



# CITY COUNCIL SPECIAL AND REGULAR MEETING AGENDA

Tuesday, March 18, 2014  
5:45 P.M.  
701 Laurel Street, Menlo Park, CA 94025  
City Council Chambers

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## 5:45 P.M. CLOSED SESSION (1<sup>st</sup> floor Council Conference Room, Administration Building)

### Public Comment on these items will be taken prior to adjourning to Closed Session

**CL1.** Closed Session pursuant to Government Code Section §54957 to conference with labor negotiators regarding labor negotiations with the Police Officers Association (POA) and Service Employees International Union (SEIU)

Attendees: Alex McIntyre, City Manager, Starla Jerome-Robinson, Assistant City Manager, Bill McClure, City Attorney, Gina Donnelly, Human Resources Director, Drew Corbett, Finance Director, and Charles Sakai, Labor Attorney

## 7:00 P.M. REGULAR SESSION

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

**PLEDGE OF ALLEGIANCE**

**REPORT FROM CLOSED SESSION**

**ANNOUNCEMENTS**

### SS. STUDY SESSION

**SS1.** Discuss implementing a Property Assessed Clean Energy (PACE) Financing Program  
([Staff report #14-047](#))

### A. PRESENTATIONS AND PROCLAMATIONS

- A1.** Proclamation declaring March as American Red Cross Month
- A2.** Presentation of commendations to the Boys and Girls Club Youth of the Year Award and Leadership Class participants
- A3.** Presentation by the California State Coastal Conservancy regarding the South Bay Salt Pond Restoration Project

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

- B1.** Environmental Quality Commission quarterly report on the status of their 2-Year Work Plan
- B2.** Consider applicants for appointment to fill three citizen vacancies on the Finance and Audit Committee ([Staff report #14-042](#))

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

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

**D. CONSENT CALENDAR**

- D1. Authorize the City Manager to exceed his purchase authority and approve the purchase of a mobile stage from APEX Stages for an amount not to exceed \$75,000  
[\(Staff report #14-041\)](#)
- D2. Approve an amendment to the Below Market Rate For-Sale Agreement for the 389 El Camino Real Project [\(Staff report #14-043\)](#)
- D3. Award of a four-year contract to Badawi and Associates in the amount of \$176,446 for annual financial auditing services [\(Staff report #14-045\)](#)
- D4. Approve the letter in support of Senate Bill 1345 (Water Legislation) [\(Staff report #14-046\)](#)
- D5. Accept minutes for the Council meetings of February 25, 2014 and March 4, 2014  
[\(Attachment\)](#)

**E. PUBLIC HEARINGS – None**

**F. REGULAR BUSINESS**

- F1. Approve an appropriation of \$150,000 and authorize the City Manager to execute agreements, not to exceed a total of \$150,000, with consultants to provide professional analyses of the potential impacts related to the proposed ballot initiative which would amend the Menlo Park El Camino Real/Downtown Specific Plan [\(Staff report #14-048\)](#)
- F2. Provide general direction on the 5-year Capital Improvement Plan including capital and other projects to be included in the City Manager's proposed 2014-15 Budget  
[\(Staff report #14-044\)](#)

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

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

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## PUBLIC WORKS DEPARTMENT

Council Meeting Date: March 18, 2014  
Staff Report #: 14-047

Agenda Item #: SS-1

**STUDY SESSION:**                      **Discuss Implementing a Property Assessed Clean Energy (PACE) Financing Program**

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### RECOMMENDATION

No Action Required. Staff would like direction on whether to implement a Property Assessed Clean Energy (PACE) Financing Program in Menlo Park, and if so, provide further direction on how to implement the program.

### BACKGROUND

Property Assessed Clean Energy (PACE) programs use assessment districts or Mello-Roos (Community Facilities) districts in order for property owners to finance energy efficiency, water efficiency, and renewable energy projects on existing residential and commercial structures through a property owner's voluntary agreement to have a special assessment or special tax placed on their annual property tax bill. Property owners would repay the financing with interest as a line item charge on their property tax bill for up to 20 years.

Repayment of the loan through the property tax bill was intended to provide the property owner with the flexibility of having the unpaid portion of the loan run with the property in the event the property was sold. The new property owner would then assume responsibility for the remaining amount to be repaid through the property tax bill. Thus, the program reduces financial loss if the property is sold before the energy savings are realized, and overcomes the hesitancy to invest in longer payback measures, such as photovoltaic systems (solar power).

Enabling legislation in California has resulted in two types of PACE programs. AB 811 was enacted in 2008 to provide for voluntary contractual assessments and SB 555 was enacted in 2011 to provide for voluntary special taxes.

Both AB 811 and SB 555 authorize public agencies to:

- Establish special districts for PACE
- Enter into voluntary contracts with the property owner

- Use available funding from any source including existing bond issuing statutes
- Attach an assessment/special tax for repayment of the loan to the property with billing facilitated through the property tax bill.

The primary difference between the two statutes is that SB 555 allows for public or nonprofit owned buildings to be included if there is an assigned Assessor Parcel Number (APN). The City has the option of establishing a PACE Program under either AB 811 or SB 555.

The Council may consider offering this program in Menlo Park as it can reduce greenhouse gas emissions, create jobs, increase revenues, and property values. The Environmental Quality Commission reviewed the project at its regular meeting in February, and believes the program is worthwhile to implement. The EQC is also comfortable prioritizing this project over other Climate Action Plan (CAP) initiatives this year. The analysis below includes benefits of a PACE program, challenges, and how it could be implemented in Menlo Park. Staff needs direction from the Council for the prioritization of the PACE program in Menlo Park as it will have impacts on staff time not only in Environmental Programs but also in the City Attorney's Office, and would delay progress on currently scheduled climate action plan initiatives.

## **ANALYSIS**

### Benefits of a PACE Program

Examples of PACE improvement projects include, but are not limited to, high efficiency furnaces, dual-pane windows, solar photovoltaic panel systems, insulation, and cool roofs. The benefits to the property owner include:

- Increased energy savings through lower utility bills.
- Increased home values.
- Choosing to participate in the program at their discretion.
- Having a loan that stays with the property upon transfer of ownership. However, certain mortgage providers subject to Federal Housing Financing Agency (FHFA) guidelines may or will require the assessment be paid off at the time the property is refinanced or sold (discussed further under "Challenges to PACE").

The City would also experience additional benefits, such as reduce GHG emissions, increase local jobs, increase housing prices as a result of more efficient housing stock, and increases in sales and property tax revenue. With the exception of GHG emissions, exact estimates of these benefits have not been evaluated, and would require additional staff time to analyze.

## Greenhouse Gas Reduction Potential

Implementation of a PACE program could help meet 2% of the adopted community wide goal to reduce GHG emissions 27% (or roughly 100,000 tons) below 2005 levels by 2020.

Staff obtained GHG reduction information from the Western Riverside Council of Governments' (WRCOG) PACE program that has been in operation for over three years, and includes 41 cities and counties. A total of 8,284 projects have been funded to date, and are estimated to reduce 21,092 tons of GHG emissions or about 3 tons per project. It is important to note that the methodology used to measure emissions does not use energy bill reductions, but rather the estimated energy savings from product performance.

WRCOG's participation rates are about 1% of the housing stock per year. If 6% or 785 residential homes in Menlo Park participated in a similar PACE program over the next six years, it is estimated to reduce 2,355 tons of Menlo Park's greenhouse gas emissions or meet 2% of the City's greenhouse gas (GHG) reduction goal. Participation in PACE programs from the commercial sector have been off to a slow start, and staff could not obtain meaningful data for analysis.

Staff surveyed three cities in the WRCOG's PACE program about participation efforts, and they commented that to increase participation, more marketing and outreach is needed from the local agency. Also, additional incentives are likely needed to motivate property owners, such as the California Solar Initiative or Energy Upgrade rebate program.

## Challenges of a PACE Program

Assessment liens and the special tax liens take priority over private liens such as mortgages even when the mortgage lien pre-dates the assessment or special tax lien. If a property owner fails to pay the assessment or special tax lien on the property, the local government that formed the district and issued bonds to finance the improvements has the obligation to foreclose on the property in order to recover the delinquent amount in order to make payment on the outstanding bonds. The assessment liens and special tax liens placed on properties participating in PACE programs pursuant to AB 811 or SB 555 also have priority over pre-existing mortgages.

The priority of PACE liens over pre-existing loans causes concern for Fannie Mae and Freddie Mac. These two organizations were chartered by Congress to purchase residential mortgages from the original lenders in order to provide greater liquidity in the residential mortgage market. Since September 2008, both Fannie Mae and Freddie Mac have been under federal conservatorship by the Federal Housing Financing Agency (FHFA).

In July 2010, FHFA issued a directive that Fannie Mae and Freddie Mac should take measures to "protect safe and sound operations", including among other actions, ensuring that their mortgage documents require that the borrower obtain lender consent in order to put a PACE lien on the property senior to the mortgage. There were also more extreme measures called out, such as adjusting the debt to income ratio in communities where PACE is offered. To date, these extreme measures have not been implemented. If the program is implemented in Menlo Park, and the more extreme directives are executed, Menlo Park could simply opt out or discontinue the program.

The FHFA July 2010 directive was specific to PACE programs where the PACE lien has priority over mortgage liens on the property and stated it did not apply to traditional tax assessment liens, such as assessments for public improvements. A copy of the FHFA July 2010 directive is attached (Attachment A).

Following the issuance of the FHFA directive, the State of California and a number of jurisdictions with existing PACE programs sued the FHFA alleging that it should have followed Federal rulemaking procedures before issuing its July 2010 directive. In March, 2013, the 9th Circuit Court of Appeals overturned a lower court decision and held that the FHFA was not required to follow Federal rulemaking provisions before issuing its July 2010 directive. The decision is final and on July 31, 2013, the FHFA published in the Federal Registrar its withdrawal of proposed rules and confirmation that its prior 2010 directive is in effect, stating in part: "FHFA does not contemplate altering its policy regarding certain lien-priming energy retrofit loan programs at this time, but will continue its policy review of lending programs that would support energy retrofit and might be appropriate for purchase by the regulated entities."

In light of the FHFA directive, there is risk that that the residential property owner with a mortgage purchased by Fannie Mae or Freddie Mac could violate the terms of the mortgage by entering into the PACE loan and expose the property owner to the lender exercising its remedies under the mortgage, including acceleration to pay off the mortgage. Also, the residential property owners with no outstanding mortgage who wishes to sell the property may be required to pay off the PACE loan in order to sell the property to a purchaser who wishes to obtain a mortgage meeting Fannie Mae or Freddie Mac requirements, which was not the intent of the program.

On September 23, 2013, Governor Brown sent a letter to FHFA advising that California will establish a mechanism to address the concerns raised by FHFA and protect the interest of Fannie Mae and Freddie Mac. The Governor proposed that the California Alternative Energy and Advanced Transportation Financing Authority will create a reserve for PACE programs: An excerpt from the letter is below with the full letter attached to this memorandum (Attachment B):

- "Any PACE program that wishes to use the reserve fund will enter into an agreement that requires the PACE program to make Fannie Mae and Freddie Mac whole, as follows:



1. In any foreclosure for any losses to Fannie Mae and Freddie Mac resulting from payment of any PACE assessment paid while in possession of the property, and
2. In any forced sale for unpaid taxes or special assessments, for any losses to Fannie Mae and Freddie Mac that result from PACE assessments being paid before the outstanding mortgage."

