aggressive action.

URGENCY TO ACT

Thus far, based on our review of Menlo Park's annual GHG emissions, we have been falling short as a community by failing to reduce GHG emissions in the five years since Council first began addressing this issue. The best we can say is that our community has averted the business-as-usual scenario of continual increase. We have an opportunity to capitalize on the recent respite. Otherwise, the annual cost of achieving an 80% reduction by 2050 will continue to rise should Menlo Park continue to defer action and/or adopt an insufficient GHG reduction goal.

We look forward to Council action in line with our recommendation and are poised to continue our collaboration with staff to identify new GHG reduction best practices and identify sufficient funding that enables Menlo Park to take its place as a climate action leader.

National Library Week 2013

WHEREAS, libraries are the heart of their communities; and

WHEREAS; librarians work to meet the changing needs of their communities, including providing resources for everyone and bringing services outside of library walls; and

WHEREAS, libraries and librarians bring together community members to enrich and shape the community and address local issues; and

WHEREAS, librarians are trained, tech-savvy professionals, providing technology training and access to downloadable content like e-books; and

WHEREAS, libraries continuously grow and evolve in how they provide for the needs of every member of their communities; and

WHEREAS, libraries, librarians, library workers and supporters across America are celebrating National Library Week.

NOW, THEREFORE, BE IT RESOLVED that I, Peter Ohtaki, Mayor of the City of Menlo Park, proclaim National Library Week, April 14-20, 2013. I encourage all residents to visit the Menlo Park Library this week to take advantage of the wonderful library resources available @ your library.

Peter Ohtaki, Mayor

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**Honoring Marcel Vinokur
For His Service and Contribution to the CITY OF MENLO PARK**

WHEREAS, Mr. Vinokur started teaching dancing classes in the City of Menlo Park in 1962 (in Willow Oaks Park before the Burgess Recreation Center was even built) and, for over a half of a century, has taught countless classes and spent numerous hours choreographing dance performances and providing dance instruction; and

WHEREAS, Mr. Vinokur's classes became so popular that, by 1971, he was teaching beginning, intermediate and advanced classes several days a week and has taught at least one day per week in addition to regular Saturday dance parties for many years; and

WHEREAS, Mr. Vinokur has recognized and promoted good health and fitness as beneficial for all ages, necessary for the full enjoyment of life, and promoted a love of dance and respect for a wide variety of dance traditions among dancers of all abilities; and

WHEREAS, Mr. Vinokur, in communicating the beauty and expressive nature of dance has inspired others to begin dance groups and classes, including Palomanians, Balkans and other specialized, disappearing traditional dances, safeguarding their preservation for generations to come; and

WHEREAS, Mr. Vinokur is respected and appreciated by the residents of Menlo Park, City staff and the community for his commitment, dedication and loyalty to his students, as well as his enthusiasm for the art of dance as demonstrated throughout the years.

NOW, THEREFORE, BE IT RESOLVED that the City of Menlo Park does hereby commend Marcel Vinokur for his dedication and loyalty to the traditional dances of the world and to the City of Menlo Park and its residents for the past half a century.

Peter Ohtaki, Mayor

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COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: April 2, 2013
Staff Report #: 13-054

Agenda Item #: D-1

CONSENT CALENDAR: Waive the Reading and Adopt Ordinances Approving the Rezoning and the Development Agreement for the Facebook West Campus Located at the Intersection of Bayfront Expressway and Willow Road

RECOMMENDATION

Staff recommends that the City Council waive the full reading of, and adopt ordinances approving the Rezoning and the Development Agreement for the property located at 312 and 313 Constitution Drive.

BACKGROUND

At the March 26, 2013 City Council meeting, the Council voted 4-0 (with Council Member Carlton absent) to take the following actions related to the Facebook West Campus Project:

1. **Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program**, which includes specific findings that the Facebook West Campus Project includes substantial benefits that outweigh its significant, and adverse environmental impacts, and establishes responsibility and timing for implementation of all required mitigation measures;
2. **Approve the Rezoning**, by introducing an ordinance rezoning the property at 312 and 313 Constitution Drive from M-2 (General Industrial) to M-2(X) (General Industrial, Conditional Development) to allow for increased lot coverage and building height on the Project Site;
3. **Approve the Conditional Development Permit**, which specifies development standards and uses applicable to the Project Site;
4. **Approve the Development Agreement**, by introducing an ordinance approving the Development Agreement with Giant Properties, LLC;

5. **Approve the Below Market Rate Housing Agreement**, which would help increase the affordable housing supply by requiring the applicant to provide an in lieu payment for the Below Market Rate housing fund, off-site residential units or payment of a portion of the in lieu fee and provision of off-site units;
6. **Approve the Lot Line Adjustment** to modify the location of the two legal lots that comprise the Project Site; and
7. **Approve Heritage Tree Removal Permits** to remove 175 heritage trees, while attempting to retain approximately 25 trees along Bayfront Expressway and five trees along Willow Road.

As indicated in numbers two and four above, the City Council introduced the ordinances to rezone the property from M-2 to M-2(X), and to approve the Development Agreement. The City Council did not request that any changes be made to the ordinances. Since ordinances require both a first and second reading, the Rezoning and Development Agreement ordinances are before the City Council again for the second reading and adoption.

ANALYSIS

Staff has prepared the final version of the ordinances approving the Rezoning and the Development Agreement for 312 and 313 Constitution Drive (Attachments A and B, respectively). If the Council takes action to adopt the ordinances, they will become effective 30 days later, or on May 2, 2013.

IMPACT ON CITY RESOURCES

There is no direct impact on City resources associated with adoption of the Rezoning and Development Agreement ordinances.

POLICY ISSUES

The recommended action is consistent with the City Council's actions and approvals on the Project at its meeting of March 26, 2013 and would serve to complete the land use entitlements for the Project.

ENVIRONMENTAL REVIEW

On March 26, 2013, the City Council considered the Environmental Impact Report Addendum prepared for the Facebook Campus Project and adopted findings approving a Statement of Overriding Considerations and adopted the Mitigation Monitoring and Reporting Program for the property located at 312 and 313 Constitution Drive.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting. In addition to the agenda posting, an email update was sent to subscribers of the project page for the proposal, which is available at the following address: http://www.menlopark.org/projects/comdev_fb.htm The Project page allows interested parties to subscribe to email updates, and provides up-to-date information about the Project, as well as links to previous staff reports and other related documents.

ATTACHMENTS

- A. Ordinance approving the Rezoning
- B. Ordinance approving the Development Agreement

Report prepared by:

Rachel Grossman
Associate Planner

Justin Murphy
Development Services Manager

ORDINANCE NO.

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO
PARK REZONING PROPERTIES LOCATED AT 312 AND 313
CONSTITUTION DRIVE**

The City Council of the City of Menlo Park does ordain as follows:

SECTION 1. The zoning map of the City of Menlo Park is hereby amended such that certain real properties with the addresses of 312 Constitution Drive and 313 Constitution Drive (Assessor's Parcel Numbers 055-260-210 and 055-260-220) are rezoned from M-2 (General Industrial District) to M-2(X) (General Industrial, Conditional Development District) as more particularly described and shown in Exhibit "A." This rezoning is consistent with the existing General Plan land use designation of Limited Industry for the property.

SECTION 2. This ordinance shall become effective thirty (30) days after the date of its adoption. Within fifteen (15) days of its adoption, the ordinance shall be posted in three (3) public places within the City of Menlo Park, and the ordinance, or a summary of the ordinance prepared by the City Attorney, shall be published in a local newspaper used to publish official notices for the City of Menlo Park prior to the effective date.

INTRODUCED on the twenty-sixth day of March, 2013.

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said Council on the second day of April, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Peter Ohtaki
Mayor, City of Menlo Park

ATTEST:

Margaret S. Roberts, MMC
City Clerk

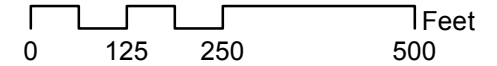
Exhibit A

Rezoning – 312 and 313 Constitution Drive

CITY OF MENLO PARK

FACEBOOK CAMPUS PROJECT - WEST CAMPUS

312 AND 313 Constitution Drive



REZONING: M-2 (General Industrial) to
M-2(X) (General Industrial, Conditional Development)

STATE HIGHWAY 84 (BAYFRONT EXPRESSWAY)

055260210

055260220

WILLOW

HAMILTON

VENDERSON

WINDERMERE



HOLLYBURNE

SEVIER

MADERA

CARLTON

Legend

-  Project Parcels
-  Other Parcels

ORDINANCE NO.

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
APPROVING THE DEVELOPMENT AGREEMENT WITH GIANT
PROPERTIES, LLC FOR THE PROPERTY LOCATED AT 312 AND 313
CONSTITUTION DRIVE**

The City Council of the City Menlo Park does hereby ORDAIN as follows:

SECTION 1. This Ordinance is adopted under the authority of Government Code Section 65864 *et. seq.* and pursuant to the provisions of City Resolution No. 4159, which establishes procedures and requirements for the consideration of developments within the City of Menlo Park (“City”).

SECTION 2. This Ordinance incorporates by reference that certain Development Agreement, 312 and 313 Constitution Drive, Menlo Park, CA [APNs 055-260-210 and 220] (“Development Agreement”) by and between the City and Giant Properties, LLC (“Developer”), attached hereto as Exhibit A and incorporated herein by this reference.

SECTION 3. The City, as lead agency, prepared an Environmental Impact Report (“EIR”) pursuant to the California Environmental Quality Act (“CEQA”) that examined the environmental impacts of an increase in employee density at the property located at 1601 Willow Road, now 1 Hacker Way (“East Campus”), and the redevelopment of the property located at 312 and 313 Constitution Drive (“Property” or “West Campus”). On May 29, 2012, the City Council certified the EIR. Subsequently, the Developer re-designed the West Campus development proposal analyzed in the certified EIR. The City prepared an Addendum to the EIR pursuant to CEQA to examine the environmental effects of the redesign of the West Campus. On March 26, 2013, the City Council considered the Addendum to the EIR and made findings that a subsequent or supplemental EIR was not required for the redesign of the West Campus.

SECTION 4. The City Council finds that the following are the relevant facts concerning the Development Agreement:

1. The General Plan land use designation for the Property is Limited Industry and the Zoning proposed for the Property is M-2-X (General Industrial - Conditional Development District).

2. Developer proposes a unified development on the Property consisting of two lots totaling 22.12 acres (963,682 square feet).

3. Developer proposes to demolish two buildings totaling approximately 127,426 square feet and to redevelop the Property with one building totaling no more than 433,656 square feet in one floor plate over approximately 1,499 parking spaces.

SECTION 5. As required by Section 301 of Resolution No. 4159 and based on an analysis of the facts set forth above, the City Council hereby adopts the following as its findings:

1. The Development Agreement is consistent with the objectives, policies, general land uses and programs specified in the General Plan, as amended by the Project Approvals, as that term is defined in the Development Agreement.

2. The Development Agreement is compatible with the uses authorized in and the regulations prescribed for the land use district in which the Property is located, as amended by the Project Approvals.

3. The Development Agreement is in conformity with public convenience, general welfare and good land use practices.

4. The Development Agreement will not be detrimental to the health, safety and general welfare of the City or the region surrounding the City.

5. The Development Agreement will not adversely affect the orderly development of property or the preservation of property values within the City.

6. The Development Agreement will promote and encourage the development of the Project by providing a greater degree of certainty with respect thereto.

7. The Development Agreement will result in the provision of public benefits by the Applicant, including, but not limited to, financial commitments.

SECTION 6. If any section of this ordinance, or part hereof, is held by a court of competent jurisdiction in a final judicial action to be void, voidable or enforceable, such section, or part hereof, shall be deemed severable from the remaining sections of this ordinance and shall in no way affect the validity of the remaining sections hereof.

SECTION 7. The ordinance shall take effect 30 days after its passage and adoption. Within 15 days of its adoption, the ordinance shall be posted in three public places within the City, and the ordinance, or a summary of the ordinance prepared by the City Attorney, shall be published in a local newspaper used to publish official notices for the City prior to the effective date.

INTRODUCED on the twenty-sixth day of March, 2013.

*****THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY*****

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said Council on the second day of April, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Peter Ohtaki
Mayor, City of Menlo Park

ATTEST:

Margaret S. Roberts, MMC
City Clerk

This document is recorded for the benefit of the City of Menlo Park and is entitled to be recorded free of charge in accordance with Sections 6103 and 27383 of the Government Code.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
City of Menlo Park
Attn: City Clerk
701 Laurel Street
Menlo Park, CA 94025

DEVELOPMENT AGREEMENT
312 & 313 CONSTITUTION DRIVE, MENLO PARK, CA
[APNs 055-260-210 & 220]

SEPARATE PAGE, PURSUANT TO GOVT. CODE 27361.6

THIS DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into as of this ___ day of _____, 2013, by and between the City of Menlo Park, a municipal corporation of the State of California (“City”) and Giant Properties, LLC, a Delaware limited liability company (“Owner”), pursuant to the authority of California Government Code Sections 65864-65869.5 and City Resolution No. 4159.

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of the City and Owner:

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Sections 65864-65869.5 authorizing the City to enter into development agreements in connection with the development of real property within its jurisdiction by qualified applicants with a requisite legal or equitable interest in the real property which is the subject of such development agreements.

B. As authorized by Government Code Section 65865(c), the City has adopted Resolution No. 4159 establishing the procedures and requirements for the consideration of development agreements within the City.

C. Owner owns those certain parcels of real property collectively and commonly known as 312 and 313 Constitution Drive, in the City of Menlo Park, California (“Property” or “West Campus”) as shown on Exhibit A attached hereto and being more particularly described in Exhibit B attached hereto.

D. Owner intends to demolish all existing structures on the Property and to construct the Project (as defined in this Agreement) on the Property in accordance with the Project Approvals and any other Approvals.

E. Owner (and/or its affiliates) intends to occupy the Property in accordance with the Project Approvals and any other Approvals (as such terms are defined in this Agreement).

F. The City examined the environmental effects of the redevelopment of the West Campus and the Facebook East Campus Project (as defined in this Agreement) in an Environmental Impact Report (“EIR”) prepared pursuant to the California Environmental Quality Act (“CEQA”). On May 29, 2012, the City Council of the City reviewed and certified the EIR. Following such certification, Owner redesigned the West Campus program analyzed in the certified EIR and the City prepared an Addendum to the EIR (as defined in this Agreement) pursuant to CEQA to examine the environmental

effects of the Project that resulted from the redesign. On March 19, 2013, the City Council of the City considered the Addendum to the EIR and made findings that a subsequent or supplemental environmental impact report was not required.

G. The City has determined that the Project is a development for which a development agreement is appropriate. A development agreement will eliminate uncertainty in the City's land use planning for, and secure orderly development of, the Project and otherwise achieve the goals and purposes for which Resolution No. 4159 was enacted by City. The Project will generate the public benefits described in this Agreement, along with other fees for the City. Owner will incur substantial costs in order to comply with the conditions of the Approvals and otherwise in connection with the development of the Project. In exchange for the public benefits and other benefits to the City and the public, Owner desires to receive vested rights, including, without limitation, legal assurances that the City will grant permits and approvals required for the development, occupancy and use of the Property and the Project in accordance with the Existing City Laws (as defined in this Agreement), subject to the terms and conditions contained in this Agreement. In order to effectuate these purposes, the City and Owner desire to enter into this Agreement.

H. On February 25, 2013, after conducting a duly noticed public hearing pursuant to Resolution No. 4159, the Planning Commission of the City recommended that the City Council approve this Agreement, based on the following findings and determinations: that this Agreement (1) is consistent with the objectives, policies, general land uses and programs specified in the General Plan (as defined in this Agreement); (2) is compatible with the uses authorized in and the regulations prescribed for the land use district in which the Property is located; (3) conforms with public convenience, general welfare and good land use practices; (4) will not be detrimental to the health, safety and general welfare of the City or the region surrounding the City; (5) will not adversely affect the orderly development of property or the preservation of property values within the City; and (6) will promote and encourage the development of the Project by providing a greater degree of certainty with respect thereto.

I. Thereafter, on March 19, 2013, the City Council held a duly noticed public hearing on this Agreement pursuant to Resolution No. 4159. The City Council made the same findings and determinations as the Planning Commission. On that same date, the City Council made the decision to approve this Agreement by introducing Ordinance No. ____ ("Enacting Ordinance"). A second reading was conducted on the Enacting Ordinance on April 2, 2013, at which the City Council adopted the Enacting Ordinance, making the Enacting Ordinance effective on May 2, 2013.

NOW, THEREFORE, pursuant to the authority contained in Government Code Sections 65864-65869.5 and Resolution No. 4159, and in consideration of the mutual

covenants and promises of the City and Owner herein contained, the City and Owner agree as follows:

1. Definitions. Each reference in this Agreement to any of the following terms shall have the meaning set forth below for each such term. Certain other terms shall have the meaning set forth for such term in this Agreement.

1.1. Approvals. Any and all permits or approvals of any kind or character required under the City Laws in order to authorize and entitle Owner to complete the Project and to develop and occupy the Property in accordance with the terms of the Project including, but not limited to, the items described in the Project Approvals (as defined in this Agreement).

1.2. City Laws. The ordinances, resolutions, codes, rules, regulations and official policies of the City governing the permitted uses of land, density, design, and improvement applicable to the development of the Property. Specifically, but without limiting the generality of the foregoing, the City Laws shall include the General Plan and the City's Zoning Ordinance.

1.3. City Manager. The City Manager or his or her designee as designated in writing from time to time. Owner may rely on the authority of the designee of the City Manager.

1.4. City Wide. Any City Law, Fee or other matter that is generally applicable to one or more kinds or types of development or use of property wherever located in the City. A City Law, Fee or other matter shall not be City Wide if, despite its stated scope, it applies only to the Property or to one or more parcels located within the Property, or if the relevant requirements are stated in such a way that they apply only to all or a portion of the Project.

1.5. Community Development Director. The City's Community Development Director or his or her designee.

1.6. Conditional Development Permit. The conditional development permit approved by the City Council for the development of the Project.

1.7. Conditions. All Fees, conditions, dedications, reservation requirements, obligations for on- or off-site improvements, services, other monetary or non-monetary requirements and other conditions of approval imposed, charged by or called for by the City in connection with the development of or construction on real property under the Existing City Laws, whether such conditions constitute public improvements, mitigation measures in connection with environmental review of any project or impositions made under applicable City Laws.

1.8. Default. As to Owner, the failure of Owner to comply substantially and in good faith with any obligations of Owner under this Agreement; and as to the City, the failure of the City to comply substantially and in good faith with any obligations of City under this Agreement; any such failure by Owner or the City shall be subject to cure as provided in this Agreement.

1.9. Effective Date. The effective date of the Enacting Ordinance pursuant to Government Code Section 65867.5, as specified in Recital I of this Agreement.

1.10. Existing City Laws. The City Laws in effect as of the Effective Date.

1.11. Facebook East Campus Project. The use and occupancy of the 1 Hacker Way property (formerly known as 1601 Willow Road) pursuant to the Amended and Restated Conditional Development Permit, 1601 Willow Road Development Agreement, and other project approvals for 1 Hacker Way (formerly known as 1601 Willow Road) in the City of Menlo Park.

1.12. Fees. All exactions, costs, fees, in-lieu fees, payments, charges and other monetary amounts imposed or charged by the City in connection with the development of or construction on real property under Existing City Laws. Fees shall not include Processing Fees.

1.13. General Plan. Collectively, the General Plan for the City adopted by the City Council on November 30 and December 1, 1994, as previously amended and in effect as of the Effective Date.

1.14. Laws. The laws and Constitution of the State of California, the laws and Constitution of the United States and any state or federal codes, statutes, executive mandates or court decisions thereunder. The term "Laws" shall exclude City Laws.

1.15. Mitigation Measures. The mitigation measures applicable to the Project, developed as part of the EIR process and required to be implemented through the MMRP and the Conditional Development Permit.

1.16. MMRP. The Mitigation Monitoring and Reporting Plan adopted as part of the Project Approvals and applicable to the Project.

1.17. Mortgage. Any mortgage, deed of trust or similar security instrument encumbering the Property, any portion thereof or any interest therein.

1.18. Mortgagee. With respect to any Mortgage, any mortgagee or beneficiary thereunder.

1.19. Party. Each of the City and Owner and their respective successors, assigns and transferees (collectively, "Parties").

1.20. Processing Fee. A fee imposed by the City upon the submission of an application or request for a permit or Approval, which is intended to cover only the estimated cost to the City of processing such application or request and/or issuing such permit or Approval and which is applicable to similar projects on a City Wide basis, including but not limited to building permit plan check and inspection fees, public works, engineering and transportation plan check and inspection fees, subdivision map application, review and processing fees, fees related to the review, processing and enforcement of the MMRP, and fees related to other staff time and attorney's time incurred to review and process applications, permits and/or Approvals; provided such fees are not duplicative of or assessed on the same basis as any Fees.

1.21. Project. The uses of the Property, the site plan for the Property and the Vested Elements (as defined in Section 3.1), as authorized by or embodied within the Project Approvals and the actions that are required pursuant to the Project Approvals. Specifically, the Project includes the demolition of the existing structures on the Property and the construction of a new office building and certain onsite and offsite improvements as more particularly described in the Project Approvals.

1.22. Project Approvals. The following approvals for the Project granted, issued and/or enacted by the City as of the date of this Agreement, as amended, modified or updated from time to time: (a) this Agreement; (b) the statement of overriding considerations and adoption of the MMRP and other actions in connection with environmental review of the Project; (c) the ordinance rezoning the Property from M-2 to M-2(x); (d) the Conditional Development Permit; (d) the BMR Agreement; (e) the lot line adjustment; and (f) the heritage tree removal permits.

1.23. Public Works Director. The City's Public Works Director or his or her designee.

1.24. Resolution No. 4159. City Resolution No. 4159 entitled "Resolution of the City Council of the City of Menlo Park Adopting Regulations Establishing Procedures and Requirements for Development Agreements" adopted by the City Council of the City of Menlo Park on January 9, 1990.

1.25. Substantially Complete Building Permit Application. Owner's completed or substantially completed application for a building permit for the office building to be built as part of the Project as reasonably determined by the City's Building Official applied in a manner consistent with City's standard practices in effect at the time of building permit submittal, accompanied by (i) payment of all Processing Fees and other fees required to be submitted with such application and (ii) plans/required

submittals for all associated on-site and off-site improvements and parking associated with such building, all as described in the Conditional Development Permit.

2. Effective Date; Term.

2.1. Effective Date. This Agreement shall be dated and the rights and obligations of the Parties hereunder shall be effective as of the Effective Date. Not later than ten (10) days after the Effective Date, the City and Owner shall execute and acknowledge this Agreement, and the City shall cause this Agreement to be recorded in the Official Records of the County of San Mateo, State of California as provided for in Government Code Section 65868.5. However, the failure to record this Agreement within the time period provided for in Government Code Section 65868.5 shall not affect its validity or enforceability among the Parties.

2.2. Term. This Agreement shall terminate five (5) years from the Effective Date (subject to Section 16.1), provided that if Owner submits a Substantially Complete Building Permit Application prior to such termination and the City subsequently issues final building permit sign off allowing occupancy of the Project, then the term of this Agreement shall continue until the latest of: (a) the earlier of (i) Owner and Facebook, Inc. ("Facebook") vacating the West Campus or (ii) February 6, 2026; (b) the expiration of the Recurring Benefit Payment obligation (as defined in this Agreement); or (c) the expiration of the Property Tax Guaranty (as defined in this Agreement).

2.3. Expiration of Term. Except as otherwise provided in this Agreement or any of the Approvals, upon the expiration of the term of this Agreement, (a) this Agreement, and the rights and obligations of the Parties under this Agreement, shall terminate; (b) the Property shall remain subject to the Conditional Development Permit; and (c) Owner shall thereafter comply with the provisions of the City Laws then in effect or thereafter enacted and applicable to the Property and/or the Project, except that the expiration of the term of this Agreement shall not affect any rights of Owner that are or would be vested under City Laws in the absence of this Agreement or any other rights arising from Approvals granted or issued by the City for the construction or development of all or any portion of the Project.

3. General Development of the Project.

3.1. Project. Owner shall have the vested right to develop and occupy the Property in accordance with the terms and conditions of this Agreement and the Project Approvals, and any additional Approvals for the Project and/or the Property obtained by Owner, as the same may be amended from time to time upon application by Owner; and City shall have the right to control development of the Property in accordance with the provisions of this Agreement, so long as this Agreement remains

effective, and the Approvals for the Project and/or the Property. Except as otherwise specified herein, until the expiration or earlier termination of this Agreement, this Agreement, the Approvals and the Existing City Laws shall control the overall development, use and occupancy of the Property, and all improvements and appurtenances in connection therewith, including, without limitation, the density and intensity of use ("Vested Elements"), and all Mitigation Measures and Conditions required or imposed in connection with the Project Approvals in order to minimize or eliminate environmental impacts of the Project.

3.2. Subsequent Projects. The City agrees that as long as Owner develops and occupies the Project in accordance with the terms of this Agreement, Owner's right to develop and occupy the Property shall not be diminished despite the impact of future development in the City on public facilities, including, without limitation, City streets, water systems, sewer systems, utilities, traffic signals, sidewalks, curbs, gutters, parks and other City owned public facilities that may benefit the Property and other properties in the City.

3.3. Other Governmental Permits. Owner or City (whichever is appropriate) shall apply for such other permits and approvals from governmental or quasi-governmental agencies other than the City having jurisdiction over the Project (e.g. the California Department of Transportation) as may be required for the development of or provision of services to the Project; provided, however, that City shall not apply for any such permits or approvals without Owner's prior written approval. The City shall use its best efforts to promptly and diligently cooperate, at no cost to the City, with Owner in its endeavors to obtain such permits and approvals and, from time to time at the request of Owner, shall proceed with due diligence and in good faith to negotiate and/or enter into binding agreements with any such entity in order to assure the availability of such permits and approvals or services. All such applications, approvals, agreements, and permits shall be obtained at Owner's cost and expense, including payment of City staff time in accordance with standard practices, and Owner shall indemnify City for any liabilities imposed on City arising out of or resulting from such applications, permits, agreements and/or approvals. The indemnifications set forth in this Section 3.3 shall survive the termination or expiration of this Agreement. To the extent allowed by applicable Laws, Owner shall be a party or third party beneficiary to any such agreement between City and such agencies and shall be entitled to enforce the rights of Owner or the City thereunder and/or the duties and obligations of the parties thereto.

3.4. Additional Fees. Except as set forth in this Agreement and the Project Approvals, the City shall not impose any further or additional fees (including, without limitation, any fees, taxes or assessments not in existence as of the Effective Date or not applicable to the Project in accordance with the Existing City Laws, the

Project Approvals and this Agreement), whether through the exercise of the police power, the taxing power, or any other means, other than those set forth in the Project Approvals, the Existing City Laws and this Agreement. In addition, except as set forth in this Agreement, the base or methodology for calculating all such Fees applicable to the construction and development of the Project shall remain the same for such Fees as in effect as of the Effective Date. Notwithstanding the foregoing, the following provisions shall apply:

3.4.1. If the City forms an assessment district including the Property, and the assessment district is City Wide or applies to all M-2 Zoned properties and is not duplicative of or intended to fund any matter that is covered by any Fee payable by Owner, the Property may be legally assessed through such assessment district based on the benefit to the Property (or the methodology applicable to similarly situated properties), which assessment shall be consistent with the assessments of other properties in the district similarly situated. In no event, however, shall Owner's obligation to pay such assessment result in a cessation or postponement of development and occupancy of the Property or affect in any way Owner's development rights for the Project.

3.4.2. The City may charge Processing Fees to Owner for land use approvals, building permits, encroachment permits, subdivision maps, and other similar permits and approvals which are in force and effect on a City Wide basis or applicable to all M-2 Zoned properties at the time Owner submits an application for those permits.

3.4.3. If the City exercises its taxing power in a manner which will not change any of the Conditions applicable to the Project, and so long as any new taxes or increased taxes are uniformly applied on a City Wide basis or applied uniformly to M-2 Zoned properties, the Property may be so taxed, which tax shall be consistent with the taxation of other properties in the City similarly situated.

3.4.4. If, as of the Effective Date, the Existing City Laws under which the Fees applicable to the Project have been imposed provide for automatic increases in Fees based upon the consumer price index or other method, then the Project shall be subject to any such increases in such Fees resulting solely from the application of any such index or method in effect on the Effective Date.

3.4.5. If Laws are adopted by the State of California or the federal government which impose fees on new or existing projects, such fees shall be applicable to the Project.

3.5. Effect of Agreement. This Agreement, the Project Approvals and all plans and specifications upon which such Project Approvals are based (as the same may be modified from time to time in accordance with the terms of the Project

Approvals), including but not limited to the Conditional Development Permit, shall constitute a part of the Enacting Ordinance, as if incorporated by reference therein in full.

3.6. Review and Processing of Approvals. The City shall accept, review and shall use its best efforts to expeditiously process Owner's applications and requests for Approvals in connection with the Project in good faith and in a manner which complies with and is consistent with the Project Approvals and this Agreement. The City shall approve any application or request for an Approval which complies and is consistent with the Project Approvals. Owner shall provide the City with the Processing Fees, applications, documents, plans, materials and other information necessary for the City to carry out its review and processing obligations. Owner shall submit all applications and requests for Approvals in the manner required under applicable City Laws in effect as of the time of such submittal. The Parties shall cooperate with each other and the City shall use its best efforts to cause the expeditious review, processing and issuance of the approvals and permits for the development and occupation of the Project in accordance with the Project Approvals.

4. Specific Criteria Applicable to the Project.

4.1. Applicable Laws and Standards. Notwithstanding any change in any Existing City Law, including, but not limited to any change by means of ordinance, resolution, initiative, referendum, policy or moratorium, and except as otherwise expressly provided in this Agreement, the laws and policies applicable to the Property are and shall be as set forth in Existing City Laws (regardless of future changes in Existing City Laws by the City) and the Project Approvals. Owner shall also have the vested right to develop and occupy or to cause the Property to be developed and occupied in accordance with the Vested Elements; provided that the City may apply and enforce the California Building Code as amended and adopted by the City (including the Mechanical Code, Electrical Code and Plumbing Code) and the California Fire Code as amended and adopted by the City and/or the Menlo Park Fire Protection District, as such codes may be in effect at the time Owner applies for building permits for any aspect of the Project. Without limiting the generality of the foregoing, except as otherwise expressly provided in this Agreement, during the term of this Agreement, the City shall not, without the prior written consent of Owner: (a) apply to the Project any new or amended ordinance, resolution, rule, regulation, requirement or official policy that is inconsistent with any Existing City Laws or Approvals and that would have the effect of delaying, preventing, adversely affecting or imposing any new or additional condition with respect to the Project; or (b) apply to the Project or any portion thereof any new or amended ordinance, resolution, rule, regulation, requirement or official policy that requires additional discretionary review or approval for the proposed development, use and/or occupancy of the Project.

4.2. Application of New City Laws. Nothing herein shall prevent the City from applying to the Property new City Laws that are not inconsistent or in conflict with the Existing City Laws or the intent, purposes or any of the terms, standards or conditions of this Agreement, and which do not affect the Vested Elements, impose any further or additional fees or impose any other conditions on the Project, including, without limitation, those requiring additional traffic improvements/requirements or additional off-site improvements, that are inconsistent with this Agreement or the intent of this Agreement. Any action or proceeding of the City that has any of the following effects on the Project shall be considered in conflict with this Agreement and the Existing City Laws:

4.2.1. Limiting or reducing the density or intensity of use of the Property;

4.2.2. Limiting grading or other improvements on the Property in a manner that is inconsistent with or more restrictive than the limitations included in the Project Approvals; or

4.2.3. Applying to the Project or the Property any law, regulation, or rule restricting or affecting a use or activity otherwise allowed by the Project Approvals.

The above list of actions is not intended to be comprehensive, but is illustrative of the types of actions that would conflict with this Agreement and the Existing City Laws.

4.3. Timing. Without limiting the foregoing, no moratorium or other limitation affecting the development and occupancy of the Project or the rate, timing or sequencing thereof shall apply to the Project.

4.4. Subsequent Environmental Review. The Parties acknowledge and agree that the EIR and the Addendum to EIR contain a thorough environmental analysis of the Project and the Project alternatives, and specifies the feasible Mitigation Measures available to eliminate or reduce to an acceptable level the environmental impacts of the Project. The Parties further acknowledge and agree that the EIR and Addendum to EIR provide an adequate environmental analysis for the City's decisions to authorize Owner to proceed with the Project as embodied in the Project Approvals and this Agreement and subsequent development of the Project during the term of this Agreement. The Mitigation Measures imposed are appropriate for the implementation of proper planning goals and objectives and the formulation of Project conditions of approval. In view of the foregoing, the City agrees that the City will not require another or additional environmental impact report or environmental review for any subsequent Approvals implementing the Project. Owner shall defend, indemnify and hold the City harmless from any costs or liabilities incurred by the City in connection with any

litigation seeking to compel the City to perform additional environmental review of any subsequent Approvals.

4.5. Easements; Improvements. The City shall cooperate with Owner in connection with any arrangements for abandoning existing easements and facilities and the relocation thereof or creation of any new easements within the Property or the undercrossing necessary or appropriate in connection with the development of the Project. If any such easement is owned by the City or an agency of the City, the City or such agency shall, at the request of Owner, take such action and execute such documents as may be reasonably necessary in order to abandon and relocate such easement(s) as necessary or appropriate in connection with the development of the Project in accordance with the Project Approvals. All on-site and off-site improvements required to be constructed by Owner pursuant to this Agreement, including those set forth in the Project Approvals, shall be constructed by Owner.

5. Conditions Precedent. Owner's obligations (if any) under Sections 6 through 13 inclusive are expressly conditioned on the resolution of all legal challenges, if any, to the Addendum to EIR, the Project Approvals and the Project (the "Legal Challenges Condition"), and the City's issuance of a building permit for the construction of the office building to be built as part of the Project. If no litigation or referendum is commenced challenging the Addendum to EIR, the Project Approvals and/or the Project, then the Legal Challenges Condition will be deemed satisfied 90 days after the Effective Date. If litigation or a referendum is commenced challenging the Addendum to EIR, the Project Approvals and/or the Project, then the Legal Challenges Condition will be deemed satisfied on the date of final, non-appealable resolution of all litigation in a manner that is reasonably acceptable to Owner or resolution of the referendum in a manner that is reasonably acceptable to Owner. The conditions described in this Section 5 shall, collectively, be referred to as the "Conditions Precedent".

6. One Time Public Benefit; Capital Improvement. Within 60 days of the later of (a) City sign off on final building permits allowing occupancy of the West Campus by Owner and (b) Owner's receipt of City's request for payment, Owner shall make a one-time payment of One Hundred Thousand Dollars (\$100,000) to the City for the City's unrestricted use toward capital improvement projects that benefit the adjacent Belle Haven neighborhood as determined by the City Council. The benefit under this Section 6 shall not be payable unless the City signs off on building permits allowing occupancy by Owner of the building to be built on the West Campus.

7. On-Going Public Benefits, Conditions.

7.1 Recurring Public Benefit Payment. Owner will make an annual payment of One Hundred Fifty Thousand Dollars (\$150,000.00) per year ("Recurring

Public Benefit Payment”) to the City for ten years for a total of One Million Five Hundred Thousand Dollars (\$1,500,000.00). The first payment of the Recurring Public Benefit Payment will be due and payable on July 1 of the City’s fiscal year commencing after City sign off on final building permits allowing occupancy by Owner of the building to be built on the West Campus. Subsequent payments of the Recurring Public Benefit Payment will be due and payable in full to the City on July 1 of each fiscal year thereafter for which the Recurring Public Benefit Payment is payable. The Recurring Public Benefit Payment will be payable for this ten (10) year period with no proration, reduction or suspension and shall survive the termination of this Agreement. The benefit under this Section 7.1 shall not be payable unless the City signs off on building permits allowing occupancy by Owner of the building to be built on the West Campus.

7.2 Property Tax Guaranty. Commencing with the first tax fiscal year following the initial reassessment of the Property by the San Mateo County Assessor (the “Assessor”) following completion of the Project and the initial occupancy of the West Campus by Owner, and for a total period of ten (10) years following such initial reassessment, Owner agrees to pay to the City the positive difference (if any) between (a) the real and personal property tax revenues the City would receive for a given tax fiscal year assuming the assessed value of the Property (land and improvements) and personal property and fixtures situated at the Property is the greater of \$230,085,000 or the initial reassessed value of the Property (land and improvements) and personal property and fixtures situated at the Property as determined by the Assessor following completion of the Project, and (b) the actual real and personal property tax revenue received by the City for such tax fiscal year (“Property Tax Guaranty”). For purposes of clarification, in any fiscal year during which the Property Tax Guaranty applies, no payment will be due to the City pursuant to this section if the assessed value of the Property (land and improvements) and personal property and fixtures situated at the Property in that fiscal year is greater than or equal to the greater of (i) \$230,085,000 or (ii) the initial reassessed value of the Property (land and improvements) and personal property and fixtures situated at the Property, as determined by the Assessor following completion of the Project. Nothing herein shall limit Owner’s right to challenge or appeal any assessment of the Property, any assessment of personal property situated at the Property, and/or the amount of taxes payable to the San Mateo County Tax Collector in any year. The benefit under this Section 7.2 shall not be payable unless the City signs off on building permits allowing occupancy by Owner of the building to be built on the West Campus.

7.3 Sales and Use Taxes.

7.3.1 For all construction work performed as part of the Project, Owner agrees to make diligent, good faith efforts, with the assistance of City’s designated representative to include a provision in all construction contracts for \$5 million or more

with qualifying contractors, subcontractors and material suppliers holding reseller's permits to obtain a sub-permit from the California State Board of Equalization to book and record construction materials purchases/sales as sales originating within the City. Upon request of the City Manager or the City's designated representative, Owner shall make available copies of such contracts or other documentation demonstrating compliance with these requirements. Owner shall have the right to redact unrelated portions of such contracts. The provisions of this Section 7.3.1 shall not be applicable to any subsequent remodeling or construction on the West Campus following the final building permit sign off for the initial occupancy of the building to be built as part of the Project.