At this time, the FHFA had not responded to the Governor's letter.

### Implementing PACE in Menlo Park

There are two paths to establishing a PACE program:

1. The City can enact a stand-alone ordinance to establish its own program based on AB 811 or SB 555. Other jurisdictions, including Sonoma County, the City and County of San Francisco, Los Angeles County, the City of Palm Desert and the City of Sacramento, operate their PACE Programs either under State law or their own procedures.
2. Join an existing Joint Powers Authority (JPA) that is already administering the program. There are three JPAs in California that operate PACE programs and make these programs available within their member agencies' jurisdictions:
  - The HERO Program operated through the Western Riverside Council of Governments (WRCOG) JPA in Southern California.
  - The Figtree Property Assessed Clean Energy and Job Creation Program operated through the California Enterprise Development Authority.
  - The California First Program operated through the California Statewide Communities Development Authority. Although originally designed to provide both residential and commercial financing, CaliforniaFIRST has been adapted to focus solely on commercial properties, avoiding the regulatory issues and legal risks surrounding residential PACE programs. Commercial properties include multifamily buildings with 5 or more units, industrial, retail, agricultural and commercial properties. When the regulatory environment improves, the Program plans to expand to include residential financing.

Option one would require intensive staff resources to develop, and would require the City to develop the necessary financing mechanism to support the program. Option two offers a turnkey program that would take minimal staff time to develop. The average interest rate of a JPA PACE loan ranges from 5.95% to 8% for the JPAs. See Attachment C for a comparison of PACE programs offered through JPAs or stand-alone program. The benefits to participating in a JPA PACE program (option two) include:

- The City is not obligated to repay the bonds or to pay the assessments levied on the participating properties as in conventional assessment financing.
- All program and assessment administration, bond issuance and bond administration functions are handled by JPA's program administrators. Little, if any, City staff time is needed to implement the program.
- The City can provide access for its residents to a PACE program without the higher staff costs that an independent program established by the City would require.

In December, staff and the Mayor were approached by a HERO representative to join their JPA so at this time there is more in depth knowledge of the HERO program. Additional time is needed to evaluate participation in the other JPAs. In order to keep a competitive financing market for energy efficient or renewable energy projects in Menlo Park, the council may want to consider joining the other two JPAs.

The HERO program works at the customer level in the following steps:

1. Property owner calls an approved HERO program contractor or contacts HERO directly
2. Property owner selects a project (e.g. install new furnace, windows, renewable power, etc.)
3. Property owner completes a HERO application (no credit check is required)
4. HERO Loan is approved and contractor completes work
5. Loan is paid back through property taxes

In order to join the HERO program, the City council would need to adopt a resolution to join the JPA and consent to the inclusion of properties within the City's jurisdiction in the HERO program. Staff and the City Attorney still need time to examine the resolution, JPA agreement, and other areas of the program before it comes back to council for final adoption.

Once the City has joined the JPA, HERO then mobilizes to work with the San Mateo County Tax Assessor's Office on administration procedures, develops marketing material, and works with the contracting community to certify contractors and to promote the program in Menlo Park. Additional City staff time will likely be needed to successfully launch the program for maximum participation. Tasks include ongoing marketing of the program, educational workshops, or other outreach to increase participation in the program.

### Requiring Energy Audits

One area of concern is that an energy audit is not required in the HERO program. The CaliforniaFirst JPA program does require this, and it is also generally required for cities or counties operating their own PACE program.

Energy audits are very useful in informing property owners of problem areas and identifying the most cost effective measures. A property owner will typically use the PACE program when equipment is down or performing low (e.g. broken furnace, water heater, etc.), or may have preconceived ideas on what would be the most cost effective energy measures, such as installing dual pane windows over installing floor or attic insulation. This leads to gaps in maximizing energy efficiency and reduces potential GHG reductions in the community.

In addition, a PACE contractor may not have the expertise to offer other services. For example, if a furnace is broken, a property owner is likely to call an HVAC contractor who may not inform the property owner of other energy saving opportunities. Staff recommends that the program also include a requirement for an energy audit to help property owners determine the best course of action. This could possibly be included as part of the loan or the city could expand its current energy audit rebate program to cover a 1% participation rate in the PACE program.

The City already offers an incentive program that covers half the cost of an energy audit, which typically costs on average \$300-\$600. If energy improvements are made, the City reimburses the remaining cost of the energy audit. The Energy Audit Rebate program is funded by the General Fund and currently uses \$10,000 annually for the program. In order to meet the demand for the PACE program staff estimates that the program would need to be increased to \$60,000 annually.

### PACE Prioritization Impacts on Other Climate Action Plan (CAP) Initiatives

Due to limited staff resources, prioritizing this activity has already impacted other CAP initiatives due this fiscal year, such as delayed development of a five year strategic energy plan to reduce GHG emissions and phase II of a local sustainable building policy.

Focusing staff time on this strategy will continue to delay all CAP activities by at least one year, and will impact environmental work on projects scheduled next fiscal year, such as the Heritage Tree Ordinance revisions. However, implementing a PACE program could help meet 2% of Menlo Park's 27% GHG reduction goal.

Additional environmental staff resources are needed to keep up with opportunities like these while also staying on schedule with the five year strategic plan in order to meet the 27% GHG reduction goal by 2020. Additionally, it should be noted that the advanced prioritization of this project will also have staff impacts and cause other project delays in the City Attorney's Office.

## Community Engagement

The Environmental Quality Commission (EQC) discussed whether to implement PACE in Menlo Park at its regular meeting in February that is open to the public. No comments were received, and the EQC voted to proceed with exploring the JPA option on the basis that the program be supported with realistic expectations, that it have an effective marketing and implementation plan in place, and that its performance be evaluated over a three year period. In addition, the EQC also approved of delaying current climate action plan initiatives in order to work on implementing this program.

## Questions for Council

1. Does Council want to implement a PACE program, and if so, does the council want to explore joining JPAs or develop a stand-alone program?
2. If the direction is to join a JPA, does the council want to join HERO in the short term or join all three at the same time? Joining all three at the same time would take additional staff time to evaluate.
3. Does the council want to explore adding a home energy analysis as part of the HERO and/or Figtree program?

## **IMPACT ON CITY RESOURCES**

Due to limited staff resources, prioritizing this activity has already impacted other CAP initiatives due this fiscal year, such as delayed development of a five year strategic energy plan to reduce GHG emissions and Phase II of a local sustainable building policy. Additional staff resources are needed to keep up with opportunities while also staying on schedule with the five year strategic plan to meet the 27% GHG reduction goal by 2020.

Option one to develop a stand-alone Menlo Park PACE program would require intensive staff resources to develop, and would likely require a third party to administer the program. Option two offers a turnkey program that would take less staff time to develop. Staff resources and funding would be dedicated to reviewing the resolutions and agreements, developing associated staff reports, public engagement (if necessary) launching the program in Menlo Park through marketing, educational workshops, and other outreach to increase participation in the program in order to gain further traction in reducing communitywide GHG emissions.

Staff recommends that an energy audit be required in the PACE program as it can provide an action plan to property owners to reduce energy use as well as maximize savings and greenhouse gas reductions. At this time, staff has been unable to confirm if this cost can be included as part of the PACE loan for HERO, and it would likely be funded by the City's current Energy Rebate Program. In order to meet the potential demand of the PACE program, the program would need to increase from \$10,000 to \$60,000 annually.

## **POLICY ISSUES**

This would be a new program offered to residents and businesses, and is consistent with the Climate Action Plan goal to reduce GHG emissions 27% below 2005 levels by 2020.

## **ENVIRONMENTAL REVIEW**

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**

- A. FHFA Statement on Certain Energy Retrofit Loan Programs
- B. Letter from Governor Brown Regarding PACE Program in California
- C. Comparison of PACE Program Administrators in California done by City of San Jose

Report prepared by:  
*Rebecca Fotu*  
*Environmental Program Manager*

*Charles Taylor*  
*Public Works Director*

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**FEDERAL HOUSING FINANCE AGENCY****STATEMENT**

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For Immediate Release  
July 6, 2010

**Contact:** Corinne Russell (202) 414-6921  
Stefanie Mullin (202) 414-6376

**FHFA Statement on Certain Energy  
Retrofit Loan Programs**

After careful review and over a year of working with federal and state government agencies, the Federal Housing Finance Agency (FHFA) has determined that certain energy retrofit lending programs present significant safety and soundness concerns that must be addressed by Fannie Mae, Freddie Mac and the Federal Home Loan Banks. Specifically, programs denominated as Property Assessed Clean Energy (PACE) seek to foster lending for retrofits of residential or commercial properties through a county or city's tax assessment regime. Under most of these programs, such loans acquire a priority lien over existing mortgages, though certain states have chosen not to adopt such priority positions for their loans.

First liens established by PACE loans are unlike routine tax assessments and pose unusual and difficult risk management challenges for lenders, servicers and mortgage securities investors. The size and duration of PACE loans exceed typical local tax programs and do not have the traditional community benefits associated with taxing initiatives.

FHFA urged state and local governments to reconsider these programs and continues to call for a pause in such programs so concerns can be addressed. First liens for such loans represent a key alteration of traditional mortgage lending practice. They present significant risk to lenders and secondary market entities, may alter valuations for mortgage-backed securities and are not essential for successful programs to spur energy conservation.

While the first lien position offered in most PACE programs minimizes credit risk for investors funding the programs, it alters traditional lending priorities. Underwriting for PACE programs results in collateral-based lending rather than lending based upon ability-to-pay, the absence of Truth-in-Lending Act and other consumer protections, and uncertainty as to whether the home improvements actually produce meaningful reductions in energy consumption.

Efforts are just underway to develop underwriting and consumer protection standards as well as energy retrofit standards that are critical for homeowners and lenders to understand the risks and rewards of any energy retrofit lending program. However, first liens that disrupt a fragile housing finance market and long-standing lending priorities, the absence of robust underwriting standards to protect homeowners and the lack of energy retrofit standards to assist homeowners, appraisers, inspectors and lenders determine the value of retrofit products combine to raise safety and soundness concerns.

On May 5, 2010, Fannie Mae and Freddie Mac alerted their seller-servicers to gain an understanding of whether there are existing or prospective PACE or PACE-like programs in jurisdictions where they do business, to be aware that programs with first liens run contrary to the Fannie Mae-Freddie Mac Uniform Security Instrument and that the Enterprises would provide additional guidance should the programs move beyond the experimental stage. Those lender letters remain in effect.

Today, FHFA is directing Fannie Mae, Freddie Mac and the Federal Home Loan Banks to undertake the following prudential actions:

1. For any homeowner who obtained a PACE or PACE-like loan with a priority first lien prior to this date, FHFA is directing Fannie Mae and Freddie Mac to waive their Uniform Security Instrument prohibitions against such senior liens.
2. In addressing PACE programs with first liens, Fannie Mae and Freddie Mac should undertake actions that protect their safe and sound operations. These include, but are not limited to:
  - Adjusting loan-to-value ratios to reflect the maximum permissible PACE loan amount available to borrowers in PACE jurisdictions;
  - Ensuring that loan covenants require approval/consent for any PACE loan;
  - Tightening borrower debt-to-income ratios to account for additional obligations associated with possible future PACE loans;
  - Ensuring that mortgages on properties in a jurisdiction offering PACE-like programs satisfy all applicable federal and state lending regulations and guidance.