7.3.2 With respect to the purchase of furnishings, equipment and personal property for the initial occupancy of the new building to be constructed as part of the Project, Owner shall cooperate with the City and its designated representative and, if the City or its designated representative identifies commercially reasonable strategies to maximize use taxes to be received by the City, to then use diligent, good faith efforts to maximize use taxes to be received by the City with respect to the purchase and use of such furnishings, equipment and personal property by acting in accordance with the commercially reasonable strategies identified by the City or its designated representative (and in any case, only to the extent allowed by applicable Laws). Notwithstanding the preceding, Owner shall not be obligated to establish a California Sales and Use Tax permit and/or a Use Tax Direct Payment Permit identifying the City as the point of sale or the point of use for allocation purposes, but shall be obligated to provide City or its designated representative with such documents as are reasonably necessary to assist City or such representative in ensuring the appropriate allocation of use taxes to the West Campus location.

7.3.3 To the extent sales and/or use taxes are not separately reported for the West Campus and the East Campus, and provided that Owner and/or Facebook occupies both the West Campus and the East Campus, there shall be an equitable apportionment of the sales and use taxes to each campus based on location of employees, square footage of buildings, point of sale or such other equitable apportionment as the Parties may determine.

8. Local Community Fund. Within one year of final building permit sign off allowing occupancy of the West Campus by Owner, Owner shall contribute an additional One Hundred Thousand Dollars (\$100,000) to the Local Community Fund ("LCF") previously established and funded by Facebook; provided, however, if the LCF is depleted at the time Owner receives a building permit for the office building to be built as part of the Project, Owner will make the contribution within six months of satisfaction of the Conditions Precedent. The benefit under this Section 8 shall not be payable

unless the City signs off on building permits allowing occupancy by Owner of the building to be built on the West Campus.

9. Recycling. Owner agrees to use, or cause to be used, the City's franchisee for all trash and recycling services, provided the rates charged to Owner by such franchisee for trash and recycling removal services are the same as those charged by such franchisee to other commercial users in the City.

10. Design and Environment. Owner has entered into a contract with Gehry Partners LLP for design of the West Campus, and Owner anticipates that Gehry Partners LLP will be the registered architect for the Project. Owner will design the West Campus so that the roof includes living elements including trees, plant elements and other green features as generally shown and described in the Project Approvals. Owner will design the building located at the West Campus to perform to LEED Building Design and Construction (BD+C) Gold equivalency. Owner may satisfy this obligation by delivering a report from its LEED consultant to the City demonstrating satisfaction with this condition. That report will be subject to approval by the City (not to be unreasonably withheld or conditioned).

11. Public Access. Owner will allow public access to the landscaped area on the West Campus that is adjacent to the undercrossing (note this public access is in addition to the dedicated access easement to the undercrossing that Facebook previously agreed to provide and does not modify or alter the requirement that Facebook and/or Owner improve and dedicate a public access easement from Willow Road, under Bayfront Expressway and connecting to the Bay Trail). This area is adjacent to the dedicated easement that will connect the segment of the Bay Trail that is adjacent to Bayfront Expressway with Willow Road and the segment of the Bay Trail that is east of Willow Road. Owner, in Owner's reasonable discretion, will install benches, art or other amenities in this area for the benefit of the public. The public access right to the additional landscaped area will be a right to pass by permission and Owner will have the right to implement rules and regulations governing such access.

12. Future Pedestrian/Bike Access. Owner agrees that (a) if a public transit agency begins operating service (whether by train or bus) on the rail spur adjacent to the West Campus and locates a transit stop at or near the intersection of Willow Road and the rail spur (the "Willow Stop"), (b) if there is not an alternative stop that would conveniently serve people that occupy the properties located immediately adjacent to Bayfront Expressway and between Chilco Street and the West Campus (collectively, the "Tyco Properties"), and (c) if the City wishes to provide a pedestrian/bike route between the Willow Stop and the Tyco Properties, then, upon the City's request, Owner will reasonably cooperate with the City and explore whether a pedestrian/bike route between the Willow Stop and the Tyco Properties could be placed on the West

Campus. In addition, Owner agrees that if, following the City's request, Owner determines that a pedestrian/bike route can be placed on the West Campus without negatively impacting Owner's operations there, Owner will allow the City to construct such a pedestrian/bike access route in a location determined by Owner (in its reasonable discretion).

13. Facebook East Campus Public Benefits. If the commitments and obligations under the Housing (Section 9), Local Community Fund (Section 10), Bay Trail Gap (Section 11), Utility Undergrounding (Section 12), Jobs (Section 13), Environmental Education (Section 16), Local Purchasing (Section 18), Transportation Demand Management Information Sharing (Section 19) and Volunteerism (Section 20) sections of the 1601 Willow Road Development Agreement terminate due to (a) Facebook vacating the East Campus or (b) the early termination of the lease for the East Campus, then Owner will agree to continue to satisfy such commitments and obligations until the earlier of (i) Owner and Facebook vacating the West Campus or (ii) February 6, 2026.

14. Indemnity. Owner shall indemnify, defend and hold harmless City, and its elective and appointive boards, commissions, officers, agents, contractors, and employees (collectively, "City Indemnified Parties") from any and all claims, causes of action, damages, costs or expenses (including reasonable attorneys' fees) arising out of or in connection with, or caused on account of, the development and occupancy of the Project, any Approval with respect thereto, or claims for injury or death to persons, or damage to property, as a result of the operations of Owner or its employees, agents, contractors, representatives or tenants with respect to the Project (collectively, "Owner Claims"); provided, however, that Owner shall have no liability under this Section 14 for Owner Claims arising from the gross negligence or willful misconduct of any City Indemnified Party, or for Claims arising from, or that are alleged to arise from, the repair or maintenance by the City of any improvements that have been offered for dedication by Owner and accepted by the City.

15. Periodic Review for Compliance.

15.1. Annual Review. The City shall, at least every 12 months during the term of this Agreement, review the extent of Owner's good faith compliance with the terms of this Agreement pursuant to Government Code § 65865.1 and Resolution No. 4159. Such review shall be scheduled to coincide with the City's review of compliance with the 1601 Willow Road Development Agreement. Notice of such annual review shall be provided by the City's Community Development Director to Owner not less than 30 days prior to the date of the hearing by the Planning Commission on Owner's good faith compliance with this Agreement and shall to the extent required by law include the statement that any review may result in amendment or termination of this Agreement. A

finding by the City of good faith compliance with the terms of this Agreement shall conclusively determine the issue up to and including the date of such review.

15.2. Non-Compliance. If the City Council makes a finding that Owner has not complied in good faith with the terms and conditions of this Agreement, the City shall provide written notice to Owner describing (a) such failure and that such failure constitutes a Default, (b) the actions, if any, required by Owner to cure such Default, and (c) the time period within which such Default must be cured. If the Default can be cured, Owner shall have a minimum of 30 days after the date of such notice to cure such Default, or in the event that such Default cannot be cured within such 30 day period, if Owner shall commence within such 30 day time period the actions necessary to cure such Default and shall be diligently proceeding to complete such actions necessary to cure such Default, Owner shall have such additional time period as may be required by Owner within which to cure such Default.

15.3. Failure to Cure Default. If Owner fails to cure a Default within the time periods set forth above, the City Council may amend or terminate this Agreement as provided below.

15.4. Proceeding Upon Amendment or Termination. If, upon a finding under Section 15.2 of this Agreement and the expiration of the cure period specified in such Section 15.2, the City determines to proceed with amendment or termination of this Agreement, the City shall give written notice to Owner of its intention so to do. The notice shall be given at least 30 days before the scheduled hearing and shall contain:

15.4.1. The time and place of the hearing;

15.4.2. A statement that the City proposes to terminate or to amend this Agreement; and

15.4.3. Such other information as is reasonably necessary to inform Owner of the nature of the proceeding.

15.5. Hearings on Amendment or Termination. At the time and place set for the hearing on amendment or termination, Owner shall be given an opportunity to be heard, and Owner shall be required to demonstrate good faith compliance with the terms and conditions of this Agreement. If the City Council finds, based upon substantial evidence, that Owner has not complied in good faith with the terms or conditions of this Agreement, the City Council may terminate this Agreement or, with Owner's agreement to amend rather than terminate, amend this Agreement and impose such conditions as are reasonably necessary to protect the interests of the City. The decision of the City Council shall be final, subject to judicial review pursuant to Section 1094.5 of the California Code of Civil Procedure.

15.6. Effect on Transferees. If Owner has transferred a partial interest in the Property to another party so that title to the Property is held by Owner and additional parties or different parties, the City shall conduct one annual review applicable to all parties with a partial interest in the Property and the entirety of the Property. If the City Council terminates or amends this Agreement based upon any such annual review and the determination that any party with a partial interest in the Property has not complied in good faith with the terms and conditions of this Agreement, such action shall be effective as to all parties with a partial interest in the Property and to the entirety of the Property.

16. Permitted Delays; Subsequent Laws.

16.1. Extension of Times of Performance. In addition to any specific provisions of this Agreement, (i) the deadline for Owner to submit a Substantially Complete Building Permit Application under Section 2.2 shall be extended; and (ii) the performance by any Party of its obligations under this Agreement shall not be deemed to be in Default, and the time for performance of such obligation shall be extended; where delays or failures to perform are due to war, insurrection, strikes, lockouts, riots, floods, earthquakes, fire, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, restrictions imposed by governmental or quasi-governmental entities other than the City, unusually severe weather, acts of another Party, acts or the failure to act of any public or governmental agency or entity (except that acts or the failure to act of the City shall not excuse the City's performance) or any other causes beyond the reasonable control, or without the fault, of the Party claiming an extension of time to perform. An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause of the delay. If a delay occurs, the Party asserting the delay shall use reasonable efforts to notify promptly the other Parties of the delay. If, however, notice by the Party claiming such extension is sent to the other Party more than 30 days after the commencement of the cause of the delay, the period shall commence to run as of only 30 days prior to the giving of such notice. The time period for performance under this Agreement may also be extended in writing by the joint agreement of the City and Owner. Litigation attacking the validity of the EIR, the Addendum to EIR, the Project Approvals and/or the Project shall also be deemed to create an excusable delay under this Section 16.1, but only to the extent such litigation causes a delay and the Party asserting the delay complies with the notice and other provisions regarding delay set forth hereinabove. Except as expressly set forth in Section 2.2 and this Section 16.1, in no event shall the term of this Agreement be extended by any such delay without the mutual written agreement of the City and Owner.

16.2. Superseded by Subsequent Laws. If any Law made or enacted after the date of this Agreement prevents or precludes compliance with one or more provisions of this Agreement, then the provisions of this Agreement shall, to the extent feasible, be modified or suspended as may be necessary to comply with such new Law. Immediately after enactment of any such new Law, the Parties shall meet and confer reasonably and in good faith to determine the feasibility of any such modification or suspension based on the effect such modification or suspension would have on the purposes and intent of this Agreement. If such modification or suspension is infeasible in Owner's reasonable business judgment, then Owner shall have the right to terminate this Agreement by written notice to the City. Owner shall also have the right to challenge the new Law preventing compliance with the terms of this Agreement, and in the event such challenge is successful, this Agreement shall remain unmodified and in full force and effect. Notwithstanding the preceding, nothing herein shall permit the City to enact Laws that conflict with the terms of this Agreement.

17. Termination.

17.1. City's Right to Terminate. The City shall have the right to terminate this Agreement only under the following circumstances:

17.1.1. The City Council has determined that Owner is not in good faith compliance with the terms of this Agreement, and this Default remains uncured, all as set forth in Section 15 of this Agreement.

17.2. Owner's Right to Terminate. Owner shall have the right to terminate this Agreement only under the following circumstances:

17.2.1. Owner has determined that the City is in Default, has given the City notice of such Default and the City has not cured such Default within 30 days following receipt of such notice, or if the Default cannot reasonably be cured within such 30 day period, the City has not commenced to cure such Default within 30 days following receipt of such notice and is not diligently proceeding to cure such Default.

17.2.2. Owner is unable to complete the Project because of supersedure by a subsequent Law or court action, as set forth in Sections 16.2 and 22 of this Agreement.

17.2.3. Owner determines in the first five (5) years after the Effective Date, in its business judgment, that it does not desire to proceed with the construction of the Project.

17.3. Mutual Agreement. This Agreement may be terminated upon the mutual written agreement of the Parties.

17.4. Effect of Termination. If this Agreement is terminated pursuant to this Section 17, such termination shall not affect (a) any condition or obligation due to the City from Owner and arising prior to the date of termination and/or (b) the Project Approvals.

17.5. Recordation of Termination. In the event of a termination, the City and Owner agree to cooperate with each other in executing and acknowledging a Memorandum of Termination to record in the Official Records of San Mateo County within 30 days following the effective date of such termination.

18. Remedies. Any Party may, in addition to any other rights or remedies provided for in this Agreement or otherwise available at law or equity, institute a legal action to cure, correct or remedy any Default by the another Party; enforce any covenant or agreement of a Party under this Agreement; enjoin any threatened or attempted violation of this Agreement; or enforce by specific performance the obligations and rights of the Parties under this Agreement.

19. Waiver; Remedies Cumulative. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by another Party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of a Default shall be effective or binding upon such Party unless made in writing by such Party, and no such waiver shall be implied from any omission by a Party to take any action with respect to such Default. No express written waiver of any Default shall affect any other Default, or cover any other period of time, other than any Default and/or period of time specified in such express waiver. All of the remedies permitted or available to a Party under this Agreement, or at law or in equity, shall be cumulative and not alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right or remedy.

20. Attorneys' Fees. If a Party brings an action or proceeding (including, without limitation, any cross-complaint, counterclaim, or third-party claim) against another Party by reason of a Default, or otherwise to enforce rights or obligations arising out of this Agreement, the prevailing Party in such action or proceeding shall be entitled to recover from the other Party its costs and expenses of such action or proceeding, including reasonable attorneys' fees and costs, and costs of such action or proceeding, which shall be payable whether such action or proceeding is prosecuted to judgment. "Prevailing Party" within the meaning of this Section 20 shall include, without limitation, a Party who dismisses an action for recovery hereunder in exchange for payment of the sums allegedly due, performance of the covenants allegedly breached, or consideration substantially equal to the relief sought in the action.

21. Limitations on Actions. The City and Owner hereby renounce the existence of any third party beneficiary of this Agreement and agree that nothing contained herein shall be construed as giving any other person or entity third party beneficiary status. If any action or proceeding is instituted by any third party challenging the validity of any provisions of this Agreement, or any action or decision taken or made hereunder, the Parties shall cooperate in defending such action or proceeding.

22. Effect of Court Action. If any court action or proceeding is brought by any third party to challenge the Addendum to the EIR, the EIR, the Project Approvals and/or the Project, or any portion thereof, and without regard to whether Owner is a party to or real party in interest in such action or proceeding, then (a) Owner shall have the right to terminate this Agreement upon 30 days' notice in writing to City, given at any time during the pendency of such action or proceeding, or within 90 days after the final determination therein (including any appeals), irrespective of the nature of such final determination, and (b) any such action or proceeding shall constitute a permitted delay under Section 16.1 of this Agreement. Owner shall pay the City's cost and expense, including attorneys' fees and staff time incurred by the City in defending any such action or participating in the defense of such action and shall indemnify the City from any award of attorneys' fees awarded to the party challenging this Agreement, the Project Approvals or any other permit or Approval. The defense and indemnity provisions of this Section 22 shall survive Owner's election to terminate this Agreement. Notwithstanding anything to the contrary herein, Owner shall retain the right to terminate this Agreement pursuant to this Section 22 even after (a) it has vacated the Property and (b) its other rights and obligations under this Agreement have terminated.

23. Estoppel Certificate. Any Party may, at any time, and from time to time, deliver written notice to the other Party requesting such other Party certify in writing, to the knowledge of the certifying Party, (a) that this Agreement is in full force and effect and a binding obligation of the Parties, (b) that this Agreement has not been amended or modified either orally or in writing, and if so amended, identifying the amendments, (c) that the requesting Party is not in Default in the performance of its obligations under this Agreement, or if the requesting Party is in Default, the nature and amount of any such Defaults, (d) that the requesting Party has been found to be in compliance with this Agreement, and the date of the last determination of such compliance, and (e) as to such other matters concerning this Agreement as the requesting Party shall reasonably request. A Party receiving a request hereunder shall execute and return such certificate within 30 days following the receipt thereof. The City Manager shall have the right to execute any certificate requested by Owner hereunder. The City acknowledges that a certificate may be relied upon by transferees and Mortgagees.

24. Mortgagee Protection; Certain Rights of Cure.

24.1. Mortgagee Protection. This Agreement shall be superior and senior to any lien placed upon the Property, or any portion thereof, after the date of recordation of this Agreement in the San Mateo County, California Official Records, including the lien of any Mortgage. Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish or impair the lien of any Mortgage, and subject to Section 24.2 of this Agreement, all of the terms and conditions contained in this Agreement shall be binding upon and effective against any person (including any Mortgagee) who acquires title to the Property, or any portion thereof, by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise, and the benefits hereof will inure to the benefit of such party.

24.2. Mortgagee Not Obligated. Notwithstanding the provisions of Section 24.1 above, no Mortgagee or other purchaser in foreclosure or grantee under a deed in lieu of foreclosure, and no transferee of such Mortgagee, purchaser or grantee shall (a) have any obligation or duty under this Agreement to construct, or to complete the construction of, improvements, to guarantee such construction or completion or to perform any other monetary or nonmonetary obligations of Owner under this Agreement, and (b) be liable for any Default of Owner under this Agreement; provided, however, that a Mortgagee or any such purchaser, grantee or transferee shall not be entitled to use the Property in the manner permitted by this Agreement and the Project Approvals unless it complies with the terms and provisions of this Agreement applicable to Owner.

24.3. Notice of Default to Mortgagee; Right to Mortgagee to Cure. If the City receives notice from a Mortgagee requesting a copy of any notice of Default given Owner hereunder and specifying the address for service thereof, then City shall deliver to such Mortgagee, concurrently with service thereon to Owner, any notice of a Default or determination of noncompliance given to Owner. Each Mortgagee shall have the right (but not the obligation) for a period of 90 days after the receipt of such notice from City to cure or remedy, or to commence to cure or remedy, the Default claimed or the areas of noncompliance set forth in the City's notice. If the Default or such noncompliance is of a nature which can only be remedied or cured by such Mortgagee upon obtaining possession of the Property, or any portion thereof, such Mortgagee may seek to obtain possession with diligence and continuity through a receiver, by foreclosure or otherwise, and may thereafter remedy or cure the Default or noncompliance within 90 days after obtaining possession of the Property or such portion thereof. If any such Default or noncompliance cannot, with reasonable diligence, be remedied or cured within the applicable 90 day period, then such Mortgagee shall have such additional time as may be reasonably necessary to remedy or cure such Default or noncompliance if such Mortgagee commences a cure during the applicable 90 day period, and thereafter diligently pursues such cure to completion.

25. Assignment, Transfer, Financing.

25.1. Owner's Right to Assign. Subject to the terms of this Agreement, Owner shall have the right to transfer, sell and/or assign Owner's rights and obligations under this Agreement in conjunction with the transfer, sale or assignment of all or a partial interest in the Property. If the transferred interest consists of less than Owner's entire title to or interest in the Property, such transferee shall take such title or interest subject to all of the terms and provisions of this Agreement. Any transferee shall assume in writing the obligations of Owner under this Agreement and the Project Approvals arising or accruing from and after the effective date of such transfer, sale or assignment.

25.2. Financing. Notwithstanding Section 25.1 of this Agreement, Mortgages, sales and lease-backs and/or other forms of conveyance required for any reasonable method of financing requiring a security arrangement with respect to the development of the Property are permitted without the need for the lender to assume in writing the obligations of Owner under this Agreement and the Project Approvals. Further, no foreclosure, conveyance in lieu of foreclosure or other conveyance or transfer in satisfaction of indebtedness made in connection with any such financing shall require any further consent of the City, regardless of when such conveyance is made, and no such transferee will be required to assume any obligations of Owner under this Agreement.

25.3. Release Upon Transfer of Property.

25.3.1. Upon Owner's sale, transfer and/or assignment of all of Owner's rights and obligations under this Agreement in accordance with this Section 25, Owner shall be released from Owner's obligations pursuant to this Agreement which arise or accrue subsequent to the effective date of the transfer, sale and/or assignment.

25.3.2. Owner shall have the right to propose to the City alternative or substitute security for any of Owner's monetary obligations under this Agreement, including Owner's obligations to make the Recurring Public Benefit Payment pursuant to Section 7.1 of this Agreement. Such alternative or substitute security may consist of, without limitation, a letter of credit, a cash deposit and/or real property or personal property collateral acceptable to City in its sole discretion. If the City accepts any such alternative or substitute security, the monetary obligations of Owner for which such alternative or substitute security shall have been provided shall no longer constitute a covenant running with the land or otherwise be binding upon any owner of any portion of the Property, and shall instead be the personal obligation of Owner but with the City's recourse with respect to such monetary obligation limited to the alternative or substitute security. Owner shall pay for all City costs of considering

Owner's request for City's acceptance of such alternative or substitute security, including but not limited to cost of consultants retained to consider and advise the City Manager or City Council on such request.

26. Covenants Run With the Land. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall constitute covenants that shall run with the land comprising the Property, and the burdens and benefits of this Agreement shall be binding upon, and shall insure to the benefit of, each of the Parties and their respective heirs, successors, assignees, devisees, administrators, representatives and lessees, except as otherwise expressly provided in this Agreement.

27. Amendment.

27.1. Amendment or Cancellation. Except as otherwise provided in this Agreement, this Agreement may be cancelled, modified or amended only by mutual consent of the Parties in writing, and then only in the manner provided for in Government Code Section 65868 and Article 7 of Resolution No. 4159. Any amendment to this Agreement which does not relate to the term of this Agreement, the Vested Elements or the Conditions relating to the Project shall require the giving of notice pursuant to Government Code Section 65867, as specified by Section 65868 thereof, but shall not require a public hearing before the Parties may make such amendment.

27.2. Recordation. Any amendment, termination or cancellation of this Agreement shall be recorded by the City Clerk not later than 10 days after the effective date thereof or of the action effecting such amendment, termination or cancellation; provided, however, a failure of the City Clerk to record such amendment, termination or cancellation shall not affect the validity of such matter.

28. Notices. Any notice shall be in writing and given by delivering the notice in person or by sending the notice by registered or certified mail, express mail, return receipt requested, with postage prepaid, or by overnight courier to the Party's mailing address. The respective mailing addresses of the Parties are, until changed as hereinafter provided, the following:

City: City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025
Attention: City Manager

With a
copy to: City Attorney
City of Menlo Park

1100 Alma Street, Suite 210
Menlo Park, CA 94025

Owner: Giant Properties LLC
c/o Facebook, Inc.
1 Hacker Way
Menlo Park, CA 94025
Attention: Director of Facilities

With a
copy to: Giant Properties LLC
c/o Facebook, Inc.
1 Hacker Way
Menlo Park, CA 94025
Attention: Real Estate Counsel

A Party may change its mailing address at any time by giving to the other Party ten (10) days' notice of such change in the manner provided for in this Section 28. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal delivery is effected, or if mailed, on the delivery date or attempted delivery date shown on the return receipt.

29. Miscellaneous.

29.1. Negation of Partnership. The Parties specifically acknowledge that the Project is a private development, that no Party is acting as the agent of the other in any respect hereunder and that each Party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in the businesses of Owner, the affairs of the City, or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise.

29.2. Consents. Unless otherwise provided herein, whenever approval, consent or satisfaction (herein collectively referred to as an "approval") is required of a Party pursuant to this Agreement, such approval shall not be unreasonably withheld or delayed. If a Party shall not approve, the reasons therefor shall be stated in reasonable detail in writing. The approval by a Party to or of any act or request by the other Party shall not be deemed to waive or render unnecessary approval to or of any similar or subsequent acts or requests.

29.3. Approvals Independent. All Approvals which may be granted pursuant to this Agreement, and all Approvals or other land use approvals which have been or may be issued or granted by the City with respect to the Property, constitute

independent actions and approvals by the City. If any provisions of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if the City terminates this Agreement for any reason, such invalidity, unenforceability or termination of this Agreement or any part hereof shall not affect the validity or effectiveness of any Approvals or other land use approvals.

29.4. Not A Public Dedication. Nothing herein contained shall be deemed to be a gift or dedication of the Property, the Project, or any portion of either, to the general public, for the general public, or for any public use or purpose whatsoever. Owner shall have the right to prevent or prohibit the use of the Property or the Project, or any portion thereof, including common areas and buildings and improvements located thereon, by any person for any purposes inimical to the operation of a private, integrated Project as contemplated by this Agreement, except as dedications may otherwise be specifically provided in the Project Approvals.

29.5. Severability. Invalidation of any of the provisions contained in this Agreement, or of the application thereof to any person, by judgment or court order, shall in no way affect any of the other provisions hereof or the application thereof to any other person or circumstance and the same shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement. Notwithstanding the preceding, this Section 29.5 is subject to the terms of Section 16.2.

29.6. Exhibits. The Exhibits referred to herein are deemed incorporated into this Agreement in their entirety.

29.7. Entire Agreement. This written Agreement and the Project Approvals contain all the representations and the entire agreement between the Parties with respect to the subject matter hereof. Except as otherwise specified in this Agreement and the Project Approvals, any prior correspondence, memoranda, agreements, warranties or representations are superseded in total by this Agreement.

29.8. Construction of Agreement. The provisions of this Agreement shall be construed as a whole according to their common meaning and not strictly for or against any Party in order to achieve the objectives and purpose of the Parties. The captions preceding the text of each Article, Section, and Subsection are included only for convenience of reference and shall be disregarded in the construction and interpretation of this Agreement. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neuter genders, or vice versa. All references to "person" shall include, without limitation, any and all corporations, partnerships, limited liability companies or other legal entities.

29.9. Further Assurances; Covenant to Sign Documents. Each Party covenants, on behalf of itself and its successors, heirs and assigns, to take all actions and do all things, and to execute, with acknowledgment or affidavit if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this Agreement.

29.10. Governing Law. This Agreement, and the rights and obligations of the Parties, shall be governed by and interpreted in accordance with the laws of the State of California.

29.11. Construction. This Agreement has been reviewed and revised by legal counsel for Owner and City, and no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement.

29.12. Time. Time is of the essence of this Agreement and of each and every term and condition hereof. In particular, City agrees to act in a timely fashion in accepting, processing, checking and approving all maps, documents, plans, permit applications and any other matters requiring City's review or approval relating to the Project or Property.

30. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all of which when taken together shall constitute but one Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

“City”

CITY OF MENLO PARK, a municipal corporation of the State of California

Attest:

By: _____
Mayor

City Clerk

Approved as to Form:

By: _____
City Attorney

“Owner”

GIANT PROPERTIES, LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)ss:
COUNTY OF SAN MATEO)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature
My Commission expires: _____

STATE OF CALIFORNIA)
)ss:
COUNTY OF SAN MATEO)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature
My Commission expires: _____

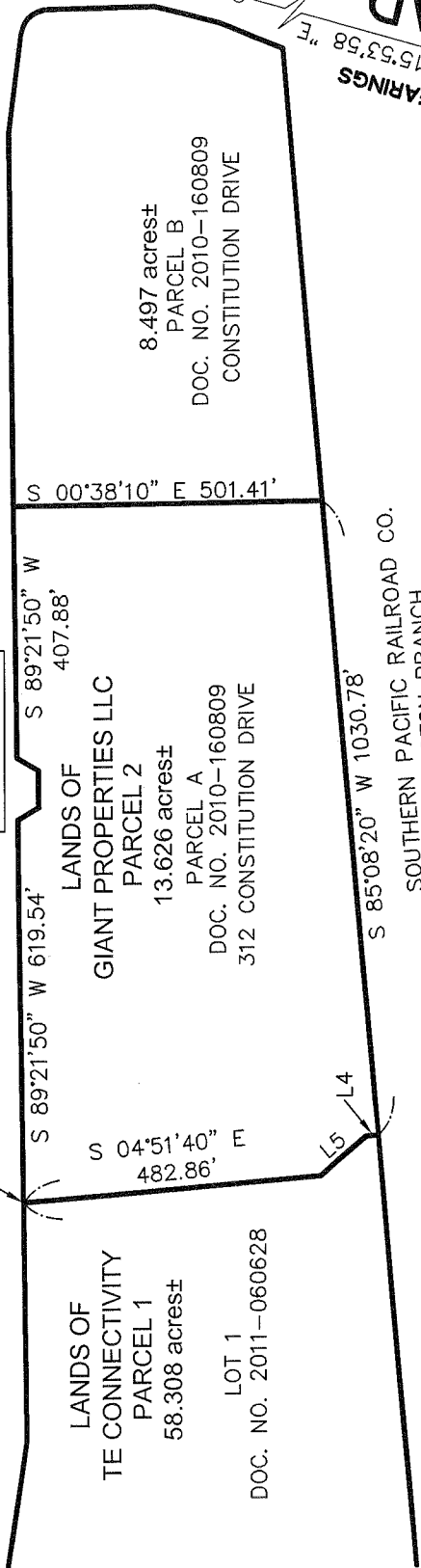
EXHIBIT A
SITE PLAN OF PROPERTY



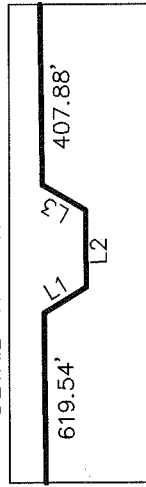
HWY 84 - BAYFRONT EXPRESSWAY

P.O.B. GIANT PROPERTIES

SEE DETAIL "A"



DETAIL "A" - NOT TO SCALE



LINE TABLE		
LINE	BEARING	LENGTH
L1	S 31°06'06" E	39.45'
L2	N 89°21'50" E	60.00'
L3	N 29°49'46" E	39.45'
L4	S 04°51'40" E	20.94'
L5	S 40°23'39" E	97.46'

GRAPHIC SCALE



(IN FEET)
1 inch = 300 ft.

K:\SUR1\100166.10\DWG\ILLALLA PLAT CITY EXHIBIT.DWG



4670 WILLOW RD
SUITE 250
PLEASANTON, CA 94588
925-396-7700
925-396-7799 (FAX)

Subject EXHIBIT A
GIANT PROPERTIES, LLC
 Job No. 20100166.10
 By RL Date 03/06/13 Chkd. WS
 SHEET 1 OF 1

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

LEGAL DESCRIPTION

Real property in the City of Menlo Park, County of San Mateo, State of California, described as follows:

PARCEL A:

PARCEL 2 AS SHOWN ON EXHIBIT "A" OF LOT LINE ADJUSTMENT AS EVIDENCED BY DOCUMENT RECORDED JANUARY 11, 2013 AS INSTRUMENT NO. 2013-6489 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEING ALL OF PARCEL A, AS SAID PARCEL IS DESCRIBED IN THAT CERTAIN GRANT DEED, RECORDED ON DECEMBER 27, 2010 AS DOCUMENT NO. 2010-160809, SAN MATEO COUNTY RECORDS, ALSO BEING A PORTION OF LOT 1, AS SAID LOT IS DESCRIBED IN THAT CERTAIN "NOTICE OF MERGER" FILED FOR RECORD ON MAY 31, 2011 IN DOCUMENT NO. 2011-060628, SAN MATEO COUNTY RECORDS, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWESTERLY CORNER OF SAID PARCEL A WITH THE SOUTHERLY RIGHT-OF-WAY LINE OF HIGHWAY 84, AS SAID RIGHT-OF-WAY LINE IS SHOWN ON CALTRANS RIGHT-OF-WAY RECORD MAP R-105.2;

THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL A, THE FOLLOWING FIVE(5) COURSES:

- 1) NORTH 89° 21' 50" EAST, 619.54 FEET;
- 2) SOUTH 31° 06' 06" EAST, 39.45 FEET;
- 3) NORTH 89° 21' 50" EAST, 60.00 FEET;
- 4) NORTH 29° 49' 46" EAST, 39.45 FEET;
- 5) NORTH 89° 21' 50" EAST, 407.88 FEET; TO THE EASTERLY LINE OF SAID PARCEL A;

THENCE LEAVING SAID NORTHERLY LINE AND ALONG SAID EASTERLY LINE, SOUTH 00° 38' 10" EAST, 501.41 FEET TO THE SOUTHERLY LINE OF SAID PARCEL A;
THENCE LEAVING SAID EASTERLY LINE AND ALONG SAID SOUTHERLY LINE OF SAID PARCEL A, SOUTH 85° 08' 20" WEST, 981.15 FEET TO THE WESTERLY LINE OF SAID PARCEL A;
THENCE LEAVING SAID SOUTHERLY LINE AND ALONG THE SOUTHERLY LINE SAID LOT 1, SOUTH 85° 08' 20" WEST, 49.62 FEET;
THENCE LEAVING SAID SOUTHERLY LINE, NORTH 04° 51' 40" WEST, 20.94 FEET;
THENCE NORTH 40° 23' 39" WEST, 97.46 FEET;
THENCE NORTH 04° 51' 40" WEST, 51.62 FEET TO THE WESTERLY LINE OF SAID PARCEL A;
THENCE ALONG SAID WESTERLY LINE, NORTH 04° 51' 40" WEST, 431.24 FEET TO THE POINT OF BEGINNING.

PARCEL B:

A PORTION OF PARCEL 3 E, AS SAID PARCEL IS DESCRIBED IN THAT CERTAIN GRANT DEED, FILED FOR RECORD ON MARCH 27, 2002 AS DOCUMENT NUMBER 2002-059141 OF OFFICIAL RECORDS, SAN MATEO COUNTY AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID PARCEL; THENCE ALONG THE SOUTHERLY LINE OF SAID PARCEL, SOUTH 85° 08' 20" WEST, 736.25 FEET; THENCE LEAVING SAID SOUTHERLY LINE, NORTH 0° 38' 10" WEST, 501.41 FEET TO A POINT ON THE NORTHERLY LINE OF SAID PARCEL; THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL NORTH 89° 21' 50" EAST, 604.95 FEET; THENCE CONTINUING ALONG SAID NORTHERLY LINE,

SOUTH 82° 24' 08" EAST, 162.24 FEET TO THE BEGINNING OF A TANGENT CURVE TO THE RIGHT; THENCE CONTINUING ALONG SAID NORTHERLY LINE AND ALONG SAID CURVE HAVING A RADIUS OF 45.00 FEET, THROUGH A CENTRAL ANGLE OF 81° 18' 03", AN ARC LENGTH OF 63.85 FEET TO THE EASTERLY LINE OF SAID PARCEL; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL, SOUTH 1° 06' 05" EAST, 171.90 FEET; THENCE CONTINUING ALONG SAID EASTERLY LINE, SOUTH 14° 09' 17" WEST, 107.79 FEET; THENCE CONTINUING ALONG SAID EASTERLY LINE, SOUTH 22° 13' 35" WEST, 112.49 FEET TO THE POINT OF BEGINNING.

BEING THE PROPERTY DESCRIBED AS ADJUSTED PARCEL 3 E ON THAT CERTAIN APPROVAL OF LOT LINE ADJUSTMENT RECORDED FEBRUARY 6, 2007, INSTRUMENT NO. 2007-018809, OFFICIAL RECORDS.

PARCEL C:

EASEMENTS FOR THE PURPOSES PROVIDED FOR IN SECTIONS 6.1 AND 7.1 OF THE EASEMENT AGREEMENT AND COVENANTS RUNNING WITH THE LAND RECORD MARCH 15, 2007, INSTRUMENT NO. 2007-039705, OFFICIAL RECORDS.

APN: portion of APN 055-260-200 (Affects Parcel A); 055-260-210 (Affects Parcel A) and 055-260-220 (Affects Parcel B)

JPN: 055-26-260-12; 055-26-260-09 and 055-26-260-12.02

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PUBLIC WORKS DEPARTMENT

Council Meeting Date: April 2, 2013
Staff Report #: 13-052

Agenda Item #: D-2

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

RECOMMENDATION

Staff recommends the City Council authorize the City Manager to execute master agreements for professional services with multiple consulting firms for engineering, surveying, inspection, testing and other administration services up to budgeted amount each year. All the firms are listed in Table 1 of this staff report.

BACKGROUND

In past years, 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, project management, inspection, testing and other administration services for the Public Works Department. Currently, master agreements with these, and/or other firms, will expire, 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 utilize 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 consultants 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 consultant to provide proof of insurance and to hold the City harmless for the work performed. The agreements will be for five 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.

TABLE 1 - List of Firms For Services

Firm	Service Provided
<i>Inspection</i>	
Aerotek, Inc.	Inspection
Star Builders East Bay	Inspection
<i>Testing</i>	
Testing Engineers, Inc.	Testing
Signet Testing Labs, Inc.	Testing
Bay Area Geotechnical Group	Testing/Geotechnical Engineering
AMS Consulting	Pavement Management
<i>Municipal Engineering</i>	
CSG Consulting, Inc.	Development Review/Project Management
Harris & Associates	Development Review/Project Management
Bureau Veritas North America	Development Review
Swinerton Management & Consulting	Project Management
Lynx Technologies	GIS, Mapping
<i>Civil Engineering Design</i>	
BKF Engineers	Civil Engineering/Surveying
McLeod Associates	Civil Engineering/Surveying
Wilsey Ham	Civil Engineering
Mark Thomas & Company, Inc.	Civil Engineering/Transportation
Pakpour Consulting Group, Inc.	Civil Engineering
Freyer Laureta, Inc.	Civil Engineering
Schaaf & Wheeler Consulting	Flood Control/Hydrology

Traffic & Transportation	
Transportation Infrastructure Group (TiG)	Transportation
Whitlock & Weinberger Transportation	Traffic/Transportation
Krupka Consulting	Traffic/Transportation
TJKM Transportation	Traffic/Transportation
DKS	Traffic Engineering
Kimley-Horn & Associates, Inc.	Transportation

Administration Services	
Moore & Associates	Marketing and Public Outreach
Articulate Solutions	Marketing and Public Outreach
Cascadia Consulting Services	Marketing, Public Outreach, and Program and Policy Analysis
S. Groner Associates, Inc.	Marketing
Gigantic Idea Studio	Marketing

Landscape Architects	
Verde Design	Landscape Architects
Callander Associates	Landscape Architects
Rhaa	Landscape Architecture-Planning
Fujiitrees Consulting	Landscape/Arborist
Royston Hanamoto Alley & Abbey	Landscape Architecture-Planning

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 \$250, 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.