Fannie Mae and Freddie Mac should issue additional guidance as needed.

3. The Federal Home Loan Banks are directed to review their collateral policies in order to assure that pledged collateral is not adversely affected by energy retrofit programs that include first liens.

Nothing in this Statement affects the normal underwriting programs of the regulated entities or their dealings with PACE programs that do not have a senior lien priority. Further, nothing in these directions to the regulated entities affects in any way underwriting related to traditional tax programs, but is focused solely on senior lien PACE lending initiatives.

FHFA recognizes that PACE and PACE-like programs pose additional lending challenges, but also represent serious efforts to reduce energy consumption. FHFA remains committed to working with federal, state, and local government agencies to develop and implement energy retrofit lending programs with appropriate underwriting guidelines and consumer protection standards. FHFA will also continue to encourage the establishment of energy efficiency standards to support such programs.

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*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.9 trillion in funding for the U.S. mortgage markets and financial institutions.*





## OFFICE OF THE GOVERNOR

September 23, 2013

Edward DeMarco  
Acting Director  
Federal Housing Finance Agency  
1700 G Street, NW  
Washington, DC 20552-0003

Re: PACE Program in California; Resolution of Fannie Mae and Freddie Mac Issues

Dear Mr. DeMarco:

Last year, I asked President Obama to direct the Federal Housing Finance Agency to work with California to revive Property Assessed Clean Energy (PACE) programs, which provide home owners with funding for energy-efficiency retrofits. The Federal Housing Finance Agency prohibited Fannie Mae and Freddie Mac from purchasing mortgages subject to PACE liens in certain types of PACE programs.

California has devised a mechanism that will address the concerns raised by FHFA and protect the interest of Fannie Mae and Freddie Mac, which I describe below.

The California Alternative Energy and Advanced Transportation Financing Authority (Authority), an existing state agency chaired by the California State Treasurer (Division 16 [commencing with Section 26000] of the Public Resources Code), will create a reserve fund for PACE programs. Any PACE program that wishes to use the reserve fund will enter an agreement that requires the PACE program to make Fannie Mae and Freddie Mac whole, as follows:

1. In any foreclosure, for any losses to Fannie Mae and Freddie Mac resulting from the payment of any PACE assessment paid while in possession of the property, and
2. In any forced sale for unpaid taxes or special assessments, for any losses to Fannie Mae and Freddie Mac that result from PACE assessments being paid before the outstanding mortgage.

PACE programs that enroll in the Authority reserve fund will meet basic structural criteria, comply with underwriting criteria set by the Authority, and pay an annual premium based on the size of their portfolio. In the event of foreclosure, Fannie Mae and Freddie Mac will be able to claim from the PACE program any amounts paid to keep the PACE assessment current until the property is sold to a new buyer. If the property is sold for back taxes or special assessments, and the sale results in insufficient funds to satisfy the outstanding mortgage because of PACE lien priority payments, Fannie Mae and Freddie Mac will be able to recover that amount from the PACE program. In both instances, upon a showing that Fannie Mae and Freddie Mac have been paid by the PACE program, the Authority will reimburse the PACE program.

This process addresses the issues raised by the Federal Housing Finance Agency and ensures that Fannie Mae and Freddie Mac will not be adversely impacted by the PACE first lien. The next step in moving this approach to fruition will be for the Authority to issue draft regulations for public comment, setting forth the requirements for PACE programs to participate in the reserve account. We will provide you with notice of that process and invite your participation.

I look forward to moving ahead on a much larger scale with PACE in California.

Sincerely,



Edmund G. Brown Jr.

cc: Valerie Jarrett, Senior Advisor to the President, The White House  
Alfred Pollard, General Counsel, Federal Housing Finance Agency  
Bill Lockyer, Treasurer, State of California  
Members of the California Congressional Delegation

## Comparison of PACE Program Administrators in California

<b>Government Sponsor</b>	<i>California Enterprise Development Authority (CEDA)</i>	<i>California Statewide Communities Development Authority (CSCDA)</i>	<i>Western Riverside Council of Governments (WRCOG)</i>	<i>City of Sacramento<sup>1</sup></i>
<b>Program Name</b>	<i>FIGTREE PACE</i>	<i>CaliforniaFirst</i>	<i>California HERO</i>	<i>Clean Energy Sacramento</i>
<b>Administered by</b>	<i>FIGTREE Energy Resources</i>	<i>Renewable Funding</i>	<i>Renovate America Inc. for residential Samas Capital for commercial</i>	<i>Ygrene Energy Fund</i>
<b>Under Law</b>	AB 811	AB 811	AB 811	SB 555
<b>City Ability to Withdraw</b>	Pass resolution opting out at any time. Does not impact completed or in process financings, but future financings would not be processed.	Pass resolution opting out at any time. Does not impact completed or in process financings but future financings would not be processed.	Yes, upon 30 days notice. Does not impact completed or in process financings but future financings would not be processed.	Program Administrator Agreement may be terminated or non-performance or at the end of the stated term negotiated up-front. [Local Jurisdiction would remain obligated to collect assessments for repayment of outstanding loans.]
<b>Dollars Financed</b>	\$1.5M completed projects ~\$4 million in pipeline.	\$37 million in active applications. No completed projects	\$72 million completed projects	\$5.1M completed projects \$75.5M pipeline projects
<b>Covers Residential</b>	Yes	Residential suspended pending resolution of FHFA resistance.	Yes	Yes
<b>Covers Commercial</b>	Yes	Yes,	Yes	Yes
<b>Minimum Financing</b>	\$5,000	\$50,000	\$5,000	\$2,500
<b>Interest Rate</b>	6% - 8%	6%-8% (currently 6.95%)	5.95% - 8.25%	4.95% - 6.95%
<b>Energy Audit</b>	Not Required	Required	Not Required	Required (cost paid by either contractor or property owner)
<b>Property Owner Fees/Costs *</b>	Application \$495; Closing 4%; Annual Administrative 3-5% of annual payment County Recorder fee	Dependent on lender. Fees generally range from 2.5%-4% of the project cost.	Administration 6.35%; Document Recording \$90; Annual Administrative Fee \$25	Fees generally range from 2%-4% of the project cost, based on size and local requirements
<b>Cost to Participating Governments</b>	None	None	None	Fully reimbursed
<b>Mortgage Lender Consent</b>	Consent Required (Commercial)	Lender consent or "affirmative acknowledgement" required	Not Required	Affirmative Acknowledgement Required; Written Consent where required by law or existing contract

<sup>1</sup> Information for Ygrene Energy Fund is specific to the program administered for the City of Sacramento.

### Comparison of PACE Program Administrators in California

<b>Funding Source</b>	<p>CEDA issues bonds or enters into other financing arrangements secured by assessments,</p> <p>Open market sourcing. FIGTREE can issue bonds to finance projects. In certain instances it may be more advantageous to do a private placement or to find an investor to directly finance the project. In either case, FIGTREE takes on the responsibility to ensure the financing is completed.</p>	<p>Property owners choose their funding source -- either selecting one that the program is working with or bringing their own funding source into the program. CSCDA issues bonds to the lenders secured by assessments</p>	<p>Renovate America Inc. and Samas Capital provide financing for projects. In exchange WRCOG issues and delivers assessment bonds to Renovate America/Samas Capital to secure their financing.</p> <p>Other financing strategies may be pursued.</p>	<p>Ygrene provides 100% project financing (primary bank partner is Macquarie - \$100M revolving funding line)</p>
<b>Selection of Contractor</b>	<p>Contractor must be registered with program Payment to contractor directly made from program.</p>	<p>Property owner selects licensed contractor. Not required to be registered with program.</p>	<p>Contractor must be registered with program unless improvements owner-installed.</p>	<p>Property owner selects contractor from list of local contractors certified by Ygrene Energy Fund.</p>
<b>Validation Action Required</b>	<p>No. Statewide validation obtained on July 16, 2013</p>	<p>Successfully completed and includes San Jose</p>	<p>Yes</p>	<p>Yes. For the Sacramento program, Orrick, Herrington &amp; Sutcliffe filed the validation suit in County Superior Court on behalf of Sacramento at no cost to Sacramento.</p>

\*Exact amounts vary based on project, and not all costs will apply to a particular project.

Information in chart related to JPA PACE programs is based on information provided by the program administrators and staff review of their program materials. Information related to the Sacramento program provided by Ygrene Energy Fund.



## PROGRAM REPORT

CITIES OF AZUSA, BALDWIN PARK, BRADBURY, COVINA, DIAMOND BAR, HERMOSA BEACH, INDUSTRY, LA CANADA FLINTRIDGE, LA VERNE, LOMITA, MONROVIA, MONTEBELLO, MONTEREY PARK, NEWPORT BEACH, OCEANSIDE, POMONA, ROSEMEAD, SAN DIMAS, SAN GABRIEL, SAN MARCOS, SAN MARINO, SOUTH EL MONTE, TEMPLE CITY, WEST COVINA, AND VISTA

ADOPTED JUNE 3, 2013  
REVISED JULY 15, 2013  
REVISED AUGUST 5, 2013  
REVISED SEPTEMBER 9, 2013

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## I. PROGRAM INTRODUCTION

This California HERO Program Report (this "Program Report") provides an overview of a property assessed clean energy ("PACE") municipal financing program called the California HERO Program (the "California HERO Program", "HERO" or "Program") for cities and counties that elect to participate in the California HERO Program.

A Residential Program Handbook and a Commercial Program Handbook (collectively "Handbooks") are incorporated herein by reference into this Program Report and supplement and provide further details on the Program.

### 1.1 PURPOSE OF THE CALIFORNIA HERO PROGRAM

The Western Riverside Council of Governments ("WRCOG" or "Agent") is making the California HERO Program available to every city and county in California to encourage installation of distributed generation renewable energy sources, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure for residential and commercial property owners. The Agent has partnered with Renovate America and SAMAS Capital to make HERO available throughout the State.

The California HERO Program is an economic development program available at no cost to participating cities and counties. HERO finances improvements which decrease energy, create clean renewable energy, or decrease water consumption. In addition to these direct benefits, HERO helps create local jobs, save money, increase property values and lower greenhouse gas emissions.

HERO first launched its residential program in western Riverside County in December 2011 and has received several awards across the state. HERO for commercial properties launched in December 2012.



Southern California Association of Governments  
**2012 President's Award for Excellence (Highest Honor)**  
<http://www.compassblueprint.org/toolbox/videos/12awards/wrcog>



U.S. Green Building Council  
**2012 Best Residential Partnership Program in California**  
<http://www.usgbc.org/ShowFile.aspx?DocumentID=18852>



Urban Land Institute  
**2012 Best of the Best**

## **1.2 HERO FINANCING**

In July, 2008, the California Legislature approved Assembly Bill 811 amending Chapter 29 of the Improvement Act of 1911 (Streets and Highways Code Section 5898.12 and following) (“Chapter 29”), authorizing cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners. Assembly Bill 474 was subsequently passed in October 2009 to further amend Chapter 29 to add water efficiency improvements to the list of eligible improvements. Finally, SB 1340 was enacted in 2010 to amend Chapter 29 to authorize the installation of electric vehicle charging infrastructure.

Under the California HERO Program, a contractual assessment is entered into between the property owner and the Agent. Participation by a property owner in such a contractual assessment is 100% voluntary. The contractual assessment is memorialized in a contract between the participating property owner and SANBAG (an “Assessment Contract”). The separate forms of Assessment Contract for Residential properties, i.e., a property developed for a single family home or fewer than four (4) residential dwelling units, or Commercial properties, i.e., all non-residential properties, including apartment buildings with five (5) units or more, are set forth in substantially the forms attached to this Program Report as Appendix E. The amount of the contractual assessment is equal to the cost to pay for the eligible improvements (“Eligible Products”), the costs to pay for the issuance of the bonds that will finance the Program, and the costs to administer the Program. Like most assessments, the amounts are billed and collected on the County property tax bill. If the property is sold, the obligation to make the remaining payments on the assessment may remain on the property or may be required to be paid off when the primary mortgage is refinanced or when the property is sold. Additionally, if a property owner fails to pay the annual contractual assessment installments, the Agent is obligated to strip the delinquent installments off the property tax bill and commence judicial proceedings to foreclose the lien of the delinquent installments. This is an expedited procedure that can result in the public sale of the property in less than a year. This process is disclosed to the property owner in the applicable Assessment Contract.

## **1.3 PURPOSE OF THE PROGRAM REPORT**

This Program Report is prepared pursuant to Sections 5898.22 and 5898.23 of the California Streets and Highways Code in connection with the establishment of the California HERO Program. This Program Report is supplemented by separate handbooks prepared for the residential and the commercial programs (each, a “Handbook”) which are incorporated in this Program Report by reference. This is the document, together with the Handbooks, that establish the parameters of the Program and the requirements for property owner participation in the California HERO Program and fulfills the requirements of Sections 5898.22 and 5898.23. The California HERO Program is offered to property owners in participating Cities and Counties. Cities and the County can make HERO available to their constituents by adopting a resolution and entering into an amendment to the WRCOG joint exercise of powers agreement (the “JPA Amendment”) pursuant to which such City or County becomes an Associate Member of WRGOG authorizing the Agent to offer the California HERO Program within the respective boundaries of such Cities and Counties. The Associate Members within which the California HERO Program may be implemented are set forth in Exhibit “B” hereto which delineates the boundaries of the territory within which voluntary contractual assessments may be offered pursuant to the California HERO Program.



## II. RESIDENTIAL AND COMMERCIAL PROGRAM REQUIREMENTS

This section identifies the California HERO Program requirements relating to improvements made on residential and commercial properties.

### **2.1 ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES**

In order for properties to be eligible to participate in the California HERO Program, the applicant must meet the eligibility requirements listed below. The Handbooks provides additional detail on each criteria.

- a. Applicant. Applicant(s) must be the property owner(s) of record.
- b. Address. The applicant's property must be located within the boundaries of the California HERO Program. If a property is located in a city, the city must adopt a resolution and enter into the JPA Amendment authorizing the Agent to offer the California HERO Program within its boundaries. If a property is located within the unincorporated territory of a County, the County must adopt a resolution and enter into the JPA Amendment authorizing the Agent to offer the Program within its boundaries. A map showing the areas within which the California HERO Program may be offered is attached hereto as Appendix B.
- c. Property Taxes. The property owners must be current on their property taxes within the time period specified in the applicable Handbook.
- d. Involuntary Liens. The property must not be subject to involuntary liens, judgments or defaults or judgments in excess of the amount identified in the applicable Handbook.
- e. Mortgage Debt. The mortgage debt on the property must not exceed that certain percentage of the value of the property as set forth in the applicable Handbook.
- f. Annual Property Taxes. The total annual property tax and assessments, including the contractual assessment, on the property must not exceed 5% of the property's market value, as determined at the time of approval of the Assessment Contract.
- g. Bankruptcy. The property owner must not have declared bankruptcy within the time period specified in the applicable Handbook.

### **2.2 ELIGIBLE PRODUCTS, CONTRACTORS AND COSTS**

#### Eligible Products

Property owners are responsible for installation, operation, and maintenance of the Eligible Products installed on their property. Property owners must address performance and other system-related issues directly with the contractor installing the Eligible Products according to the terms of the contract between the property owner and the contractor. The California HERO Program is a financing program only. Neither the Agent or the City or the County in which the property is located, nor their employees or agents are responsible for the Eligible Products, their installation or their performance.

The California HERO Program affords property owners the opportunity to take advantage of a wide range of eligible renewable energy, energy-saving, and water conservation/efficiency products that are included among the Eligible Products, consistent with the following provisions:

- a. The California HERO Program is intended principally to encourage the adoption of renewable energy, energy efficiency and water efficiency measures.
- b. The California HERO Program provides financing only for Eligible Products that are permanently affixed to real property.
- c. The California HERO Program provides financing only for Eligible Products specified in Appendix A of the report. The list of Eligible Products will be updated from time to time and published in the Handbooks. Broadly, these include:
  - a. Water Conservation/Efficiency Products
  - b. Energy Efficiency Products
  - c. Renewable Energy Systems
  - d. Electric vehicle charging infrastructure
  - d. Custom Products
- d. The property owner must ensure that any and all permits and inspections required by the jurisdiction within which such property is located for the installation of the Eligible Products are obtained.
- e. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency, and renewable energy improvements. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets, and install a photovoltaic system as part of a single project.

### Contractors

The cost of installation of Eligible Products shall be eligible to be financed under the California HERO Program only if such installation is completed by a contractor that is registered with the Program or by the property owner if self-installing such Eligible Products. A list of contractors that are registered with the Program shall also be located on the Program website. Registration of a contractor with the Program is neither a recommendation of such contractor nor a guaranty of or acceptance of responsibility for work of such contractor by the Agent, Renovate America, Samas Capital or the City or County in which the property upon which the Eligible Products are installed is located or the officers, employees or agents of such entities. Neither the Agent, Renovate America, Samas Capital, or the City or County in which the property upon which the Eligible Products are installed is located, their officers, employees nor agents any have responsibility whatsoever for the selection by a property owner of a registered contractor or the work performed by such registered contractor.

### Improvement Costs

Eligible costs of the improvements include the cost of equipment and installation of such equipment. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges. Eligible costs do not include labor costs for property owners that elect to do the work themselves.

Property owners who elect to engage in broader projects – such as home or business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with Eligible

Products. Repairs and/or new construction do not qualify except to the extent that the construction is required for the specific approved Eligible Products. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

Program staff will evaluate conditions in the construction and installation market for the proposed Eligible Products, including the pricing of Eligible Products, and may require the property owner to obtain additional bids to determine whether costs are reasonable. While the property owner may choose the contractor, the amount available for financing may be limited as set forth in the applicable Handbook.

### Administrative Costs/Fees

The Program will cover all or a portion of its costs of establishing the Program; processing, reviewing and approving a property owner's application; processing the Assessment Contract and other related financing and contract documents and issuing the bonds that will finance the Program through an expense component to be added to the amount of the financing request as set forth in the applicable Handbook. In addition, there may be other costs that are not covered in the expense component and will be borne by the property owners as set forth in the applicable Handbook. These costs may include:

- a. Application Fee. An application fee may be required. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible and the unused portion of the application fee may be prorated.
- b. Title and Recording Costs. Title and recording costs, including title insurance, where required, may be paid by the property owner.
- c. Permitting Costs. Property owners are required to verify whether or not a permit and/or inspections are required by the jurisdiction in which such owner's property is located. Any such permit and/or inspection costs will be paid by the property owner and are an eligible cost to include in the financing.
- d. Ongoing Administration Costs. Annual assessment administration, collection, County treasurer-tax collector and auditor-controller and trustee costs will be added each year to the annual assessment on property tax bills and will be adjusted in subsequent years for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for the County or region.
- e. Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm that approved Eligible Products were actually installed prior to funding; provided, however, such fee may not exceed the actual cost to undertake such validation.
- f. Multiple Disbursement Fees. The Program may offer multiple disbursements for assessments if feasible. If multiple disbursements are offered, the partial disbursement funding requests may be subject to an additional processing fee per partial disbursement as set forth in the applicable Handbook; provided, however, that such fee may not exceed the actual cost of providing such service.
- g. Capitalized Interest. Because each County has established a deadline for placing the contractual assessments on such County's property tax bill, the principal component of the

contractual assessment may also include an amount equal to the first tax year's contractual assessment installments if the deadline cannot be met.

h. Deposit to a Debt Service Reserve Fund. The Agent or project investors may require property owners to fund a deposit to a debt service reserve fund as set forth in the applicable Handbook. The reserve fund would be used to pay debt service on bonds issued to finance the installation of Eligible Products in the event of contractual assessment installment delinquencies.

As required pursuant to Section 5898.22 of Chapter 29, the Agent has met and consulted with the staff of the County of the San Diego Auditor's office concerning the additional fees, if any, that will be charged to the Agent for incorporating the proposed assessment installments into the assessments of the general taxes on real property. The payment of such fees shall be included as a part of ongoing administration costs which will be added each year to the annual assessment on property tax bills.

### **III. APPEAL PROCESS**

The Program allows for property owners to go through an appeal process if their application is denied or if the property owner or property is deemed ineligible to participate in the Program. The process is set forth in the applicable Handbook.

### **IV. TRACKS FOR PARTICIPATION**

There are four categories of improvements under which property owners may participate in this Program. Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, as applicable. Efficiency standards will "ratchet-up" with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by WRCOG Executive Committee. A complete list of Eligible Products can be found in Appendix A.

#### **4.1 WATER CONSERVATION/EFFICIENCY**

Water Conservation/Efficiency covers a wide range of water conserving fixtures, such as low flow toilets, low flow shower heads, and irrigation controllers.

#### **4.2 ENERGY EFFICIENCY**

Energy Efficiency covers a wide range of energy efficiency fixtures such as windows and doors, attic insulation, and HVAC equipment that are EnergyStar rated. Most Eligible Products in this category must meet specified minimum efficiencies.

#### **4.3 RENEWABLE ENERGY**

Solar Photovoltaic or Solar Thermal Systems provide for solar energy generation and solar hot water systems, respectively. Small wind turbines, fuel cell systems or geothermal systems may also be eligible under this category.

#### **4.4 CUSTOM PROJECTS**

The development of technologies is encouraged by the Program as a means of diversifying the region's energy and water sources. Custom Projects will be evaluated and provided funding, if appropriate, for either innovative projects or for more complex, larger projects that require additional review.

## **V. PROGRAM PARAMETERS**

### **5.1 MINIMUM FINANCING AMOUNT AND DURATION OF ASSESSMENT**

Assessment Contracts are available for varying terms as set forth in the applicable Handbook.

Minimum and maximum financing amounts are set forth in the applicable Handbook.

### **5.2 MAXIMUM PORTFOLIO**

The maximum aggregate dollar amount of contractual assessments initially authorized under the California HERO Program is \$2 billion.

### **5.3 ASSESSMENT INTEREST RATE**

Residential Properties: The interest rate for a contractual assessment on a residential property is set at the time that the Assessment Contract is delivered to the property owner. An estimated, current rate will always be available on the Program website and any variations from that estimated rate will be based solely on market fluctuations.

Commercial Properties: The interest rate for a contractual assessment on a commercial property is set at the time the Assessment Contract is entered into.

The Program interest rate(s) will be set with the intention of creating a self-sustaining Program at rates that are competitively priced to compare to financing options available through banking or other financial institutions, balanced with the ability to remarket the bonds issued to finance the installation of Eligible Products on participating properties and encourage the future liquidity of the Program.