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

Report prepared by:
Fernando Bravo
Engineering Services Manger



ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: April 2, 2013
Staff Report #:13-048

Agenda Item #: E-1

PUBLIC HEARING: Adopt a Resolution Amending the City's Master Fee Schedule to Incorporate Proposed Changes in Fees to Become Effective Immediately or July 1, 2013 or as Required by Statute for the Following Departments: Community Services, Library, Police, and Public Works

RECOMMENDATION

Staff recommends City Council adopt a resolution amending the City's Master Fee Schedule to incorporate proposed changes in fees to become effective immediately or July 1, 2013 or as required by statute for the following departments: Community Services, Library, Police, and Public Works.

BACKGROUND

The Master Fee Schedule reflects fees charged by all City departments. It is amended annually so that fees reflect current costs to provide services, to bring fees closer to full cost recovery targets, to add new fees when applicable for new City services, and/or to eliminate fees for discontinued services.

The City imposes different categories of fees with different requirements regarding how fees are set or changed:

- Fees and charges for the use of facilities, services and access to property: these fees are elective on the part of the customer/user. The purpose of these fees and charges is to generate revenues for access or use of the service or facility. There is no legal restriction on the amount of such fees or charges, and they can be effective immediately.
- Property development processing fees: these include fees for building and use permits, variances, building inspections, map applications, and planning services. These fees cannot exceed the reasonable cost of providing the service. Any new fee or increase to existing fees in this category can be effective no sooner than sixty days after approval by City Council.
- Fees relating to public records act requests and copies of documents and reports: these fees are limited to the actual cost of copying (not including personnel time to copy) or the statutory amount, whichever is less. There are no changes recommended for any fees in this category at the present time.

ANALYSIS

Identifying the cost components of providing services is integral in the establishment of the fees and cost recovery rates. Accordingly, a detailed cost study was identified as a priority project for the 2006-07 Budget and completed in 2008-09. Staff has prepared the following recommendations using analyses provided by the Cost Allocation and Overhead Rate Study, the Fully Burdened Hourly Staff Labor Rate Study, the Comprehensive Fee and Service Charge Study, using updated cost information. In addition, the citywide Cost Recovery Fee Policy/Strategy (Attachment B) was referenced as a guide in determining appropriate cost recovery rates for services.

The recommendations presented by staff in this report ensure not only that charges keep pace with the costs of providing services, but are also competitive with comparable programs (where applicable), aligned with cost recovery levels defined in the Cost Recovery Fee Policy, and are responsive to demands for these services within the community. The proposed fee changes are summarized below, by department. Fees for which there are no recommended changes are not listed.

Community Services

Several fee increases for recreation programs are suggested in order to continue progress toward the department's long-term cost recovery goals. Staff believes the 2005 *Your City/Your Decision* community-driven budget process provided community direction and support for increasing the degree to which recreational services pay for themselves. The Cost Allocation Plan and User Fee Study and Policy also provides further clarification for making fee changes in order to align fees more appropriately to the costs of recreation services and some social service programs.

In accordance with the Cost Recovery Policy, staff has suggested the greatest fee increases for programs that are of special benefit to individuals or groups, where the goal is to set fees to a level sufficient to support direct program costs, plus up to 100% of City overhead associated with the activity. These programs provide individual benefit foremost, and minimal community benefit. Activities promoting the full utilization of parks and recreation facilities are also included in those recommended for the greatest fee increases.

Several programs delineated in the policy are included in the medium cost recovery category, with recovery of a majority of direct (budgeted) costs incurred in the delivery of the service, but without recovery of any of the costs which would have been incurred by the department without the service. Both the community and individuals benefit from these services.

The schedule below summarizes the current fees, proposed fees, and percentage change in certain Community Services fees. If approved, it is estimated that increases and new fees will generate an additional \$160,200 annually at current and estimated participation levels.

Fee Title	Current Fee	Proposed Fee	Change %
MENLO CHILDREN'S CENTER – RESIDENT:			
<i>Preschool</i> (per month)			
Toddler Room			
Full-time 5 days per week	\$ 1,769.00	\$ 1,787.00	1%
Part-time 3 days per week	1,291.00	1,304.00	1%
Part-time 2 days per week	1,008.00	1,018.00	1%
Early pre-school and Pre-school room			
Full-time 5 days per week	1,391.00	1,405.00	1%
Part-time 3 days per week	1,016.00	1,026.00	1%
Part-time 2 days per week	793.00	801.00	1%
BELLE HAVEN PROGRAMS - RESIDENT:			
<i>Afterschool</i>			
Kindergarten – standard start (non-subsidized)	482.00	460.00	(5%)
1 st through 6 th grade – standard start (non-subsidized)	482.00	425.00	(12%)
Kindergarten – standard start (subsidized*)			
Extremely low income	64.25	-0-	Eliminated
Very low income	107.00	-0-	Eliminated
Kindergarten – standard start (subsidized*)	-0-	104.00	New
1 st through 6 th grade – standard start (subsidized)			
Extremely low income	64.25	-0-	Eliminated
Low Income	107.00	-0-	Eliminated
1 st through 6 th grade – standard start (subsidized*)	-0-	95.00	New
Kindergarten – early start (non-subsidized)	737.50	670.00	(9%)
Kindergarten through 6 th grade – early start (subsidized*)			
Extremely low income	83.50	-0-	Eliminated
Very low income	139.00	-0-	Eliminated
Kindergarten – early start (subsidized*)	-0-	124.00	New
<i>Seasonal Programs</i>			
Camp Programs			
2 week program – Summer Break			
Kindergarten (non-subsidized)	447.00	550.00	23%
1 st through 6 th grade (non-subsidized)	375.00	425.00	13%
Kindergarten (subsidized*)			
Extremely low income	115.75	-0-	Eliminated
Very low income	165.75	-0-	Eliminated
Kindergarten (subsidized)	-0-	156.00	New
1 st through 6 th grade (subsidized*)			
Extremely low income	97.00	-0-	Eliminated
Very low income	139.00	-0-	Eliminated
1 st through 6 th grade (subsidized*)	-0-	135.00	New

Fee Title	Current Fee	Proposed Fee	Change %
BELLE HAVEN PROGRAMS – continued			
<u>Seasonal Programs</u>			
Camp Programs			
1 week program – Winter/Spring Breaks			
Kindergarten through 6 th grade (non-subsidized)	\$ 257.50	\$ 292.00	13%
Kindergarten through 6 th grade (subsidized*) Extremely low income	46.50	-0-	Eliminated
Very low income	67.00	-0-	Eliminated
Kindergarten through 6 th grade (subsidized*)	-0-	80.00	New
School Breaks – One Day Program (daily fee)			
Single All Day Care – (non-subsidized)	-0-	62.00	New
Single All Day Care – (subsidized*)	15.00	20.00	33%
(Field Trips are subject to extra fees)			
*Subsidized rates for eligible residents only			
ARRILLAGA FAMILY RECREATION CENTER:			
<u>Miscellaneous Rental Items</u>			
Cleaning Fee	-0-	75.00	New
ARRILLAGA FAMILY GYMNASICS CENTER:			
<u>Gymnastics – Per hour fee</u>			
1– 2 hours per week	12.50	13.40	7%
3 hours per week	9.75	10.45	7%
6 hours per week	8.30	8.90	7%
9 hours per week	7.90	8.45	7%
12 hours per week	7.35	7.85	7%
15 hours per week	6.55	7.00	7%
<u>Private Lessons</u>			
1/2 hour – resident – up to two children	30.00	35.00	17%
- each additional child	-0-	15.00	New
ARRILLAGA FAMILY GYMNASIUM:			
<u>Conference Room Rental</u> – per hour	27.00	30.00	11%
YOUTH AFTERSCHOOL SPORTS			
Per season - per team			
Volleyball - All Grades – resident	517.00	527.00	2%
Volleyball - All Grades – non-resident	699.00	713.00	2%
Basketball - 3 rd & 4 th Grades – resident	624.00	636.00	2%
Basketball - 3 rd & 4 th Grades – non-resident	777.00	793.00	2%
Basketball - 5 th to 7 th Grades – resident	802.00	818.00	2%
Basketball - 5 th to 7 th Grades – non-resident	965.00	984.00	2%

Fee Title	Current Fee	Proposed Fee	Change %
ARRILLAGA FAMILY GYMNASIUM - continued			
ADULT SPORTS – LEAGUES			
Per season - per team			
Basketball	\$ 760.00	\$ 775.00	2%
Softball – Men’s	878.00	896.00	2%
Softball – Co-ed	684.00	698.00	2%
TENNIS COURTS			
Yearly Key – Residents	50.00	50.00	No Change
Non-Resident	100.00	100.00	No Change
Court Rental – Special Events			
Resident – per hour	*7.00	*15.00	114%
Non-resident – per hour	*10.00	*20.00	100%
*Hourly Fee in Addition to Yearly Tennis Key Purchase			
PICNIC AREAS – per hour – per area			
Resident	5.00	7.00	40%
Non-resident	10.00	12.00	20%
MENLO PARK SENIOR CENTER			
Grand Ballroom and Kitchen Rental Fee			
Resident – per hour	169.00	120.00	(29%)
Non-resident – per hour	228.00	150.00	(34%)
Imagination Room			
Resident – per hour	60.00	40.00	(33%)
Non-resident – per hour	81.00	50.00	(38%)
Community Room			
Resident – per hour	60.00	40.00	(33%)
Non-resident – per hour	81.00	50.00	(38%)
Re-usable Bag for Brown Bag Program	2.00	-0-	Eliminated
ADVERTISING RATES			
Activity Guide Ad (as space available)		\$50.00 to \$900.00	New
Video Display Ad – per month		10.00	New
(All non-resident fees are 135% of resident fees unless a specific non-resident fee is listed)			

Child Care Programs

Menlo Children’s Center (MCC) Preschool Programs: In April 2010, Council agreed to a budget strategy which would continue moving the Menlo Children’s Center

preschool program toward full cost recovery by increasing program efficiencies and increasing fees using a phased approach over several years. Based on the program's success for maintaining expenses as well as continued high enrollment, the Menlo Children's Center preschool program has increased its direct cost recovery from 81% in FY07-08 to 119% in FY11-12. Therefore, after five years of fee increases averaging between 3%-6%, staff recommends a 1% increase in fees. This increase will continue to assist in reaching direct cost recovery of 124%, which fully covers the indirect overhead costs of the program. Estimated increase in annual revenue is \$9,700.

Belle Haven School Age Programs: The Belle Haven School Age Program has subsidized and non-subsidized fee schedules for the monthly afterschool program and summer camp program. The program serves approximately 55 children during the school year and approximately 95 children during the summer months. The City's Cost Recovery Fee Policy sets the school year program at the 30% to 70% cost recovery level and the camp programs at 0% to 30%.

Since the Belle Haven School Age Program was not reaching these cost recovery targets, the City Council directed staff, during the FY12-13 budget process, to engage with the program parents during the fiscal year in order to determine the best strategies for improving cost-recovery. As a result of several parent meetings and feedback from parent surveys, a majority of parents indicated they could afford and were willing to pay a moderate increase of \$20-\$40 per month for the program. Therefore, staff recommends increasing fees for the programs as well as eliminating unused fee options established by the San Mateo County Department of Housing for very low, and low income earners. Staff recommends providing subsidized rates for only those participants in the extremely low income category. Approximately 99% of program participants are in this income category. This will result in fees more consistent with the Belle Haven Child Development Center childcare program.

Due to an increase in the level of supervision required for younger children, staff is recommending separating the fees for Belle Haven After School kindergarten participants from the fees for 1st – 6th grade participants. The subsidized rate for Noon (early start) Kindergarten will be \$124 per month and \$104 per month for Afternoon Kindergarten. Staff recommends setting the full cost (non-subsidized) fees at \$670 and \$460 per month. For 1st – 6th grade participants staff recommends a subsidized rate of \$95 per month and a full cost (non-subsidized) monthly rate of \$425. Staff also recommends increasing the fees for single day care during school breaks and also the week-long camps held during school winter and spring breaks. The recommended subsidized fees are \$20 for all day single day care and \$80 for a one week camp. For summer camps, staff recommends also dividing the fees based on ages between the kindergarten and grade school participants. For summer camps the recommended subsidized rate is \$156 for Kindergarten and \$135 for 1st – 6th Grade. Recommended non-subsidized rates are \$550 for Kindergarten and \$425 for 1st – 6th Grade. The estimated increase in annual revenue is \$33,400.

Recreation Programs

Arrillaga Family Recreation Center: In order to keep up with the volume of rentals and the demand on staff and contractors to keep the facility looking new, staff is recommending a new \$75 cleaning fee for all facility rentals that have food and beverage service for more than 100 people. This new fee would be in addition to the facility rental security deposit. If additional cleaning is needed above that provided by the \$75 cleaning service, funds from the security deposit will not be refunded to the renter. The cleaning fee will pay for the direct costs of janitorial services that are provided after these types of event/facility rentals. The estimated increase in annual revenue is \$1,800.

Arrillaga Family Gymnastics Center: Staff recommends increasing the fees for gymnastics classes by 7% based on the phased approach outlined in the City's business plan for the new Arrillaga Family Gymnastics Center (approved by the Parks and Recreation Commission in October 2012). A thorough analysis of the fees at other gymnastics programs in the area also supports this increase. If approved, the charge for 1-2 hours per week will be increased to \$13.40 per hour. For classes meeting 3 or more hours per week, staff recommends increases that range from \$0.45 to \$0.70 per hour. With these increases, the gymnastics classes offered in Menlo Park remain competitive with classes offered in other areas. In addition, it is recommended to increase the private lesson fee to \$35 per ½ hour (up to 2 children) and establish a new fee of an additional \$15 per child (for a maximum of 4 children). Over the past five years, the gymnastics program's recovery of directly budgeted costs has averaged approximately 112% (124% would represent total cost recovery, including unbudgeted administrative and other overhead costs). The estimated annual increase in revenue is \$66,000.

Also, with the new facility, there will be opportunities for the public and local organizations to rent the *Gymnastics Room* (main gymnastics floor area), the *Fitness Room*, or the *Multi-purpose* meeting room during non-city program times. These new fees, and the refundable security deposit fees, are comparable to other new rates at the recreation center and gymnasium, and are comparable to the rates changed by other gymnastics facilities in the region. The estimated annual increase in revenue from these new fees is \$30,000.

Arrillaga Family Gymnasium: Currently, the rental fee for the conference room at the Arrillaga Family Gymnasium is \$27 per hour. However, after comparing the room's square footage and features with rental fees at other Arrillaga facilities, staff recommends increasing the conference room fee to \$30 per hour. The estimated increase in annual revenue is \$100.

Youth Afterschool Sports Leagues: Staff recommends increasing the youth league fees again this year as part of the phased approach used the past several years for reaching the program's cost recovery goal and to bring Menlo Park's league fees into alignment with those of other surrounding communities. All of the youth sports league fees are recommended to be increased by 2%. If the increase is approved, youth volleyball league rates will be \$527 per resident team, and \$713 per non-resident team.

Staff also recommends increasing the youth basketball league fees to \$636 per resident team (grade 3-4), and \$818 per resident team (grade 5-7). For non-resident teams, fees of \$793 for grades 3-4 and \$984 for grades 5-7 are proposed. The new fees are reasonably priced at approximately \$50-\$80 per player for residents, and consistent with those charged for other facilities in the area. The estimated increase in annual revenue is \$2,200.

Adult Sports Leagues: Staff recommends increasing the fees for adult basketball leagues slightly, to \$775 per team - a 2% increase. The fees for adult softball field use are recommended to increase by 2% to \$896 for men's and \$698 for co-ed teams. The estimated increase in annual revenue is \$1,800.

Tennis Courts and Picnic Areas: Tennis Courts and Picnic Areas can be rented by various groups within the community. Staff recommends increasing the hourly rental fees to help offset the direct costs of maintaining these facilities and processing the reservations. Staff recommends increasing the fee for Tennis Court rental per court per hour by residents to \$15, and to \$20 for non-residents. For Picnic Areas staff is recommending a per hour rental fee of \$7 for residents and \$12 for non-residents. The estimated increase in annual revenue is \$10,000.

Menlo Park Senior Center: Staff recommends reducing the facilities rental fees for the Menlo Park Senior Center based on the current low demand for rentals and on the comparable facility rental rates at the neighboring facilities serving similar demographics. The modest decrease in rental rates is intended to encourage higher utilization of the Senior Center during non-regular business hours. The per hour rental rate for the Grand Ballroom (formerly the Activity Room) is recommended at \$120 for residents and \$150 for non-residents. Staff recommends per hour rental rates for the Imagination Room (formerly the Art Room) and the Community Room of \$40 for residents and \$50 for non-residents. The estimated increase in annual revenue based on the higher projected volume of reservations is \$3,000.

Advertising: Staff recommends new fees be established for advertising in the Activity Guide. A fee range of \$50 to \$900 is recommended to be based on the location, size, and frequency of the ad. Placement is offered based on space availability. Also, the lobby areas of the new Arrillaga facilities are equipped with flat screen monitors that currently display information on City recreation programs and community events. Staff recommends the Council approve offering video advertising time to community groups, contract recreation instructors, and local businesses at a rate of \$10 per month. Ad placement preference would first be given to advertisers in the Activity Guide. The estimated increase in annual revenue is \$2,200.

Non-resident surcharge: Staff does not recommend changing the non-resident surcharge for Community Services programs from the current rate of 35 percent of the resident fee. For example, if a resident fee is \$100, the non-resident fee is \$135, which includes the \$35 surcharge. This surcharge percentage applies when a specific dollar amount for non-resident use has not been specifically stated.

Library

Library Fees Set by the Peninsula Library System: The City is one of eight jurisdiction members of the Peninsula Library System (PLS) which includes all the public and community college libraries in San Mateo County. The library support services of the PLS are provided to members under a joint powers agreement. Some library fees are established by the Board of the PLS and later presented for approval by the governing board of each member. These fees are, *Hold Placement, Overdue Fines, and the Collection Agency Fee*. As of the writing of this staff report the PLS has not established increases in these fees for the next fiscal year. Typically, Library fees are low and increases are minimal. Because of the small amount of the revenue increase resulting from changes in Library fees and the high cost of noticing and holding a public hearing to present these small increases it is not cost effective to hold a special public hearing to approve the fee changes of the PLS. To insure that fee increases established by the PLS are promptly implemented, last year Council extended approval authority of the PLS-required fee increases to the City Manager (or designee) with the understanding that the Council and library patrons are advised of all fee changes in advance of the date the revised fee is put in place.

The schedule below summarizes the current fees, proposed fees, and percentage change in Library fees. Only fees for which a change is proposed are listed.

Fee Title	Current Fee	Proposed Fee	Change %
OVERDUE FINES			
DVD's – Adult Materials - per day	\$ 1.00	\$.25	(75%)
- maximum	10.00	8.00	(20%)
DVD's – Children's Materials – per day	1.00	.15	(85%)
- maximum	10.00	6.00	(40%)
LIBRARY CARD			
Check out without a card – per check out	1.00	-0-	Eliminated

Overdue Fines: Staff recommends reducing the DVD overdue fines currently set at \$1 per day with a \$10 maximum to \$0.25 per day with a \$8 maximum for Adult materials and \$0.15 with a \$6 maximum for Children's materials. The high fines for overdue DVD's are unique to Menlo Park Library and, due to the conformity required by the Peninsula Library System (PLS) shared circulation system, these materials cannot be reserved (placed "on hold") at other PLS member locations. These are the only fines that Menlo Park charges that do not conform to those collected by other PLS members.