### **5.4 PROPERTY ASSESSMENT LIEN**

All property owners must sign, and return the Assessment Contract within the time period specified in the notice of approval of a property owner's application. Upon completion of the project and execution of the Assessment Contract, the Agent will place a lien for the full amount of the contractual assessment on the property that secures such assessment. If the lien is recorded before the first business day in July, the assessment installment will appear on the next tax bill. For liens recorded after the first business day of July, the assessment installment will not appear on the tax bill until the following tax year, but interest will accrue on the outstanding balance. A direct bill and/or additional tax bill or other method of payment (including capitalized interest) may be required, as determined by the Program, during the first tax year.

### **5.5 DELINQUENT ASSESSMENT COLLECTIONS**

In general, it is expected that assessment installments will be collected on the *ad valorem* tax bills sent to property owners by the Treasurer-Tax Collector of the County in which such owner's property is located, and therefore delinquency information will generally be available from such the Treasurer-Tax Collector's office. In order to attract financing, the Agent will covenant to commence and pursue judicial foreclosure proceedings with respect to parcels that are delinquent in the payment of assessment installments. The precise terms of such a covenant will be determined at the time of bond issuance.

## VI. THE FINANCIAL STRATEGIES

The Program includes the following financial strategies.

Strategy One: The Program will, at launch, utilize Renovate America to fund installations of Eligible Products for Residential properties. Renovate America will provide a revolving credit line to finance the installation of Eligible Products for such Residential properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section II above and in the Residential Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to Renovate America one or more municipal bonds secured by the contractual assessments payable by the Residential properties to be improved.

Strategy Two: The Program will, at launch, utilize the Samas Capital to fund installations of Eligible Products for Commercial properties. Samas Capital will provide a revolving credit line to finance the installation of Eligible Products to Commercial properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section II above and the Commercial Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to Samas Capital one or more municipal bonds secured by the contractual assessments payable by the Commercial properties to be improved.

Strategy Three: The Agent may establish the "Statewide PACE Financing Fund" (the "PACE Fund") and may accept funds from any available source. Repayments will be made pursuant to Assessment Contracts between the property owners and the Agent and will be collected through the property assessment mechanism in the County property tax system in which the properties of such owners are located. The Agent will manage or cause the Trustee or other qualified third party administrator to manage the PACE Fund in one enterprise fund with multiple sub-funds.

Strategy Four: For additional financing, the Agent will continue to explore funding opportunities from a number of other potential funding sources, and combinations of sources, which may include but are not limited to additional funding from any funds under the control of the Agent, the issuance of notes, bonds, or agreements with utilities or public or private lenders, other governmental entities and quasi-governmental entities such as SCERA, CALPERS, Nationwide Retirement Solutions, funding from private entities, or any financing structure allowed by law.



## VII. GLOSSARY OF TERMS

**ANNUAL FUEL UTILIZATION EFFICIENCY (AFUE):** AFUE is the standard measurement of efficiency for gas and oil-fired furnaces. Given in percentages, this number tells you how much of your fuel is used to heat your home and how much fuel is wasted. The higher the AFUE rating, the greater the efficiency.

**ASSEMBLY BILL 811:** Approved in July 2008 by the California legislature, AB 811 amended Chapter 29 to authorize cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners.

**ASSEMBLY BILL 474:** Approved in October 2009 by the California legislature, AB 474 amended Chapter 29 to authorize the funding of water conservation products through a voluntary contractual assessment program.

**ASSESSMENT CONTRACT:** A contract entered into between a property owner or property owners to provide financing for the installation of Eligible Improvements on property of such owner or owners under the California HERO Program.

**BRITISH THERMAL UNITS (BTU):** The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit.

**BUILDING PERFORMANCE INSTITUTE (BPI):** BPI is a national standards development and credentialing organization for residential energy efficiency retrofit work – providing training through a network of training affiliate organizations, individual certifications, company accreditations and quality assurance programs. BPI certifications include building analysts (for energy audits) as well as building envelope professionals (envelope or manufactured housing) and mechanical professionals (heating or cooling).

**BUILDING PERMITS:** Formal approval of building plans by the designated government agency as meeting the requirements of prescribed codes. It is an authorization to proceed with the construction or reconfiguration of a specific structure at a particular site, in accordance with the approved drawings and specifications.

**CALIFORNIA SOLAR INITIATIVE (CSI):** The California Solar Initiative is part of the Go Solar California campaign and builds on 10 years of state solar rebates offered to customers in California's investor-owned utility territories: Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). The California Solar Initiative is overseen by the California Public Utilities Commission.

**COEFFICIENT OF PERFORMANCE (COP):** The COP is the basic parameter used to report efficiency of refrigerant based systems.

**COMMERCIAL:** Commercial entities are defined as all non-residential properties and include, but are not limited to, apartment buildings with five units or more, industrial and agricultural properties.

**CONTRACTOR:** A person or business entity who contracts to erect buildings, or portions of buildings, or systems within buildings.

**COOL ROOF:** A cool roof reflects and emits the sun's heat back to the sky instead of transferring it to the building below. "Coolness" is measured by two properties, solar reflectance and thermal emittance. Both properties are measured from zero (0) to one (1) and the higher the value, the "cooler" the roof

**COOL ROOF RATING COUNCIL (CRRC):** The CRRC is an independent, non-profit organization that maintains a third-party rating system for radiative properties of roof surfacing materials.

**ENERGY AUDIT:** An evaluation of energy consumption, as in a home or business, to determine ways in which energy can be conserved.

**ENERGY EFFICIENCY RATIO (EER):** EER is a measure of how efficiently a cooling system will operate when the outdoor temperature is at a specific level (95°F). The higher the EER, the more efficient the system.

**ELIGIBLE PRODUCTS:** All Eligible Products as specified in the applicable Program Handbook.

**ENERGYSTAR:** EnergyStar is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping us all save money and protect the environment through energy efficient products and practices.

**EXPECTED PERFORMANCE-BASED BUY-DOWN (EPBB):** Under CSI, EPBB provides that solar systems smaller than 30kW in capacity can receive a one-time, up-front incentive based on expected performance, and calculated by equipment ratings and installation factors (geographic location, tilt and shading). EPBB payments are provided on a \$ per watt basis. Systems eligible for EPBB can choose to opt-in to the PBI system.

**EVAPOTRANSPIRATION (ET):** ET is a term used to describe the sum of evaporation and plant transpiration from the Earth's land surface to atmosphere.

**HEAT SEASONAL PERFORMANCE FACTOR (HSPF):** HSPF is the most commonly used measure of a heat pumps heating efficiency. The higher the HSPF, the more efficient the heat pump.

**HOME ENERGY RATING SYSTEM (HERS):** Based on the home's plans, the Home Energy Rater uses an energy efficiency software package to perform an energy analysis of the home's design. This analysis yields a projected, pre-construction HERS Index. Upon completion of the plan review, the rater will work with the builder to identify the energy efficiency Eligible Products needed to ensure the house will meet ENERGY STAR performance guidelines. The rater then conducts onsite inspections, typically including a blower door test (to test the leakiness of the house) and a duct test (to test the leakiness of the ducts). Results of these tests, along with inputs derived from the plan review, are used to generate the HERS Index score for the home.

**INTERCONNECTION AGREEMENT:** A legal document authorizing the flow of electricity between the facilities of two electric systems. Under the CSI Program, eligible renewable energy systems must be permanently interconnected and operating in parallel to the electrical distribution grid of the utility serving the customer's electrical load. Portable systems are not eligible. Proof of interconnection and parallel operation is required prior to receiving an incentive payment.

**INVESTOR-OWNED UTILITY (IOU):** For purposes of the Program, this refers to Southern California Edison Company, Pacific Gas & Electric Company and San Diego Gas & Electric Company.

**KILOWATT (KW):** A unit of electrical power equal to 1,000 watts, which constitutes the basic unit of electrical demand. The watt is a metric measurement of power (not energy) and is the rate (not the duration over which) electricity is used. 1,000 kW is equal to 1 megawatt (MW).

**KILOWATT HOUR (KWH):** The use of 1,000 watts of electricity for one full hour. Unlike kW, kWh is a measure of energy, not power, and is the unit on which the price of electrical energy is based. Electricity rates are most commonly expressed in cents per kilowatt hour.

**MARKET VALUE:** Highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.

**MANUAL J REPORT:** A report that is the accepted industry standard for the proper sizing and selection of HVAC equipment in residential applications. Manual J outlines the accurate procedure which can be used to estimate the heat loss and heat gain for conventional residential structures



**MEGAWATT (MW):** Unit of electrical power equal to one million watts; also equals 1,000 kW.

**NET OPERATING INCOME (NOI):** Net operating income is rental income of a property after operating expenses. These expenses would include all operating expenses, including maintenance, janitorial, supplies, insurance, accounting, management, etc.

**PARTICIPATING JURISDICTION:** A city or county that has elected to participate in the California HERO Program.

**PROGRAM:** The California HERO Program.

**PROGRAM ADMINISTRATOR:** The WRCOG Executive Director and/or his designee are designated as the Program Administrator and are authorized to enter into contractual assessments.

**REAL PROPERTY:** A property in the County that is subject to a real property tax.

**PERFORMANCE BASED INCENTIVE (PBI):** All solar systems requesting incentive payments over 30 kW must take the PBI. Any sized system can elect to take PBI. The PBI pays out an incentive, based on actual kWh production, over a period of five years. PBI payments are provided on a \$ per kilowatt-hour basis.

**POWER PURCHASE AGREEMENT (PPA):** PPA's are contracts between two parties, one who generates electricity for the purpose of sale (the seller) and one who agrees to purchase electricity (the buyer). Financing for the project is delineated in the contract, which also specifies relevant dates of the project coming into effect, when the project will begin commercial operation, and a termination date for which the contract may be renewed or abandoned. All sales of electricity are metered to provide both seller and buyer with the most accurate information about the amount of electricity generated and bought. Rates for electricity are agreed upon in the contract between both parties.

**RENEWABLE:** Electricity supplied by energy sources that are naturally and continually replenished, such as wind, solar power, geothermal, small hydropower, and various forms of biomass.

**RESIDENTIAL:** Single family home, fewer than four (4) residential units.

**R-VALUE:** R-Value is a measure of thermal resistance used in the building and construction industry, usually for insulation. The higher the R-Value, the greater the insulation qualities of the product.

**SEASONAL ENERGY EFFICIENCY RATIO (SEER):** SEER is most commonly used to measure the efficiency of central air conditioners and air source heat pumps. SEER measures how efficiently a cooling system will operate over an entire season. The higher the SEER, the more efficient the system.

**SOLAR HEAT GAIN COEFFICIENT (SHGC):** SHGC measures how well a product blocks heat by sunlight. SHGC is expressed as a number between 0 and 1. The lower the SHGC, the less solar heat is transmitted into the building.

**SOLAR RATING AND CERTIFICATION CORPORATION (SRCC):** The SRCC currently administers a certification, rating, and labeling program for solar collectors and a similar program for complete solar water heating systems.

**TITLE 20:** CCR Title 20, California regulations intended to drive down electrical energy consumption in the state, is having a noticeable impact on manufacturers, importers and retailers who produce or sell portable lamps.

**TITLE 24:** California Code of Regulations (CCR), Title 24, also known as the California Building Standards Code, is a compilation of three types of building standards from three different origins:

- Building standards that have been adopted by state agencies without change from building standards contained in national model codes;

- Building standards that have been adopted and adapted from the national model code standards to meet California conditions;
- Building standards, authorized by the California legislature, that constitute extensive additions not covered by the model codes that have been adopted to address particular California concerns.

**Water Audit:** Water Audit is a qualitative and quantitative analysis of water consumption to identify means of reducing, reusing and recycling of water.

**WATERSENSE:** WaterSense is a partnership program sponsored by the U.S. Environmental Protection Agency (EPA) with the goal of protecting the future of the US's water supply. By promoting and enhancing the market for water efficient products and services, WaterSense makes every drop count by leveraging relationships with key utility, manufacturer and retail partners across the U.S.

**WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (WRCOG):** A joint powers authority representing its Associate Members in establishing the California HERO Program. WRCOG is serving as Agent to facilitate funding for owners of properties in jurisdictions of its Associate Members that meet the project approval and funding criteria provided herein for participation in the California HERO Program.

## Appendix A

### **ELIGIBLE PRODUCTS**

The California HERO Program offers financing for a number of eligible equipment types, energy efficiency measures, water efficiency/conservation improvements, solar systems, and other innovative, energy-saving, water saving, and energy generation custom products for residential and commercial property owners as specified in the applicable Handbook.

Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, as applicable. Efficiency standards will “ratchet-up” with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by the Agent.

Any Solar PV system must be eligible for and participate in CSI or an equivalent utility rebate program, unless the property is not connected to the electricity grid, or such utility rebate program is not available.

## Appendix B

### **MAP OF PROGRAM AREA (SEPTEMBER 9, 2013)**

The territories within which voluntary contractual assessments are authorized to be offered pursuant to the California HERO Program are the jurisdictional boundaries of the Cities of Azusa, Baldwin Park, Bradbury, Covina, Diamond Bar, Hermosa Beach, Industry, La Canada Flintridge, La Verne, Lomita, Monrovia, Montebello, Monterey Park, Newport Beach, Oceanside, Pomona, Rosemead, San Dimas, San Gabriel, San Marino, San Marcos, South El Monte, Temple City, Vista, and West Covina, as shown on the attached maps.

**Cities of Oceanside, San Marcos, and Vista, located in San Diego County, California**



**Cities of Azusa, Baldwin Park, Bradbury, Covina, Diamond Bar, Hermosa Beach, Industry, La Canada Flintridge, La Verne, Lomita, Monrovia, Montebello, Monterey Park, Pomona, Rosemead, San Dimas, San Gabriel, San Marino, South El Monte, Temple City, and West Covina, located in Los Angeles County, California.**



**City of Newport Beach, located in Orange County, California.**





Appendix C  
**RESIDENTIAL PROPERTIES  
PROGRAM APPLICATION**



**WRCOG HERO Financing™ Application**

**Phone:** (877) 747-4889  
**Fax:** (858) 385-0379  
**Email:** wrcog@herofinancing.com

**Address:** 4080 Lemon Street, 3<sup>rd</sup> Floor, MS1032  
Riverside, CA 92501

The Western Riverside Council of Governments ("WRCOG") Energy Efficiency and Water Conservation Program for Western Riverside County (the "Program") finances installation of renewable energy, or energy or water efficiency products that are permanently fixed to a property owner's real property ("Eligible Products"). Eligible Products will be financed upon the signing of an assessment contract between WRCOG and the property owner ("Assessment Contract"). WRCOG has retained Renovate America, Inc. ("RA") to facilitate the Program, and you will see this name throughout the Program materials. WRCOG and RA are referred to collectively therein as "Program Administrator."

**Property Owner Acknowledgments**

In order to participate in the Program, I understand that I need to meet the qualifications listed below. By signing this Application, I acknowledge and represent that to the best of my knowledge that I and any other owner(s) of the property which is the subject of this application (the "Property") meet these qualifications and I authorize the Program Administrator to obtain a credit report for each of the property owner(s) and/or trustees whose social security number is provided on this application.

- I am current on all property taxes for the Property.
- I certify that I have not had a late payment on the property taxes levied on the Property more than once during the prior three (3) years (or since the purchase of the Property if owned less than three (3) years).
- I am and have been current on property debt for the past twelve (12) months on the Property.
- I am not aware of any involuntary liens, defaults or judgments on the Property.
- I have the authority to authorize the Program Administrator to obtain a credit report for each of the property owner(s) and/or trustee(s) whose social security number(s) is provided on this application.
- I have not declared bankruptcy in the last seven (7) years.
- I understand that to qualify for the Program the Property must meet the following requirements:
  - a. The amount to be financed under the Program may not exceed 10% of the value of the Property.
  - b. All existing debt recorded against the Property may not exceed 90% of the value of the Property.
  - c. I understand that, following approval, my contractor or I must call the Program to identify the Eligible Products I would like to purchase and must receive Notification to Proceed from the Program before beginning the installation of any Eligible Products. Products which have not been approved by the Program will not be funded.
  - d. I understand that interest rates may change from this approval date to receiving Notification to Proceed.

By signing this Application, I hereby declare under penalty of perjury under the laws of the State of California all of the following:

1. That the information provided in this Application is true and correct as of the date set forth opposite my signature on the Application and that I understand that any intentional or negligent misrepresentation(s) of the information contained in this Application may result in civil liability and/or criminal penalties including, but not limited to, imprisonment or both and liability for monetary damages to WRCOG, its agents, or successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I have made in this Application.
2. I have received, read and understood all documents comprising the Program, which, in addition to information on the Program website, include the following:
  - a. This Application,
  - b. Privacy Policy Notice,
  - c. Assessment Contract (sample), and
  - d. Program Handbook.

I have had an opportunity to ask Program representatives and/or my legal counsel any questions I have regarding the documents listed above. I understand I will be asked to sign the Assessment Contract, among other documents, as a pre-condition to the closing of the financing.

3. I am applying to participate in the Program. I have the authority, without the consent of any third party, to execute and deliver this Application, the Assessment Contract, and the various other documents and instruments referenced herein.
4. I understand that the financing provided pursuant to the Assessment Contract will be repayable through an assessment levied against the Property. I understand that an assessment lien will be recorded by WRCOG against the Property in the office of the County Recorder of the County of Riverside upon execution of the Assessment Contract. The property tax bill (which includes my assessments) for the Property will increase by the amount of these assessment installment payments. The Assessment Contract will specify the amount of the assessment, the assessment installments and the interest on the assessment to be collected on the tax bill for the Property each year during the term specified in the Assessment Contract. The assessment and the interest and any penalties thereon will constitute a lien against the Property until they are paid. As with all tax and assessment liens, this lien will be senior to all existing and future private liens against the Property, including mortgages, deeds of trust and other security instruments.



## WRCOG HERO Financing™ Application

**Phone:** (877) 747-4889  
**Fax:** (858) 385-0378  
**Email:** wrcog@herofinancing.com

**Address:** 4080 Lemon Street, 3<sup>rd</sup> Floor, MS1032  
Riverside, CA 92501

## Disclosures

The following describes some (but not all) characteristics and risks of participation in the Program as well as laws to which the Program is subject. A full understanding of any item listed below can be gained only by reviewing the relevant laws, policy statements, and/or the contractual documents related to the Program. The Program Administrator is committed to your understanding each of the items listed below, and invites you to ask Program representatives any questions regarding these items or if you need copies of any document related to the Program.

### 1. Program Disclosures and Disclaimers.

- a. **Existing Mortgage.** The Program establishes the manner by which WRCOG may finance, pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10), the installation of Eligible Products. Eligible Products will be financed pursuant to an Assessment Contract between you and WRCOG.

BEFORE COMPLETING A PROGRAM APPLICATION, YOU SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) WHICH AFFECT THE PROPERTY OR TO WHICH YOU AS THE PROPERTY OWNER ARE A PARTY. ENTERING INTO A PROGRAM ASSESSMENT CONTRACT WITHOUT THE CONSENT OF YOUR EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING MORTGAGE AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO YOU, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT. IN ADDITION, ON AUGUST 31, 2010, FANNIE MAE AND FREDDIE MAC STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY WRCOG. THIS MAY MEAN THAT PROPERTY OWNERS WHO SELL OR REFINANCE THEIR PROPERTY MAY BE REQUIRED TO PREPAY SUCH ASSESSMENTS AT THE TIME THEY CLOSE THEIR SALE OR REFINANCING.

*If your lender requires an impound for your property taxes, please consider notifying them of the annual assessment payment amount so they can adjust your impound amount.*

- b. **Interest Rate.** You will be charged a fixed interest rate on your total financed amount. Your interest rate will be set at the time your Financing Documents are issued.
- c. **Program Administration Fee.** At the time of closing, WRCOG will charge you a one-time administration fee of 5.35% of the principal amount of the assessment on the Property to cover the costs of administering the Program. This fee will be added to the assessment amount.
- d. **Recording Fee.** At the time of closing, WRCOG will pass-through the assessment recording fee of approximately \$87 to you to cover the costs of recording the assessment. This fee will be added to the assessment amount.
- e. **Assessment Administration Fee.** Each year, an annual assessment administrative fee will be added to the assessment lien amount on your property tax bill. These costs will be \$25 at the time the WRCOG HERO Program is launched, will not exceed \$95, and will be adjusted in subsequent years for cost of living increases.
- f. **Interest Before First Payment:** Based on the date an assessment is recorded on your property, payments may not begin until the following year's tax statement. This is the amount of interest that is added to the assessment amount for the period between your closing date and the date of your first assessment payment. The maximum amount of interest will be listed on your Assessment Cost and Payment Summary, which will be provided with your Financing Documents.
- g. **Automated Valuation Model Disclosure.** You have the right and obligation to a copy of the automated valuation model (AVM) report used in connection with your application for credit. If you want to obtain a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we provide you with a notice of the action taken on your application or a notice of incompleteness, or in the case of a withdrawn application, 90 days after the withdrawal. An AVM is not an appraisal. It is a computerized property valuation system that is used to derive a real property value.
- h. **Foreclosure.** Not later than October 1 each year, WRCOG shall determine whether any annual assessment is not paid when due and shall have the right and obligation to order that any such delinquent payment and its associated costs be collected by an action brought in Superior Court to foreclose the lien of the delinquent assessment installment in the manner provided and to the extent permitted by applicable law.
- i. **Mandatory Prepayment Redemption.** You have the option to pay off your assessment lien amount in full, or in increments of \$5,000, at any time. However, if you do so, you will have to pay (i) the principal amount of the assessment to be prepaid (the "Assessment Prepayment Amount"), (ii) a prepayment premium computed as set forth below, (iii) interest on the Assessment Prepayment Amount to the earlier of March 2 or September 2 occurring at least 90 days following the date the prepayment is made, and (iv) a processing fee (not to exceed \$500).

The prepayment premium is determined as follows:

Year 1:	5% of Prepaid Assessment Amount
Year 2:	4% of Prepaid Assessment Amount
Year 3:	3% of Prepaid Assessment Amount
Year 4:	3% of Prepaid Assessment Amount
Year 5:	3% of Prepaid Assessment Amount
Years 6-20:	No penalty.