If approved, these changes would put Menlo Park in conformity with the other PLS member libraries and thereby allow DVD's from Menlo Park Library to be reserved at other PLS member locations and will result in an estimated \$7,500 increase in "hold placement" revenue. The increase in revenue will slightly offset the \$22,500 decrease in overdue DVD fine revenue. The annual net revenue decrease of these changes is estimated to be \$15,000.

Library Card: Staff recommends that the \$1 fee for checking out materials without a library card be removed from the Master Fee Schedule. With the introduction of self-check in July 2012, the library has required that all patrons use a library card for check-out. The self-check-out equipment does not work without a physical library card. All patrons who neglect to bring their library card for check out are now required to obtain a new replacement card so they can use the self-check equipment. The current fee for a replacement card is \$2. No change in this fee is recommended.

Police

The schedule below summarizes the proposed new Police fees. If approved, it is estimated that increases and new fees in the Police Department will generate an additional \$2,025 annually.

Fee Title	Current Fee	Proposed Fee	Change %
PEDDLERS – SOLICIATORS PERMIT PROCESSING			
Initial Permit	-0-	\$ 135.00	New
Annual Renewal Permit	-0-	135.00	New

Peddlers – Solicitors Permit Processing: To comply with ordinance 5.40.010, a Peddlers or Solicitors permit issued by the Police Department is required for business owners and all employees or contract workers performing these activities in Menlo Park. One example of Peddler-Solicitor activity is a Mobile food vendor. In the past, there were not many applications processed and permitting costs were not recovered. However, due to the increased number of Peddlers and Solicitors wanting to conduct business in Menlo Park, there has been a significant increase in the number of Peddlers and Solicitors permit applications received. The permit application processing includes the review and approval/denial of the applicant based on the results of a background check performed by the Department of Justice using fingerprint identification. The City currently charges fees of \$135 to recover the permit processing costs for issuing new and renewal Massage Permits. The staff activity required to process a Peddlers-Solicitor permit is the same as that required to process a Massage Permit. Therefore, staff recommends that the Council approve initial and renewal Peddlers-Solicitors permits at the same rates of \$135 for each permit type. The annual increase in revenue is estimated to be \$2,025.

Public Works

The schedule below summarizes the current fees, proposed fees, and percentage change in Public Works fees. Only fees for which a change is proposed are listed. If approved, it is estimated that the increases will generate an additional \$30,900 annually.

Fee Title	Current Fee	Proposed Fee	Change %
ENCROACHMENT PERMITS			
Minor Encroachments	\$ 470.00	\$ 500.00	6%
Major Encroachments	825.00 plus 3% of cost estimate	\$ 825 Deposit plus 3% of cost estimate with final fee based on staff hourly billing rates	Varies
Major Encroachment – Permit Extension	435.00	-0-	Eliminated
Appeal to City Council of any Encroachment Permit Action	175.00	200.00	14%
TRAFFIC IMPACT FEE APPEAL			
Appeal to City Council	175.00	200.00	14%
HERITAGE TREE			
Appeals to Environmental Quality Commission or City Council			
First Tree	175.00	200.00	14%
Each Additional Tree	75.00	100.00	33%
Not to Exceed Maximum Fee	300.00	500.00	67%
CONSTRUCTION AND DEMOLITION (C&D) DEBRIS RECYCLING			
Administrative Fee			
Deposit of less than \$3,000	150.00	200.00	33%
Deposit between \$3,000 to \$20,000	150.00	330.00	120%
Deposit greater than \$20,000	150.00	2% of deposit	Varies
BANNERS			
Santa Cruz Avenue			
Installation, maintenance and removal			
One week display	400.00	450.00	13%
Two week display	500.00	550.00	10%
IMPROVEMENT PLAN REVIEWS			
Initial Review - Single-family residences	\$ 700 plus 3% of cost estimate	\$ 700 plus 3% of cost estimate	No change
- Multi-family residences, Commercial, and Industrial	\$ 700 plus 3% of cost estimate	\$ 700 Deposit plus 3% of cost estimate with final fee based on staff hourly billing rates	Varies

Fee Title	Current Fee	Proposed Fee	Change %
STORM WATER OPERATIONS AND MAINTENANCE AGREEMENTS	\$ 300.00	\$ 500.00	67%
FEMA BUILDING PERMIT PLAN REVIEW	200.00	250.00	25%
MAPS			
Final Parcel Map - First 2 sheets	1,260.00	1,300.00	3%
- Each additional sheet	210.00	215.00	2%
Amended Parcel Map - First 2 sheets	2,100.00	2,150.00	2%
- Each additional sheet	210.00	215.00	2%
Final Map - First 2 sheets	1,575.00	1,610.00	2%
- Each additional sheet	210.00	215.00	2%
Amended Final Map - First 2 sheets	2,265.00	2,350.00	4%
- Each additional sheet	210.00	215.00	2%
Final Condominium Conversion Map	1,300.00	1,330.00	2%
Lot Line Adjustment	1,000.00	1,000.00 plus 125% of cost of external review if required	Varies
Lot Merger	1,000.00	1,000.00 plus 125% of cost of external review if required	Varies

Encroachment Permits: Staff recommends changes to several fees in the Encroachment Permit section. For Minor Encroachments staff recommends increasing the current fee of \$470 to \$500. For Major Encroachments staff recommends changing from a fixed fee of \$825 plus 3% of the project cost to a deposit-based fee with a final fee based on staff hourly billing rates (time and materials). The amount of staff time needed for Major Encroachments varies by project, and going to time and materials billing will ensure that the customer is neither overcharged nor undercharged. Also, if the change in the fee calculation for Major Encroachments is approved, staff recommends the elimination of the \$435 separate fee for Permit Extension as these costs will be recovered under the new billing proposal. For Appeals to the City Council of any Encroachment Permit action staff recommends increasing the fee from \$175 to \$200 (14%). Staff costs of processing an Encroachment Permit appeal are estimated to be more than \$2,000 per appeal. The annual increase in revenue from these changes is estimated to be \$3,000.

Traffic Impact Fee Appeal: This fee was first imposed in 2011 to partially recover costs over \$1,000 in staff cost associated with an appeal to the City Council. Staff recommends the appeal fee be increased from the current \$175 to \$200. The annual increase in revenue is estimated to be minimal.

Heritage Tree Appeal: Staff recommends increasing the base appeal fee from \$175 to \$200, increasing the fee for each additional tree from \$75 to \$100, and increasing the maximum appeal fee from \$300 to \$500. Staff costs of a heritage tree appeal are estimated to be over \$7,000 per appeal. Staff believes that these appeal fees should continue to be affordable given the importance of retaining heritage trees for the community. The annual increase in revenue is estimated to be \$700.

Construction and Demolition (C&D) Debris Recycling: The City's Recycling and Salvaging of Construction and Demolition Debris ordinance requires a refundable deposit be collected at the rate of \$50 per ton of materials designated as recyclable and reusable. For single-family residential projects the minimum deposit is \$1,000 with a maximum deposit no greater than \$5,000. For multi-family residential and commercial projects the minimum deposit is also \$1,000 but there is no maximum deposit. The ordinance allows for an Administrative Fee to compensate the City for expenses incurred in administering the process. Currently the fee is a flat \$150 regardless of the size of the project. Staff reviews the recycling tags presented by project applicants to ensure that the construction or demolition project has met the ordinance requirements and qualifies for a full or partial deposit refund. For small projects the analysis typically takes one hour of environmental program staff time. Medium projects take an average of two hours of staff time to complete the analysis because the verification tags are received in time intervals and staff needs to review the file at least twice. Review of the largest projects take significantly more staff time to complete due to the extended time intervals that debris materials are being recycled and also ongoing communication between staff and the customer.

To insure greater cost recovery, staff recommends establishing three tiers of Administrative Fee. For small projects, those with a deposit of under \$3,000, staff recommends a fixed fee of \$200. For medium size projects, with a deposit of \$3,000 to \$20,000, a fixed fee of \$330 is recommended. For projects with a deposit of greater than \$20,000 staff recommends a fee of 2% of the deposit amount. Example: a project with a deposit of \$22,000 would have a fee of \$440. Staff estimates that 75% of projects are small size, 20% are medium, and 5% are large. The annual increase in revenue is estimated to be \$17,000.

Banners: Staff recommends increasing the fee for installation, maintenance and removal of banners on Santa Cruz Avenue to amounts closer to full cost recovery of \$665 per installation. Current rates are \$400 for a one week display and \$500 for a two week display. Staff recommends \$450 for one week and \$550 for two weeks. The annual increase in revenue is estimated to be \$2,500.

Improvement Plan Reviews: The current fee for Initial Reviews under Improvement Plan Review is \$700 plus 3% of the cost estimate of site improvements. This initial fee

includes two full reviews and applies to Grading & Drainage, Subdivision improvements, and Engineering reviews to ensure conformity with conditions of approval, pre-application submittals and miscellaneous review. Additional Plan Reviews are charged a fee of \$100 per sheet. Staff recommends applying the current fee only to Single-Family Homes and establishing a new fee for the review of larger developments. Based on the amount of time to review plans for large projects/developments, staff recommends requiring a deposit of \$700 plus 3% of the cost estimate and basing the actual fee on staff hourly billing rates. This fee basis is consistent with most Planning Department fee structures. The annual increase in revenue is estimated to be \$5,000.

Storm Water Operations and Maintenance Agreements: Staff recommends increasing the fee from \$300 to \$500 based on the increased amount of staff time needed to coordinate with the applicants, and their attorneys and engineers. The annual increase in revenue is estimated to be \$2,500.

FEMA Building Permit Plan Review: Staff recommends increasing the fee from \$200 to \$250 based on the increased amount of staff time needed to coordinate with the applicant, and their architect and engineer. The annual increase in revenue is estimated to be \$200.

Maps: Staff is recommending increases in several fees in the Maps section. Increases of 2% to 4% are recommended for Final Parcel Maps, Amended Parcel Maps, Final Maps, Amended Final Maps, and Final Condominium Conversion Maps. For Lot Line Adjustments and Lot Merger fees staff recommends, in addition to the current \$1,000 fee to recover internal costs, that an additional fee of 125% of external review costs be approved. This change allows the City to recoup the costs associated with outside technical review by our consulting City Land Surveyor when needed. Most of the work associated with these two fees is performed by staff only, but for more complex applications outside review is necessary and can be a significant added expense. Because most of the increase in revenue will offset consultant fees, the effect to net revenues will be minimal.

Menlo Park Municipal Water District (MPMWD)

Water Rates: The rates for MPMWD services through June 30, 2015 were approved at the May 18, 2010 Council meeting. This recap is presented for informational purposes only.

The City hired Bartel Wells Associates to review the MPMWD water rates to determine if the rates were adequate over time to pay for the anticipated increase in wholesale water costs, ongoing replacement projects, and any planned major capital projects. The comprehensive report was presented to Council on March 23, 2010. At a public hearing on May 18, 2010, Council approved Resolution No. 5929 adopting annual rate increases (over each of the five fiscal years) to the consumption charge and fixed monthly meter charge, and capital facilities charge based on consumption. The annual rate increases for the meter charge and water consumption are 16.5 percent each year. The annual rate increases for capital facilities charge, also based on consumption, are

based on the change in the *Bay Area Construction Cost Index*. The change in the index for calendar year 2012 was 1.5 percent.

The approved increased rates, effective as of July 1 of each year, are listed below.

Water Consumption Charge – Per CCF

Water Consumption	Approved 2010-2011	Approved 2011-2012	Approved 2012-2013	Approved 2013-2014	Approved 2014-2015
First 5 hundred cubic feet (ccf)	\$1.46	\$1.70	\$1.98	\$2.32	\$2.69
Next 6 through 10 ccf	1.83	2.13	2.48	2.90	3.37
Next 11 through 25 ccf	2.19	2.55	2.98	3.47	4.04
Consumption over 25 ccf	2.93	3.41	3.97	4.63	5.39

Water Meter Charge - Per Month

Meter Size	Approved 2010-2011	Approved 2011-2012	Approved 2012-2013	Approved 2013-2014	Approved 2014-2015
¾" or smaller	\$ 9.14	\$ 10.65	\$ 12.41	\$ 14.46	\$ 16.84
1"	14.61	17.03	19.85	23.12	26.94
1-1/2"	30.15	35.14	40.95	47.70	55.57
2"	48.42	56.43	65.77	76.62	89.26
3"	88.62	103.27	120.36	140.21	163.35
4"	137.04	159.71	186.12	216.83	252.61
6"	304.24	354.56	413.20	481.38	560.81
8"	675.16	786.83	916.98	1,068.28	1,244.54
10"	1,498.33	1,746.16	2,034.97	2,370.74	2,761.91

Capital Facilities Charge – Per CCF

Per CCF (100 cubic feet)	Approved 2010-2011	Approved 2011-2012	Approved 2012-2013	Approved 2013-2014	Approved 2014-2015
Annually adjusted based on the Construction Cost Index, as published in the Engineering News Record for the Bay Area.	\$ 0.41	\$ 0.43	\$ 0.47	\$ 0.48	Based on change in Engineering News Record

IMPACT ON CITY RESOURCES

The estimated annual net increase in General Fund revenue from the revisions discussed in this report is \$178,125.

User fees provide a significant source of cost recovery for the City. The recommended revisions to the Master Fee Schedule will be built into the 2013-14 budget recommendations and will help in maintaining service levels in the current fiscal year.

POLICY ISSUES

The fee changes proposed in this report are in compliance with the Cost Recovery / Subsidization Policy adopted by Council on March 9, 2010.

ENVIRONMENTAL REVIEW

Adoption of a Master Fee Schedule is categorically exempt under current California Environmental Quality Act guidelines.

PUBLIC NOTICE

Public Notification was achieved by a published legal notice on March 22, 2013 in the local newspaper and posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS

- A. Resolution Amending City Fees and Charges
- B. User Fee Cost Recovery – Fiscal Policy

Report prepared by:

Starla Jerome-Robinson
Assistant City Manager

John McGirr
Revenue & Claims Manager

Cherise Brandell
Director of Community Services

Charles Taylor
Director of Public Works

Susan Holmer
Director of Library Services

Robert Jonsen
Chief of Police

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
AMENDING CITY FEES AND CITY CHARGES**

WHEREAS, under the provisions of the City of Menlo Park Municipal Code Section 1.25.010, fees and charges assessed by the City of Menlo Park may be amended or modified upon the adoption of a Resolution by the City Council; and

WHEREAS, the City Council of the City of Menlo Park considers that said amended fees, as per Staff Report #13-048 dated April 2, 2013 are appropriate and should be adopted.

The City Council of the City of Menlo Park makes the following findings:

1. User fee services are those performed by the City on behalf of a private citizen or group with the assumption that the costs of services benefiting individuals, and not society as a whole, should be borne by the individual receiving the benefit. However, in some circumstances, it is reasonable to set fees at a level that does not reflect the full cost of providing service but to subsidize the service.
2. A listing of the fee changes proposed for City services was available to the public for at least ten days preceding the Public Hearing on April 2, 2013, at which time the fees were adopted.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED that the Master Fee Schedule last amended June 5, 2012, is hereby amended to take effect on the date this resolution is passed and adopted; and

BE IT FURTHER RESOLVED that the City Manager is authorized to waive, modify or amend fees on any matter in his/her reasonable discretion, provided that said fees may not be increased and if he/she does so, he/she shall so advise the City Council.

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 second day of April, 2013, 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 second day of April, 2013.

Margaret S. Roberts, MMC
City Clerk

City of Menlo Park

Fiscal Policy

Department City Council	Page 1 of 11	Effective Date 03/09/10
Subject User Fee Cost Recovery	Approved by Minute Order March 9, 2010	Procedure # CC-10-0001

Purpose:

A clear User Fee Cost Recovery Policy will allow the City of Menlo Park to provide an ongoing, sound basis for setting fees that allows charges and fees to be periodically reviewed and updated based on predetermined, researched and supportable criteria that can be made available to the public.

Background:

In 2005 the *Your City/Your Decision* community driven budget process provided community direction and initial information on approaches to cost recovery of services. In 2007, the Cost Allocation Plan provided further basis for development of a standardized allocation system by providing a methodology for data-based distribution of administrative and other overhead charges to programs and services. The Cost of Services Study completed in 2008 allowed the determination of the full cost of providing each service for which a fee is charged and laid the final groundwork needed for development of a values-based and data-driven User Fee Cost Recovery Policy. A draft User Fee Cost Recovery Policy was presented for consideration by the Council at a Study Session on February 10, 2009. Comments and direction from the Study Session were used to prepare this Fiscal Policy.

Policy:

The policy has three main components:

- Provision for ongoing review
- Process of establishing cost recovery levels
 - Factors to be Considered
- Target Cost Recovery Levels
 - Social Services and Recreation Programs
 - Development Review Programs
 - Public Works
 - Police
 - Library
 - Administrative Services

Provision for ongoing review

Fees will be reviewed at least annually in order to keep pace with changes in the cost of living and methods or levels of service delivery. In order to facilitate a fact-based approach to this review, a comprehensive analysis of the city's costs and fees should be made at least every five years. In the interim, fees will be adjusted by annual cost factors reflected in the appropriate program's operating budget.

Process of establishing service fee cost recovery levels

The following factors will be considered when setting service fees and cost recovery levels:

1. Community-wide vs. special benefit
 - The use of general purpose revenue is appropriate for community-wide services while user fees are appropriate for services that are of special benefit to individuals or groups. Full cost recovery is not always appropriate.
2. Service Recipient Versus Service Driver
 - Particularly for services associated with regulated activities (development review, code enforcement), from which the community primarily benefits, cost recovery from the "driver" of the need for the service (applicant, violator) is appropriate.
3. Consistency with City public policies and objectives
 - City policies and Council goals focused on long term improvements to community quality of life may also impact desired fee levels as fees can be used to change community behaviors, promote certain activities or provide funding for pursuit of specific community goals, for example: health and wellness, environmental stewardship.

City of Menlo Park

Fiscal Policy

Department City Council	Page 2 of 11	Effective Date 03/09/10
Subject User Fee Cost Recovery	Approved by Minute Order March 9, 2010	Procedure # CC-10-0001

4. Impact on demand (elasticity)
 - Pricing of services can significantly impact demand. At full cost recovery, for example, the City is providing services for which there is a genuine market not over-stimulated by artificially low prices. Conversely, high cost recovery may negatively impact lower income groups and this can work against public policy outcomes if the services are specifically designed to serve particular groups.
5. Discounted Rates and Surcharges
 - Rates may be discounted to accommodate lower income groups or groups who are the target of the service, such as senior citizens or residents.
 - Higher rates are considered appropriate for non-residents to further reduce general fund subsidization of services.
6. Feasibility of Collection
 - It may be impractical or too costly to establish a system to appropriately identify and charge each user for the specific services received. The method of assessing and collecting fees should be as simple as possible in order to reduce the administrative cost of collection.

Target cost recovery levels

1. Low cost recovery levels (0% – 30%) are appropriate if:
 - There is no intended relationship between the amount paid and the benefit received
 - Collecting fees is not cost-effective
 - There is no intent to limit use of the service
 - The service is non-recurring
 - Collecting fees would discourage compliance with regulatory requirements
 - The public at large benefits even if they are not the direct users of the service
2. High cost recovery levels (70% – 100%) are appropriate if:
 - The individual user or participant receives the benefit of the service
 - Other private or public sector alternatives could or do provide the service
 - For equity or demand management purposes, it is intended that there be a direct relationship between the amount paid and the level and cost of the service received
 - The use of the service is specifically discouraged
 - The service is regulatory in nature
3. Services having factors associated with both cost recovery levels would be subsidized at a mid-level of cost recovery (30% - 70%).

General categories of services tend to fall logically into the three levels of cost recovery above and can be classified according to the factors favoring those classifications for consistent and appropriate fees. Primary categories of services include:

- Social Services and Recreation Programs
- Development Review Programs – Planning, and Building
- Public Works Department – Engineering, Transportation, and Maintenance
- Public Safety

City of Menlo Park

Fiscal Policy

Department City Council Subject User Fee Cost Recovery	Page 3 of 11	Effective Date 03/09/10
	Approved by Minute Order March 9, 2010	Procedure # CC-10-0001

Social Services and Recreation Programs

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
9	<u>Parks</u>			
	Dog Park	X		
	Skate Parks	X		
	Open Space/Parks Playgrounds	X X		
7 11 10 11 11 7 7 11	<u>Social Services</u>			
	Senior Transportation	X		
	Senior Classes/Events	X		
	Belle Haven School Age – Title 22		X	
	Menlo Children’s Center – Title 22			X
	Preschool - Title 22			X
	Preschool – Title 5		X	
	Second Harvest	X		
Congregate Nutrition		X		
Belle Haven Community School		X		
	<u>Events/Celebrations</u>			
	City Sponsored	X		
	City-Wide	X		
	Youth & Teen Targeted	X		
	Cultural	X		
	Concerts	X		
5, 6, 7 9 9 9 10 5,6,7 9 5,6,7,8,9,10	<u>Facility Usage</u>			
	City Functions (e.g. commissions)	X		
	Co-Sponsored Organizations	X		
	Non-Profit	X		
	Fields - Youth (non-profit)		X	
	Fields - Adult (non-profit)		X	
	Tennis Courts		X	
	Picnic Rentals - Private Party			X
	Private Rentals			X
	Fields - For-profit			X
Contracted Venues – for profit			X	
8 8 8 7 11	<u>Fee Assisted Programs</u>			
	Recreational Swim	X		
	Swimming Classes	X		
	Lap Swimming	X		
	Recreation Classes	X		
	Open Gym Activities	X		

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Social Services and Recreation Programs - continued

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
	<u>Recreation Programs</u>			
11	Drop-In Activities		X	
10,11	Camps & Clinics			X
9	Youth Leagues			X
10	Youth Special Interest			X
10	Adult Special Interest			X
12	Gymnastics			X
6,12	Birthday Parties			X
11	Adult League			X

Low Recovery Expectations: Low to zero recovery is expected for programs in this category as the community benefits from the service. Non-resident fees if allowed may provide medium cost recovery.

In general, low cost programs or activities in this group provide a community wide benefit. These programs and activities are generally youth programs or activities enhancing the health, safety and livability of the community and therefore require the removal of a cost barrier for optimum participation. Recreation programming geared toward the needs of teens, youth, seniors, persons with disabilities, and/or those with limited opportunities for recreation are included. For example:

- Parks – As long as collecting fees at City parks is not cost-effective, there should be no fees collected for general use of parks and playgrounds. Costs associated with maintaining the City’s parks represent a large cost for which there is no significant opportunity for recovery – these facilities are public domains and are an essential service of City government.
- Social Services – There is no intended relationship between the amount paid and the benefit received for social service programs. Some programs are designed and delivered in coordination/partnership with other providers in Menlo Park.
- Senior Transportation – Transportation is classified as a low cost recovery program because there is no fee charged for the program and the majority of the seniors served cannot afford the actual cost of the service. Donations are solicited, but they are minimal. No fee should be established for this service, as it would threaten ridership and County reimbursements would be withdrawn.
- Senior Classes/Events – The primary purpose of senior classes and events is to encourage participation. The seniors served in these classes do not have the means of paying for the classes and are classified as “scholarship” recipients due to their low income levels. The classes should continue to be offered in collaboration with outside agencies which can offer them for free through state subsidies.
- Second Harvest – Monthly food distributions provide free food to needy families and so contribute a broad community benefit. The coordination and operation of the program is through the Onetta Harris Center staff with volunteers assisting with the distribution of food, to keep costs as low as possible.
- Events/Celebrations – Community Services events provide opportunities for neighborhoods to come together as a community and integrate people of various ages, economic and cultural backgrounds. Events also foster pride in the community and provide opportunities for volunteers to give back. As such, the benefits are community-wide. In addition, collection of fees are not always cost effective.

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- Facility Usage – Safe and secure facilities for neighborhood problem-solving and provision of other general services support an engaged community and should be encouraged with low or no fees.
- Fee Assisted Recreation Programs – Activities with fee assistance or sliding scales make the programs affordable to all economic levels in the community. Organized activities, classes, and drop-in programs are designed to encourage active living, teach essential life and safety skills and promote life-long learning for broad community benefit.

Medium Recovery Expectation – recovery of most program costs incurred in the delivery of the service, but without recovery of any of the costs which would have been incurred by the department without the service. Both community and individuals benefit from these services. Non-resident fees if allowed may provide high cost recovery.

- Belle Haven School Age – Title 22 - Licensed Child Care Program – Services to participants in this program are not readily available elsewhere in the community at low cost. The program provides broad community benefit in the form of a safety net for children in the community. Organized activities and programs teach basic skills, constructive use of time, boundaries and expectations, commitment to learning and social competency. Resident fees charged based on San Mateo County Pilot program for full day care that sets fees at no more than 10% of the family’s gross income.
- Preschool Title 5 – The Preschool Program is supported primarily by reimbursement of federal and state grants for low income children. Tuition and reimbursement rates are regulatory.
- Senior Lunches – Congregate Nutrition is classified as a medium cost recovery fee as it asks a donation coupled with a per meal reimbursement from OAA & State funds.
- Belle Haven School Community School – The Community School partners with various non-profit and community-based agencies to provide much needed services to the community – high quality instruction, youth enrichment services, after-school programs, early learning and a family center. Services are open to Belle Haven students, their families and residents of the surrounding neighborhood.
- Field Rentals and Tennis Courts – Costs should be kept low for local non-profit organizations providing sports leagues open to residents and children in the Menlo Park Schools that encourage healthy lifestyles and lifelong fitness. Opportunities exist to collect a reasonable fee for use to defray citywide expenses for tennis facilities and fields.
- Programs – Drop-in programs can be accessed by the widest cross section of the population and therefore have the potential for broad-base participation. Recreation drop-in programs have minimal supervision while providing healthy outlets for youth, teens and adults

High Recovery Expectations – present when user fees charged are sufficient to support direct program costs plus up to 100% of department administration and city overhead associated with the activity. Individual benefit foremost and minimal community benefit exists. Activities promote the full utilization of parks and recreation facilities.

- Menlo Children’s Center School Age and Pre-school – Title 22 – Participation benefits the individual user.
- Picnic Areas – Picnic rental reservations benefit the individual but help defray the cost of maintaining parks benefiting the entire community.
- Facility Usage – Facility use is set at a higher rate for the private use of the public facility for meetings, parties, and programs charging fees for services and celebrations.

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- Programs – Activities in this area benefit the individual user. Programs, classes, and sports leagues are often offered to keep pace with current recreational trends and provide the opportunity to learn new skills, improve health, and develop social competency. The services are made available to maximize the use of the facilities, increase the variety of offerings to the community as a whole and spread department administration and city-wide overhead costs to many activities. In some instances offering these activities helps defray expenses of services with no viable means of collecting revenue e.g. parks, playgrounds, etc.
- Contracted Venues – (for profit) – Long term arrangements where a facility is rented or contracted out to reduce general funding expense in order to provide specialized services to residents.

Development Review Services

1. Planning (planned development permits, tentative tract and parcel maps, re-zonings, general plan amendments, variances, use permits)
2. Building and safety (building permits, structural plan checks, inspections)

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
	1. Planning			
24	Appeals of Staff Decisions	X		
24	Appeals of Planning Commission Decisions by Residents	X		
	Subsequent Appeals			X
24	Temporary Sign Permits	X		
23	Use Permits – Non-Profits	X		
24	Administrative Reviews – Fences		X	
	Appeals of Planning Commission Decisions by			X
24	Non-Residents			X
23	Administrative Reviews – Other			X
23	Architectural Control			X
23	Development Permits			X
23	Environmental Reviews			X
23	General Plan Amendments			X
24	Tentative Maps			X
24	Miscellaneous – not listed elsewhere			X
	Reviews by Community Development			X
24	Director or Planning Commission			X
23	Special Events Permitting			X
23	Study Sessions			X
24	Zoning Compliance Letters			X
23	Signs and Awnings			X
23	Use Permits – other			X
23	Variances			X
23	Zoning Map			X
	Ordinance Amendments			X

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Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
28-48	<u>2. Building and safety</u> Solar installations Building Permits Mechanical Permits Electrical Permits Plumbing Permit Consultant Review	X		X X X X X

Low Recovery Expectations: Low to zero recovery is expected for services in this category to maintain open and accessible government processes for the public, encourage environmental sustainability and encourage compliance with regulatory requirements. Example of Low Recovery items:

- Planning – The fees for applicants who wish to appeal a Staff Decision or for a Menlo Park resident or neighbor from an immediately adjacent jurisdiction who wishes to appeal a decision of the Planning Commission is purposefully low to allow for accessibility to government processes.
- Planning – Temporary sign permit fees are low so as to encourage compliance.
- Building – The elimination or reduction of building permits for solar array installations is consistent with California Government Code Section 65850.5, which calls on local agencies to encourage the installation of solar energy systems by removing obstacles to, and minimizing costs of, permitting for such systems.

Mid-level Recovery Expectations: Recovery in the range of 30% to 70% of the costs incurred in the delivery of the service reflects the private benefit that is received while not discouraging compliance with the regulation requirements.

- Planning – Administrative permits for fences that exceed the height requirements along Santa Cruz Avenue are set at mid-level to encourage compliance.

High Recovery Expectations: Cost recovery for most development review services should generally be high. In most instances, the City's cost recovery goal should be 100%.

- Planning – Subsequent Appeals - The fees for applicants who are dissatisfied with the results of a previous appeal of an administrative permit or a decision of the Planning Commission should be at 100% cost recovery.
- Planning – Most of the Planning fees charged are based on a "time and materials" basis, with the applicant/customer being billed for staff time (at a rate that includes overhead cost allocations) and the cost of actual materials or external services utilized in the delivery of the service.
- Building – Building fees use a cost-basis, not a valuation basis, and are flat fees based on the size and quantities of the project.

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Public Works Department - Engineering, Transportation, and Maintenance

1. Engineering and Transportation (public improvement plan checks, inspections, subdivision requirements, encroachments)
2. Transportation (red curb installation, truck route permits, traffic signal repairs from accidents)
3. Maintenance (street barricades, banners, trees, special event set-up, damaged city property)

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
	<u>1. Engineering</u>			
25	Heritage Tree	X		
25	Appeals to Environmental Quality Commission and City Council	X		
	Bid Packages	X		
19	Plotter Prints		X	
19	Encroachment Permits for			
19	City-mandated repair work (non-temporary)		X	
25	Heritage Tree		X	
	Tree Removal Permits 1 – 3 trees			
19	City Standard Details		X	
20	Improvement Plan Review			X
20	Plan revisions			X
21	Construction Inspection			X
20	Maps / Subdivisions			X
	Real Property			X
19	Abandonments			X
19	Annexations			X
21	Certificates of Compliance			X
20	Easement Dedications			X
20	Lot Line Adjust/Merger			X
19	Encroachment Permits			X
19	Completion Bond			X
	Processing Fee			X
25	Heritage Tree Permits			X
	After first 3 trees			X
16	Downtown Parking Permits			X
	<u>2. Transportation</u>			
22	Red Curb Installation	X		
22	Truck Route Permits	X		
22	Traffic Signal Accident			X
22	Aerial Photos			X

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Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
	<u>3. Maintenance</u>			
22	Tree Planting	X		
22	Banners – Santa Cruz Ave			X
22	Barricade replacement			X
22	Weed Abatement			X
22	Special Event set-up – for profit use			X
22	Special Event set-up- for non-profits use		X	
22	Damaged City property			X

Low Recovery Expectations: Low to zero recovery is expected for services in this category as the community benefits from the service. In general, low cost services in this group provide a community-wide benefit. These services generally are intended to enhance or maintain the livability of the community and therefore require the removal of a cost barrier to encourage use. However, in some instances the maximum fee that can be charged is regulated at the State or Federal level and therefore the City fee is not determined by City costs (truck route permits, copies of documents). Examples of Low Recovery items:

- Maintenance – Tree Plantings is classified as a low cost recovery fee to replacement of trees removed due to poor health and to encourage new tree plantings.
- Transportation – Red Curb Installation is classified as a low cost recovery fee for support traffic/parking mitigation requests to address safety concerns of residents and businesses.
- Transportation – Truck Route Permits Fees – maximum fee set by State Law.
- Engineering – Heritage Tree Appeals is classified as a low cost recovery fee to insure that legitimate grievances are not suppressed by high fees.
- Engineering – Bid Packages are provided at a low cost to encourage bid submissions thereby insuring that the City receives sufficient bids to obtain the best value for the project to be undertaken.

Medium Recovery Expectations: Recovery in the range of 30% to 70% of the costs incurred in the delivery of the service. Typically both the community and individuals benefit from these services.

- Engineering – Encroachment Permits for City-mandated repairs are classified as a medium cost recovery. Since the property owner is paying for the cost of construction but is required by ordinance to perform it promptly, a discounted fee for the permit is appropriate.

High Recovery Expectations: Recovery in the range of 70% to 100% when user fees charged are sufficient to fully recover costs of providing the service. Individual benefit is foremost and minimal community benefit exists. Most services provided by the Public Works Department fall in this area.

- Engineering – Encroachment Permits where the public right of way is used or impacted on a temporary or permanent basis for the benefit of the permittee. Debris Boxes are such an example.
- Transportation – Traffic Signal Accident repair cost is the responsibility of the driver/insurer.
- Maintenance – Weed Abatement performed by Public Works staff to address ongoing code violation.
- Maintenance – Banners on Santa Cruz Avenue and El Camino Real.

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Public Safety – Police Services (Case Copies, False Alarms, Parking Permits, Abatements, Emergency Response, Background Investigations, Tow Contract)

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
14	Case Copies	X		
15	Citation Sign Off - Residents	X		
1, 15	Document Copies	X		
14	Bicycle Licenses	X		
16	Overnight Parking Permits			X
16	Residential Parking Permits	X		
15	Property Inspection – Code Enforcement	X		
15	Real Estate Sign Retrieval	X		
14	False Alarm – Low Risk		X	
15	Rotation Tow Service Contract		X	
15	Repossession Fee		X	
14	False Alarm – High Risk			X
14	Good Conduct Letter			X
14	Preparation Fees			X
14	Research Fee			X
14	Civil Subpoena Appearance			X
14	Finger Printing Documents			X
15	Background Investigations			X
14	Notary Services			X
14	Vehicle Releases			X
14	DUI - Emergency Response			X
15	Intoximeter Rental			X
15	Street Closure			X
15	Unruly Gatherings			X
18	Abatements			X

Low Recovery Expectations: Low to zero recovery is expected for services in this category as the community generally benefits from the regulation of the activity. The regulation of these activities is intended to enhance or maintain the livability of the community. However, in some instances the maximum fee that can be charged is regulated at the State or Federal level and therefore the City fee is not determined by City costs (copies of documents).

Medium Recovery Expectation: Recovery in the range of 30% to 70% of the costs of providing the service. Both community and individuals benefit from these services.

- False Alarm – primarily residential and low cash volume retail. Alarm response provide a disincentive to crime activity. However excessive false alarms negatively impact the ability of prompt police response to legitimate alarms.

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Public Safety – Police Services - continued

High Recovery Expectations: Recovery in the range of 70% to 100% when user fees charged are sufficient to recover costs of the service provided. Individual benefit is foremost and minimal community benefit exists. Items such as False Alarm, DUI Emergency Response, Vehicle Releases, Unruly Gathering, and Abatements are punitive in nature and the costs should not be funded by the community. Items such as Good Conduct Letter, Preparation Fees, Research Fee, Finger Printing, Background Investigations, and Notary Service primarily benefit the individual. 100% of the cost for services in these areas is typical.

- Overnight Parking Permits – the fee charged for One Night Parking Permits fall into Low Cost Recovery, however when combined with the fees collected from the issuance of Annual Permits the result is the program should achieve High Cost Recovery.
- Street Closure – primarily residential for activities within a defined area. This service is provide for public safety and therefore is provided at a rate below 100% cost recovery.

Library (Library Cards, Overdue Fines, etc.) – fees are primarily established by the Peninsula Library Service.

Administrative Services (Copying Charges, Postage, etc.) – fees are primarily set by regulations and are generally high cost recovery of pass-thru charges.

MEMORANDUM

March 28, 2013

To: Mayor Ohtaki & Council Members

From: Kirsten Keith & Rich Cline

Re: Request for Council Review of 500 El Camino Real/Stanford Project

This is a request that the Council place the proposed Stanford Project referred to as 500 El Camino Real, Menlo Park on the April 16, 2013, City Council agenda for review and discussion. Public Comment is encouraged at that time. We realize that this project is working its way through the Planning Division process and that the project may go through additional changes/modifications and that it has not yet been determined to what extent additional environmental analysis/traffic studies will be required. However, there is sufficient controversy and concern about the proposed mass, scale, mix of uses and potential impacts of the project that we think that the Council should be brought up to date on the status of the application and the review and processing of the application. We think that this project site is unique and that the concerns regarding this project and site are not generally applicable to any other sites in the Specific Plan area.

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ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: April 2, 2013
Staff Report #: 13-053

Agenda Item #: F-2

REGULAR BUSINESS: Discuss and Provide Direction on City Operating and Budget Principles for the 2013-14 Budget Process

RECOMMENDATION

Staff recommends the City Council affirm the proposed City Operating and Budget Principles for the 2013-14 budget process.

BACKGROUND

The City of Menlo Park provides an array of services at an approximate cost of \$100,000,000 per fiscal year with 230 full time equivalent (FTE) employees approved for 2012-2013. In addition, the City uses temporary workers and contract services to bolster staffing during peak work periods.

For the past several years, the City has strategically reduced spending and aligned services with projected revenues, by adjusting personnel and operations costs. In addition to eliminating roughly 15 vacant positions Citywide, in the past, personnel costs have been managed by freezing vacancies and salaries, eliminating the pay-for-performance program for Executive staff, and reducing overtime budgets throughout the organization. The City has addressed benefit costs by implementing a three-tier retirement formula, increasing employee share of PERS costs, elimination of retiree health insurance, and cost sharing for health benefits.

Staff is seeking affirmation from Council regarding a set of proposed operating and budget principles to assist with developing the City budget. Based upon Council guidance, staff will develop the budget reflecting these principles for consideration at your May 21, 2013 budget hearing.