WRCOG HERO Financing™ Application

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Riverside, CA 92501

Disclosures Continued

- j. No Endorsement, Warranty or Liability. WRCOG, Renovate America, Inc. and the Program do not endorse any manufacturer, contractor, product, or system...
k. Validation. The Program may validate that installed Eligible Products meet Program eligibility requirements...
2. Legal Disclosures
a. Equal Credit Opportunity Act (ECOA). The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against Credit Applicant(s) on the basis of race, color, religion, national origin, sex, marital status, age...
b. Fair Credit Reporting Act. As part of assembling your Program application, WRCOG has requested a consumer report bearing your credit worthiness, credit standing and credit capacity...
c. The Housing Financial Discrimination Act Of 1977. It is illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:
i. trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation...
ii. race, color, religion, sex, marital status, domestic partnership, national origin or ancestry.
d. Patriot Act Disclosure. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account...
e. Communications with Legal Advisers. If you have any questions about any agreements or security instruments which affect the Property or to which you are a party, or about your authority to execute the Program Application or enter into an Assessment Contract with WRCOG without the prior consent of your existing lender(s), the Program strongly encourages you to consult with your own legal counsel and your lender(s).

Property Owner Signature(s)

I declare that (i) I have received, read and understand the risks and characteristics of the Program described in the Property Owner Acknowledgments and Disclosures set forth in this Application and (ii) I have been informed that I must take the sole responsibility to satisfy myself that executing the Assessment Contract, receiving financing for Eligible Products, and consenting to the assessment levied against the Property will not constitute a default under any other agreement or security instrument (specifically the terms of any mortgage on the Property) which affects the Property or to which I am a party.

Property Owner 1 Signature Date Property Owner 2 Signature Date





WRCOG HERO Financing™ Application

Phone: (877) 747-4889
Fax: (858) 385-0378
Email: wrcog@herofinancing.com

Address: 4080 Lemon Street, 3rd Floor, MS1032
Riverside, CA 92501

FOR CONTRACTOR CALLIN ONLY Contractor ID# HERO ID#

Property Address

Property Type: [ ] Single Family Home [ ] Condo/Townhome [ ] Manufactured/Mobile Home [ ] Multi Family Home (1-4 units)

Property Address
City State Zip Code

Property Owner

Ownership Type: [ ] Individual [ ] Joint [ ] Trust [ ] Corporation/LLC/etc. [ ] Other: \_\_\_\_\_

First Name M. Initial Last Name
Social Security Number - [ ]-[ ]-[ ]-DOB Month Day Year Phone Number
Email Address
Mailing Address (if different from Property Address)
City State Zip Code

Property Owner 2

First Name M. Initial Last Name
Social Security Number - [ ]-[ ]-[ ]-DOB Month Day Year

Property Owner Signature(s)

I declare that I have the authority, without the consent of any third party which has not been previously obtained, to execute and deliver the Application, Assessment Contract, and the various documents and instruments referenced therein.

Property Owner 1 Signature Date Property Owner 2 Signature Date

If you do NOT wish to receive email communications from the Program and would prefer all communications to occur through the U.S. mail instead, please contact us.

[ ] Please check this box if you do NOT want to receive newsletters or other marketing materials from the Program or Renovate America, Inc.



Appendix D  
**COMMERCIAL PROPERTIES  
PROGRAM APPLICATION**



**APPLICATION DATE:**  
 \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 (MONTH/DAY/YEAR)

**FOR OFFICIAL USE ONLY**  
 DATE RECEIVED: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
 FILE #: \_\_\_\_\_

**CALIFORNIA COMMERCIAL HERO APPLICATION**

**PROPERTY OWNER QUALIFICATIONS:**

- |                          |                          |  |
|--------------------------|--------------------------|--|
| <b>YES</b>               | <b>NO</b>                |  |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees are and have been current on all property debt for the past six (6) months, including no technical defaults. |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees are current on property taxes with no more than one late payment during the past three (3) years.            |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees have no involuntary liens, defaults or judgments on the property.  |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees have not declared bankruptcy in the last seven (7) years and the property is not an asset in a bankruptcy.   |
| <input type="checkbox"/> | <input type="checkbox"/> | Mortgage-related debt does not exceed 80% of the fair market value of the property, as defined in the Program Handbook.                        |
| <input type="checkbox"/> | <input type="checkbox"/> | Property has a debt service coverage ratio of 1.05 (or 105%) (calculated by dividing net operating income by total lender debt on property).   |

**PROPERTY ADDRESS:**

\_\_\_\_\_  
 (STREET) (CITY) (STATE) (ZIP CODE)

\_\_\_\_\_  
 (ASSESSOR'S PARCEL NUMBER)

**OCCUPANCY TYPE:**     Owner-Occupied     Tenant-Occupied     Both

**DESCRIBE OCCUPANTS' BUSINESSES:** \_\_\_\_\_

**PROPERTY TYPE:**

Multi-Family (5+ units)     Commercial     Industrial     Agricultural     Other: \_\_\_\_\_

**MAILING ADDRESS:**  
*(if different from property address)*

\_\_\_\_\_  
 (STREET/P.O. BOX) (APT./SUITE/ETC./) (CITY) (STATE) (ZIP CODE)

**PROPERTY OWNER TYPE:**

Individual     Trust     Corporation     Partnership     Other: \_\_\_\_\_

**PROPERTY OWNER #1 INFORMATION (Should be person/entity who handles all program contacts):**

NAME OF PROPERTY OWNER \_\_\_\_\_ (TAX ID # OR SSN) \_\_\_\_\_ NAME OF CONTACT PERSON, IF BUSINESS ENTITY OWNER \_\_\_\_\_

(PHONE NUMBER) \_\_\_\_\_ (ADDITIONAL PHONE NUMBER) \_\_\_\_\_ (EMAIL ADDRESS) \_\_\_\_\_ % OWNERSHIP \_\_\_\_\_

**PROPERTY OWNER #2 INFORMATION:**  
*(If there are additional Property Owners or Trustees, please provide additional sheet(s) with property owner information.)*

NAME OF PROPERTY OWNER \_\_\_\_\_ (TAX ID # OR SSN) \_\_\_\_\_ NAME OF CONTACT PERSON, IF BUSINESS ENTITY OWNER \_\_\_\_\_

(PHONE NUMBER) \_\_\_\_\_ (ADDITIONAL PHONE NUMBER) \_\_\_\_\_ (EMAIL ADDRESS) \_\_\_\_\_ % OWNERSHIP \_\_\_\_\_





Assets	Amount	Liabilities	Amount
Cash in Banks		Notes Payable	
Accounts Receivable		Accounts Payable	
Notes Receivable		Income Tax Payable	
Securities Owned		Other Taxes Payable	
Real Estate		Mortgages or Liens on Real Estate	
Other Assets		Other Liabilities	
Total		Total	

Property Income (Annual)	Amount	Property Expenses (Annual)	Amount
Rent		Maintenance and Repairs	
Other Income		Property Taxes	
Interest		Property Insurance	
Total		Total	

Mortgages and Liens on Commercial Real Estate							
Property ID	To Whom Payable	1 <sup>st</sup> or 2 <sup>nd</sup> Mortgage?	Monthly Payment	Current?	Security	Maturity Date	Principal Remaining

If the property is cross-collateralized or cross-defaulted, please complete this section.

Commercial Real Estate Schedule							
Address / Type of Property	Title in Name of	How Held	Cost / Year Acquired	Monthly Income	Present Market Value	Total Balance Owed	

If the property is owner-occupied, please complete this section.

Notes Payable				
Name of Debtor	Collateral	Monthly Payment	Maturity Date	Total Amount Due

**OTHER CRITERIA QUESTIONS**

Please explain all "yes" answers on a separate sheet

- |                          |                          |   |
|--------------------------|--------------------------|---|
| YES                      | NO                       |   |
| <input type="checkbox"/> | <input type="checkbox"/> | Do(es) the Property Owner(s) have any outstanding judgment(s)?  |
| <input type="checkbox"/> | <input type="checkbox"/> | Do(es) the Property Owner(s) have any tax obligations, including payroll or real estate taxes, that are past due? |
| <input type="checkbox"/> | <input type="checkbox"/> | Is/Are the Property Owner(s) a party in any active or threatened lawsuit(s) or other legal action(s)?             |
| <input type="checkbox"/> | <input type="checkbox"/> | Has(ve) the Property Owner(s) had property foreclosed or give title or deed in lieu thereof?                      |
| <input type="checkbox"/> | <input type="checkbox"/> | Has(ve) the Property Owner(s) compromised a debt or modified a mortgage loan in the last 12 months?               |



For the listed insurance policy types, is there an active insurance policy for this property?

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	Fire and Hazard insurance?
<input type="checkbox"/>	<input type="checkbox"/>	General Liability insurance?
<input type="checkbox"/>	<input type="checkbox"/>	Flood Insurance? Please check here if not in flood zone <input type="checkbox"/>

REQUIRED ATTACHMENTS:	
<input type="checkbox"/>	Completed rent rolls form.
<input type="checkbox"/>	Signed lender consent for each mortgage on the property to be improved.
<input type="checkbox"/>	12 month payment history for each mortgage on the property to be improved (account history print out (preferred) or mortgage statements).
<input type="checkbox"/>	Profit and Loss Statements and Tax Returns for past two years.
<input type="checkbox"/>	Proposed Improvements – Contractor Bid(s) or Consultant/Engineer Proposal

**APPLICANT(S) SIGNATURES**

By signing this Application, the undersigned hereby declares under penalty of perjury under the laws of the State of California that all property owner(s) and/or trustees have read, understand, and agree to all sections of the Program Handbook and that all information set forth in this Application is true, accurate, and complete.

_____	(Date) _____	_____	(Date) _____
(Applicant Signature)		(Applicant Signature)	
_____		_____	
(Printed Name, Business Name, Title (if applicable))		(Printed Name, Business Name, Title (if applicable))	
_____	(Date) _____	_____	(Date) _____
(Applicant Signature)		(Applicant Signature)	
_____		_____	
(Printed Name, Business Name, Title (if applicable))		(Printed Name, Business Name, Title (if applicable))	





**RENT ROLL DETAILS FORM**

**DATE:** \_\_\_\_\_

Unit #	Unit Type	Tenant Name	Square Feet	Monthly Rent	Term		Occupied Yes or No?	Comments
					Start	End		
Prospective Tenants								

Rent Roll Certification:

I/We certify that the above information dated \_\_\_\_\_ for the property located at \_\_\_\_\_ is/are true and correct.