ANALYSIS

While recognizing the experience of the recent past, the City Council's recently adopted goals position the City for a stronger and more prosperous future. These proposed Operating Principles will help realize this desire.

Staff recommends the following be adopted as **City Operating Principles**.

The City will

1. Provide services and programs meeting the current and future needs of the community.
2. Recognize staff capabilities and capacity.
3. Operate efficiently but always with an eye toward quality and accuracy.
4. Provide professional, safe and secure public spaces, infrastructure and facilities.
5. Maintain strong budget reporting and management accountability.
6. Value our City employees for the experience and skill they bring to the organization.
7. Treat all employees and employee groups fairly and respectfully.
8. Provide services that are at least minimally compliant with federal, state and local laws.
9. Re-build operational and institutional depth in the organization.
10. Recognize the need for ongoing and meaningful community engagement.
11. Create a courageous environment supporting good decision making.

Staff further recommends the following to be included as related **Budget Development Principles**

The City will

1. Invest in baseline City services and City Council adopted goals.
2. Invest in programs, services, and capital promoting long-term prosperity.
3. Look for opportunities to leverage existing resources and consolidate services within and across government agencies.
4. Move toward recovering the full cost of any fee-based service except where the Council sees a clear public interest in providing a subsidy.
5. Seek operational efficiencies and revenue enhancement opportunities.
6. Invest in employee performance and/or production.
7. Maintain existing infrastructure and invest in technologies to support the organization.
8. Invest in the implementation of Council-adopted plans and strategies (e.g., El Camino Downtown Specific Plan, Housing Element, and the Belle Haven Visioning Process, etc.).
9. Evaluate one-time revenues for highest and best investment and/or use.
10. Align and adjust work program with staff capacity.
11. New initiatives will require new funding.

Use of One Time Revenues (FY 2013-14)

Staff anticipates the receipt of significant, non-reoccurring revenues in the current fiscal year. These include:

- Dissolution of the former redevelopment agency will result in a distribution of unrestricted assets, to the extent those assets exceed the current obligations that have been scheduled for payment by the (City acting as) Successor Agency. The City will receive approximately \$1.9 million from the distribution of Housing and Non-Housing liquid assets.
- The sale of the former Agency’s Hamilton Avenue site will yield approximately \$800,000.
- The sale of the City-owned Terminal Avenue site to Beechwood School has been completed netting the City approximately \$775,000.
- The Facebook East Campus generated \$1.1 million through terms in the Development Agreement.
- Stanford Medical Center Expansion agreement yielded \$1.23 million.
- General Fund Fiscal Year 2012-13 Operating Surplus totaled \$1.9 million.

The total impact of these transactions to the General Fund is approximately \$7.8 million.

The following chart summarizes the source of one-time revenues anticipated or already received this fiscal year.

Revenue	\$ (million)
2011-12 GF Surplus	1.90
Facebook East	1.10
Stanford Med expansion	1.23
RDA Dissolution - Housing	0.58
RDA Dissolution - Other	1.30
Sale of Terminal Ave	0.77
Sale of Hamilton Ave	0.80
Total	7.68

In accordance with Budget Principles and Council Goals related to technology and communications improvements, the following uses of these one-time monies are proposed:

Organizational Need	One-time funds required (\$million)
Technology & Communications Fund	3.00
Comprehensive Planning Fund	2.00
General Fund Reserve (undesignated)	2.68
Total	7.68

IMPACT ON CITY RESOURCES

Setting budget principles has an overall impact on the allocation of City resources by specifying the Council’s priorities for the coming year so that they may be reflected in the City Manager’s proposed budget for Fiscal year 2013-14.

POLICY ISSUES

Identifying Council’s operating and budget principles as a first step in the budget development process ensures that the City Manager’s Proposed budget is aligned with Council approved goals and to overall priorities.

Similarly, identification of appropriate use of one-time revenues in support of these principles, goals and priorities will ensure the City’s reserves remain strong while addressing pressing needs.

ENVIRONMENTAL REVIEW

Environmental review is not required.

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

Report prepared by:

Alex D. McIntyre
City Manager



ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: April 2, 2013
Staff Report #: 13-049

Agenda Item #: F-3

REGULAR BUSINESS: Present Information Regarding Employee Compensation and Receipt of Public Comment Relating to Upcoming Contract Negotiations with All Units

RECOMMENDATION

Accept public input on the upcoming labor negotiations.

BACKGROUND

Pursuant to the Public Input and Outreach Regarding Labor Negotiations policy approved by the City Council March 1, 2011, staff is to bring forward to the City Council a regular business item in advance of upcoming labor negotiations and provide an opportunity for the public to be informed about the City's labor negotiations before the City commences negotiations and to provide the City Council input before the negotiations begin. This report will provide the public an opportunity to have information related to labor negotiations in advance of the commencement of negotiations and to provide input to the City Council.

This memo provides a summary of background information related to labor negotiations, a summary of bargaining unit information, personnel cost information, and the methodology used to determine a competitive and appropriate compensation package.

The following chart shows the City's five bargaining units, total Full Time Equivalents (FTE's) for the 2012-2013 Adopted Budget represented by each bargaining unit and the expiration of their most recent contract. In addition to the bargaining units listed below, there are approximately 21 unrepresented employees serving the City.

BARGAINING UNIT	FTE's ¹	CONTRACT EXPIRATION
Menlo Park Police Officers' Association (POA)	36	06/30/13
Menlo Park Police Sergeants' Association (PSA)	8	06/30/13
American Federation of State, County and Municipal Employees, Local 829 (AFSCME)	32	10/31/13
Service Employees International Union, Local 521, CTW, CLC (SEIU)	133	10/31/13
Service Employees International Union, Temporary Employees Unit, Local 521, CTW, CLC (SEIU)	N/A	10/22/11

¹ Full Time Equivalents (FTE's) are the combined total number of budgeted full-time positions. For example, one full-time position equals one FTE. Similarly, two half-time positions equal one FTE.

ANALYSIS

Personnel Costs

One of the primary functions of the City is to provide services to the community. As a service organization, the great majority of the City's costs pay for the employees who provide those services. Accordingly, 71.6% of the General Fund is allocated to personal services. In previous years, the City has experienced an increase in personnel costs as well as a loss of revenues attributable to the State's elimination of RDA funds. The City has implemented strategic changes to mitigate the increased costs and loss of revenue while, to the extent possible, maintaining service levels including, but not limited to assessment and realignment of fee schedules, elimination of the Housing Department, a voter approved tax measure, position consolidation/reorganization and retirement reform. The City appreciates the collaboration of those bargaining units who have agreed to changes, and recognize the sacrifices made on the part of the City's employees.

It is projected that increases in personnel costs will continue. From Fiscal Year 2002-2003 Adopted Budget to Fiscal Year 2012-2013 Adopted Budget, the average cost per employee increased by 79% from \$79,900 in the Fiscal Year 2002-2003 Adopted Budget to \$142,700 in the Fiscal Year 2012-2013 Adopted Budget. During that same time frame, the City's workforce has been reduced by approximately 12%, from 260 to 230.

The following chart demonstrates the annual value of a 1% increase in compensation for each bargaining unit based upon Fiscal Year 2012-2013 Adopted Budget costs.

Bargaining Unit	Value of 1% Compensation Increase
SEIU	\$93,700
AFSCME	\$33,700
POA	\$39,200
PSA	\$10,400
Total	\$177,000

Principle Components for Determining Compensation

Determining the City's bargaining principles will assist with aligning the bargaining efforts with the service and financial priorities established by both the Council and the community. The following principles will be considered in preparation for, and throughout labor negotiations over successor agreements:

- The total cost for service delivery
- The City's fiscal condition
- The impact of Council policy decisions on bargaining
- Preservation of the City's market competitiveness as an employer, to the extent possible
- Availability of short and long-term strategies to effectively provide services that aligns with both the priorities of the community and the City Council

Meyers-Milias-Brown Act (MMBA)

The MMBA governs the labor-management relations in California local government, including cities, counties, and most special districts. The MMBA provides the right to organize, sets guidelines for such things as the scope of representation and the requirement to meet and confer in good faith.

The MMBA states that the governing body of a public agency shall meet and confer in good faith regarding wages, hours and other terms and conditions of employment with representatives of recognized employee organizations (i.e. unions/bargaining units). Although it is commonly referred to as an obligation to "negotiate", the MMBA refers to the obligation to "meet and confer" in good faith. The MMBA defines meeting and conferring in good faith as having the mutual obligation to personally meet and confer promptly upon request by either party and continue for a reasonable period of time in order to exchange freely information, opinions, and proposals and to endeavor to reach agreement on matters within the scope of representation.

The MMBA defines the scope of representation as all matters related to employment conditions and employer-employee relations, including, but not limited to, wages, hours and other terms and conditions of employment, except, however, that the scope of representation shall not include consideration of the merits, necessity, or organization of any service or activity provided by law or executive order.

Negotiation/"Meet and Confer" Process

As mentioned above, under the Meyers-Milias-Brown Act (MMBA), the City has an obligation to "meet and confer" in good faith with the City's bargaining units regarding wages, hours and other terms and conditions of employment. The City Manager has delegated the authority to meet and confer to the Human Resources Department. The negotiations for a new agreement typically commence prior to the expiration of an existing Memorandum of Understanding (MOU).

The City and the Union each establish a negotiating team. Several of the existing MOU's provide paid release time for designated bargaining unit team members for time spent during the negotiation meetings that coincide with the employees' normal work hours. During the negotiations, the City team meets with the union team to discuss various issues and interests for the new contract. The City's negotiating team is provided negotiation authorization by the City Council through the City Manager. Proposals are exchanged related to the issues presented during the negotiations. Tentative agreements are often reached on individual issues as part of the negotiation process and ultimately, a tentative agreement is reached on the entire contract. All tentative agreements are contingent upon ratification of the union membership and approval of the City Council in open session. If negotiations do not result in a tentative agreement on a new contract, impasse procedures may be invoked by either party and would then proceed to mediation as the impasse procedure. If mediation assists the parties in reaching an agreement, it is still contingent upon ratification of the union membership and approval of the City Council in open session.

Impasse Procedures - Fact-Finding -for Local Public Employee Organizations

As a result of the passage of Assembly Bill 646 (AB646), effective January 1, 2012, local Government agencies, like the City of Menlo Park, are required to include fact finding in their impasse procedures for any bargaining unit requesting to do so that is not subject to binding interest arbitration; it is worth noting that fact finding can be requested solely by the bargaining unit and not the agency. Additionally, Assembly Bill 1606 (AB1606) was passed in 2012 and provided additional requirements regarding fact finding. Previously, if the parties reached an impasse and have exhausted any applicable impasse procedures, a public agency had the option to unilaterally implement its last, best, and final offer; however, fact finding has added additional layers of time and complexity. The notable changes brought by fact finding includes the agency holding a public hearing on the impasse; a written, non-binding, findings of fact and recommended terms of settlement issued by the fact finding panel; and the prohibition on a public agency from unilateral implementation of its last, best, and final offer until certain time criteria are met. Fact finding, if invoked by a bargaining unit, will increase the costs as well as increase the use of resources and time associated with the bargaining process.

It is the goal of both parties to reach a negotiated agreement. However, the MMBA states that a public agency may, after impasse procedures have been exhausted, including fact finding if invoked, implement its last, best, and final offer. In addition, after impasse procedures have been concluded and an agreement has not been reached on a new contract, the bargaining unit has the right to strike and/or engage in other protected concerted activity, except for police officers who do not have the right to strike.

Public Employees' Pension Reform Act (PEPRA)

The passage of Assembly Bill 340 (AB340) along with the clean-up language of Assembly Bill 197 (AB197) enacted what is now known as the Public Employees' Pension Reform Act (PEPRA). Effective January 1, 2013, local Government agencies sponsoring a public retirement system in California, like the City of Menlo Park, are subject to limits on the pension benefits offered to new employees and increased flexibility for employee and employer cost sharing for current employees. Because the most significant savings will be realized only as new members are hired in the future, short-term savings will be minimal. However, to realize short-term savings, the City has established greater employee cost sharing with each bargaining unit beginning Fiscal Year 2011-2012.

2013 Labor Negotiations

In early April 2013, the City anticipates beginning negotiations over successor agreements with those bargaining units whose current agreements expire on June 30, 2013, including the Menlo Park Police Officers' Association (POA) and the Menlo Park Police Sergeants' Association (PSA).

In late August/early September 2013, the City anticipates beginning negotiations over successor agreements with those bargaining units whose current agreements expire on October 31, 2013, including the American Federation of State, County and Municipal Employees, Local 829 (AFSCME) and the Service Employees International Union, Local 521, CTW, CLC (SEIU). In addition, the Service Employees International Union,

Temporary Employees Unit, Local 521, CTW, CLC (SEIU) currently has an expired agreement.

IMPACT ON CITY RESOURCES

There are no impacts on City resources as a result of receiving input on this issue.

POLICY ISSUES

This report is prepared to support the Council's policy for public input prior to commencing negotiations.

ENVIRONMENTAL REVIEW

The proposed action does not require environmental review.

PUBLIC NOTICE

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting. This staff report was released to the public on March 21, 2013.

ATTACHMENTS

None

Report prepared by:

Gina Donnelly
Human Resources Director

Alex D. McIntyre
City Manager

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PUBLIC WORKS DEPARTMENT

Council Meeting Date: April 2, 2013
Staff Report #: 13-055

Agenda Item #: F-4

REGULAR BUSINESS:

Adopt a Resolution Appropriating \$500,000 from the Bedwell Bayfront Park Landfill Fund, Waiving the Public Bidding Requirement, and Authorizing the City Manager to Award and Execute Contracts for the Gas Flare at Bedwell Bayfront Park Landfill and Authorizing a Total Budget of \$500,000

RECOMMENDATION

Staff recommends that the City Council adopt a Resolution (Attachment A) authorizing the following actions:

1. Appropriate \$500,000 from the Bedwell Bayfront Park Landfill fund balance;
2. Make the finding that an emergency exists to waive the public bidding requirement (4/5s vote required); and
3. Authorize the City Manager to award and execute contracts and any additional agreements necessary for the operation of the gas flare with a total budget not to exceed \$500,000.

BACKGROUND

The City operates a closed landfill at Bedwell-Bayfront Park at 1600 Marsh Road near the intersection with Bayfront Expressway. The landfill was closed in 1982 and a system of pipes and wells was installed soon thereafter to collect methane gas. In 1982, Fortistar was awarded a gas lease to build, maintain, and operate a gas to energy plant. The gas was piped to a gas recovery plant and through a combustion process power was generated and sold to the electrical grid. A gas flare was also installed in 1982, so that in case the plant had to shut down for repairs or on rare occasions when PG&E could not accept energy, the gas could be discharged via the flare. The flare would combust the gas at a high temperature, breaking it down to water vapor and carbon dioxide. Because of its age and infrequent usage, the flare is in poor condition and needs comprehensive mechanical and electrical repair. This equipment has not been operated on a regular basis since 1999. Since then, the gas plant could process all the gas generated from the landfill and no excess gas needed to be directed to the flare. Between 1999 and 2006, the flare was operated only on short and rare occasions.

Early this year, staff began looking at the feasibility of repairing the flare and completed a scope of work to bring the flare back to operation. In February, staff completed informal bid documents to solicit informal bids for the repairs of the flare system.

On March 21, Fortistar informally notified the City that they would stop operating the plant as of March 31, 2013 because Fortistar's power purchase agreement with PG&E was to expire on that date. Normally, Fortistar would simply redirect the gas flow to the flare. But it is not operational at present. If the gas is not used by the plant and cannot be directed to the flare, it will build up in the collection system causing system issues and potential violations of the current permit. Fortistar will continue to monitor the surface to ensure that no surface leaks exceed the legal limit. If limits are exceeded, ambient air quality may decrease and the City and Fortistar may be in violation of air quality regulations, risking a fine of up to \$25,000 per day.

Because of the urgency of the situation, the City has been working with PG&E and Fortistar to work out an interim agreement to allow the existing arrangement with PG&E to continue until the City completes the flare repairs project. It is anticipated the flare repairs will be completed by September of this year. Staff will be working very closely with the selected contractor to expedite this work, including working with PG&E and Fortistar to keep the power generators in operation until this project is completed.

ANALYSIS

On February 27, 2013, the City published an invitation for informal bids to repair the flare. On March 28, 2013, at 2:00 p.m. one bid was submitted in the amount of \$295,201 and opened for the Design and Maintenance Repairs to the Gas Flare at Bedwell Bayfront Park Landfill Project. Staff believes the bid is high and is requesting the City Council to authorize staff to negotiate contracts with contractors to construct the Gas Flare at Bedwell Bayfront Park Landfill and authorize the City Manager to award and execute contracts and any additional agreements necessary for the operation of the gas flare with a total budget not to exceed \$500,000.

During the design and maintenance repairs to the Gas Flare, Fortistar will continue to operate, maintain and monitor the gas collection system. The contractor for the flare repair will meet and coordinate with Fortistar to ensure that the work of one does not delay or interfere with the work of the other.

IMPACT ON CITY RESOURCES

The Design and Maintenance Repairs to the Gas Flare at Bedwell Bayfront Park Landfill Project has not been included in the 5-year Capital Improvement Plan. A budget appropriation is necessary to fund this project. The current balance for the Bedwell Bayfront Park Landfill Fund is \$3.4 million.

Staff is requesting a budget of \$500,000 for construction and maintenance of the Gas Flare at Bedwell Bayfront Park Landfill Project. The budget includes contingency to allow for unknowns during the repairs to the gas flare and staff administration.

POLICY ISSUES

These recommendations are consistent with State Public Contract Code requirements and the City of Menlo Park municipal code ordinance on informal bidding procedures.

Because of the urgency as described above, staff is requesting that the Council waive the competitive bidding requirements. Competitive bidding may be waived if the Council makes a finding, by 4/5s vote, that an emergency exists.

ENVIRONMENTAL REVIEW

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

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

Report prepared by:
Fernando Bravo
Engineering Services Manager

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK APPROPRIATING \$500,000 FROM THE BEDWELL BAYFRONT PARK LANDFILL FUND BALANCE FOR THE GAS FLARE AT BEDWELL BAYFRONT PARK LANDFILL, WAIVING THE PUBLIC BIDDING REQUIREMENT AND AUTHORIZING THE CITY MANAGER TO AWARD A CONTRACT AND EXECUTE NECESSARY CONSTRUCTION AGREEMENTS FOR THE GAS FLARE AT BEDWELL BAYFRONT PARK LANDFILL AMOUNT NOT TO EXCEED \$500,000

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

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Menlo Park that the City Council does hereby authorize the appropriation of \$500,000 from the Bedwell Bayfront Park Landfill fund balance for the gas flare at Bedwell Bayfront Park Landfill Project; and

BE IT FURTHER RESOLVED that said Council does hereby make a finding that an emergency exists and therefore waive the formal bidding requirements for the gas flare at Bedwell Bayfront Park Landfill; and

BE IT FURTHER RESOLVED that said Council does hereby authorize the City Manager to award a contract and execute all necessary agreements for the gas flare at Bedwell Bayfront Park in an amount not to exceed \$500,000.

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 second day of April, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this second day of April, 2013.

Margaret S. Roberts, MMC
City Clerk