By: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT A**

**PROPOSED BUILDING IMPROVEMENTS**

DESCRIPTION	ESTIMATED COST
<p><b>1</b></p> <p>Description: _____            Brand: _____            Model #: _____            Quantity: _____            Efficiency Level: _____            Estimated Annual Energy Savings/            Production (# Units): _____</p>	<p>\$ _____</p>
<p><b>2</b></p> <p>Description: _____            Brand: _____            Model #: _____            Quantity: _____            Efficiency Level: _____            Estimated Annual Energy Savings/            Production (# Units): _____</p>	<p>\$ _____</p>
<p><b>3</b></p> <p>Description: _____            Brand: _____            Model #: _____            Quantity: _____            Efficiency Level: _____            Estimated Annual Energy Savings/            Production (# Units): _____</p>	<p>\$ _____</p>
<p><b>ITEMIZED ESTIMATED COST OF IMPROVEMENT(S)</b></p> <p>A. (i) Construction contract(s) (bid price for cost of materials and labor less any applicable rebates): and/or            (ii) If self-installing, cost of equipment (less applicable rebates; do not include any labor costs):</p> <p>B. Energy assessment/audit costs</p> <p>C. Draft, engineering and/or plan preparation costs:</p> <p>D. Estimated Permit fees:</p> <p>E. Recording Fee for Assessment Lien documents and assessment contract. Set by state law and the County Recorder's Office</p> <p>F. Title Costs</p> <p>G. Other Please list (Attach separate sheet(s) explaining other costs if needed.)</p> <p>Other: _____</p> <p>Other: _____</p>	<p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p>
<p><b>Requested Financing Amount:</b>            This requested amount is the maximum amount that can be funded.</p>	<p>\$ _____</p>
<p><b>Loan Term (5, 10, 15, 20 years):</b></p>	<p>_____</p>



**EXHIBIT B**

Fill in all contractors or sub-contractors working on the proposed project:

CONTRACTOR OR SUB-CONTRACTOR	CONTRACTOR COMPANY	CONTRACTOR NAME	CONTRACTOR LICENSE #
1    Circle One: Contractor or Sub-Contractor	_____	_____	_____
2    Circle One: Contractor or Sub-Contractor	_____	_____	_____
3    Circle One: Contractor or Sub-Contractor	_____	_____	_____
4    Circle One: Contractor or Sub-Contractor	_____	_____	_____
5    Circle One: Contractor or Sub-Contractor	_____	_____	_____
6    Circle One: Contractor or Sub-Contractor	_____	_____	_____
7    Circle One: Contractor or Sub-Contractor	_____	_____	_____
8    Circle One: Contractor or Sub-Contractor	_____	_____	_____
9    Circle One: Contractor or Sub-Contractor	_____	_____	_____

## Appendix E

### Assessment Contracts

CALIFORNIA HERO PROGRAM  
**ASSESSMENT CONTRACT**  
(Residential Property)

This Assessment Contract (this "Contract") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "Agent"), and the record owner(s) (the "Property Owner") of the fee title to the real property identified on Exhibit A (the "Property").

#### RECITALS

WHEREAS, the Agent is a joint exercise of powers authority the members of which include numerous cities and counties in the State of California; and

WHEREAS, the Agent has established the California HERO program (the "California HERO Program") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "Authorized Improvements") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("Chapter 29") and the issuance of improvement bonds under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the "1915 Act") upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied pursuant to a contract between the property owner and the public agency; and

WHEREAS, the Agent has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the City or County identified in Exhibit A and which has elected to participate in the California HERO Program (the "Participating Entity"); and

WHEREAS, the Property is located in the boundaries of the Participating Entity, and the Participating Entity has consented to (i) owners of property within its jurisdiction (the "Participating Property Owners") participating in the HERO Program and (ii) the Agent conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements; and

WHEREAS, pursuant to Chapter 29, the Agent and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in Exhibit B (the "Improvements") and the Agent would agree to provide financing, all on the terms set forth in this Contract;

NOW, THEREFORE, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and the Agent formally covenant, agree and bind themselves and their successors and assigns as follows:

## AGREEMENT

**Section 1.** Purpose. The Property Owner and the Agent are entering into this Contract for the purpose of financing the installation of the Improvements identified on Exhibit B on the Property. The Agent will not finance installation of Improvements other than those listed on Exhibit B.

**Section 2.** The Property. This Contract relates to the real property identified on Exhibit A. The Property Owner has supplied to the Agent current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Contract on behalf of the Property Owner.

**Section 3.** Contract to Pay Assessment; Prepayment; Non-Completion Assessment

(a) Payment of Assessment. The Property Owner hereby freely and willingly agrees to pay the assessment set forth on Exhibit B (the "Assessment"). The Agent will not provide financing in an amount in excess of the Assessment.

Except as otherwise set forth in this Contract, the Assessment will be paid in the installments set forth in Exhibit B.

Interest will accrue on the Assessment at the interest rate set forth on Exhibit B beginning on the date on which the Agent issues bonds to finance the installation of the Improvements.

(b) Administrative Expenses. The Property Owner hereby acknowledges that, pursuant to the 1915 Act, including Sections 8682(b) and 8682.1(a), the Agent may add amounts to an annual installment of the Assessment in order to pay for the costs of collecting the Assessment (the "Additional Administrative Assessment").

(d) Prepayment of the Assessment. The Assessment may be prepaid, in whole or in part in increments of \$5,000, at any time upon the payment of (a) the whole or a portion of the unpaid principal component of the Assessment, (b) the accrued but unpaid interest component of the whole or applicable portion of the unpaid principal component of the Assessment through the prepayment date, (c) a prepayment premium in the amount set forth on Exhibit B and (d) the reasonable costs of the Agent related to such prepayment.

(d) Absolute Obligation. The Property Owner hereby agrees that the Assessment will not be subject to reduction, offset or credit of any kind in the event that the bond or bonds secured thereby are refunded or for any other reason.

**Section 4.** Collection of Assessment; Lien. The Assessment, the interest and penalties thereon as a result of a delinquency in the payment of any installment of the Assessment, and the Additional Administrative Assessment shall constitute a lien against the Property until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29.

The Property Owner acknowledges that if any Assessment installment is not paid when due, the Agent has the right to have such delinquent installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installments, associated penalties and interest, and all costs of suit, including attorneys' fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements, the Agent may obligate itself, through a covenant with the owners of such bonds, to exercise its judicial foreclosure rights with respect to delinquent Assessment installments under circumstances specified in such covenant.

**Section 5. Financing of the Improvements.**

(a) Contract to Finance Improvements. The Agent hereby agrees to use the Assessment, together with the Additional Administrative Assessment, to finance the Improvements, including the payment of the Agent's reasonable costs of administering the California HERO Program, subject to the Property Owner's compliance with the conditions for such financing established by the Agent.

(b) Assessment Installments. The Property Owner agrees to the issuance of bonds by the Agent to finance the installation of the Improvements. The interest rate used to calculate the Assessment installments set forth on Exhibit B is identified on Exhibit B. If the Agent determines in its reasonable discretion that the Assessment installments may be reduced because the applicable interest rate on the bonds issued to finance installation of the Improvements is lower than the interest rate specified in Exhibit B, or if the cost of the Improvements, as shown in a final invoice provided to the Agent by the Property Owner, is less than the amount shown on Exhibit B, then, concurrently with the disbursement of funds to the Property Owner, the Agent may provide the Property Owner with a schedule of annual Assessment installments that provides for annual installments that are less than those set forth in the attached Exhibit B.

**Section 6. Term: Contract Runs with the Land: Subdivision.**

(a) Except as otherwise set forth in this Contract, this Contract shall expire upon the final payment or prepayment of the Assessment.

(b) This Contract establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

(c) In the event the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel on which the Improvements are located. If the Improvements no longer exist, the Assessment will be assigned to each of the newly-created parcels on a per-acre basis, unless the Agent, in its sole discretion, determines that the Assessment should be allocated in an alternate manner.

**Section 7. Recordation of Documents.** The Property Owner hereby authorizes and directs the Agent to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other applicable laws to be recorded against the Property.

**Section 8. Notice.** To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property of the obligation to pay the Assessment pursuant to this Contract.

**Section 9. Waivers, Acknowledgment and Contract.** Because this Contract reflects the Property Owner's free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIII D of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.

The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the Agent undertaken in connection with the California HERO Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated or maintained as expected.



The Property Owner hereby agrees that the Agent is entering into this Contract solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that the Agent and the Participating Entity have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases the Agent, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of the Agent and the Participating Entity from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Contract that the Property Owner may now have or hereafter acquire against the Agent, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of the Agent or the Participating Entity.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials: \_\_\_\_\_

The waivers, releases and agreements set forth in this Section 9 shall survive termination of this Contract.

**Section 10. Indemnification.** The Property Owner agrees to indemnify, defend, protect, and hold harmless the Agent, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of the Agent or the Participating Entity, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with (i) the Property Owner's participation in the California HERO Program, (ii) the Assessment, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Contract, regardless of whether such losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) accrue before or after the date of this Contract.

The provisions of this Section 10 shall survive the termination of this Contract.

**Section 11. Right to Inspect Property.** The Property Owner hereby grants the Agent, its agents and representatives the right to enter at any reasonable time, upon reasonable notice, to inspect the Improvements. The Property Owner further hereby grants the Agent, its agents and representatives the right to examine and copy any documentation relating to the Improvements.

**Section 12.** Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Agent.

**Section 13.** HERO Application. The Property Owner hereby represents and warrants to the Agent that the information set forth in the California HERO Program Application submitted to the Agent in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in the California HERO Program Application with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

**Section 14.** Amendment. Except as set forth in Section 5(b), this Contract may be modified only by the written agreement of the Agent and the Property Owner.

**Section 15.** Binding Effect; Assignment. This Contract inures to the benefit of and is binding upon the Agent, the Property Owner and their respective successors and assigns. The Agent has the right to assign any or all of its rights and obligations under this Contract without the consent of the Property Owner. The obligation to pay the Assessment set forth in this Contract is an obligation of the Property and no agreement or action of the Property Owner will be competent to impair in any way the Agent's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property.

**Section 16.** Exhibits. The Exhibits to this Contract are incorporated into this Contract by this reference as if set forth in their entirety in this Contract.

**Section 17.** Severability. If any provision of this Contract is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Contract.

**Section 18.** Corrective Instruments. The Agent and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Contract.

**Section 19.** Governing Law: Venue. This Contract is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Contract must be instituted in the Superior Court of the County of \_\_\_\_\_, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the superior court of the County or as otherwise provided by law.

**Section 20.** Counterparts. This Contract may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

**Section 21.** Contract Documents. Property Owner understands and acknowledges that the entire agreement between Property Owner and Agent includes each and every document specified in the List of Documents contained in Exhibit B to this Contract (together, the "Contract Documents").

By executing this Contract Property Owner acknowledges and agrees that:

a. Property Owner has had sufficient time to review and has reviewed each of the Contract Documents and has had the opportunity to ask any questions to the Agent that Property Owner may have regarding such Contract Documents.

b. Property Owner has reviewed, understands and agrees to each and every additional requirement and term contained in Appendix B to the HERO Residential Program Handbook (the "Handbook").



c. Property Owner has reviewed, understands, agrees to and affirms each and every representation and warranty contained in the Property Owners application and the Handbook.

IN WITNESS WHEREOF, the Agent and the Property Owner have caused this Contract to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

<b>IN WITNESS WHEREOF</b> , Owner and Agent have entered into this Contract as of the Effective Date.			
<b>Owner 1:</b>		<b>Owner 2:</b>	
[OWNER 1 NAME]		[OWNER 2 NAME]	
<i>Owner 1 Name (Please Print)</i>		<i>Owner 2 Name (Please Print)</i>	
By:		By:	
<i>Owner 1 Signature</i>		<i>Owner 2 Signature</i>	
Date of Execution by Owner 1:		Date of Execution by Owner 2:	
, 20		, 20	
<i>Date</i>	<i>Year</i>	<i>Date</i>	<i>Year</i>

<b>Agent:</b> Executive Director and/or his or her designee
<i>Name (Please Print)</i>
By:
<i>Agent Signature</i>
Date of Execution by Agent:

## EXHIBIT A

### DESCRIPTION OF PROPERTY, DESCRIPTION OF THE PRODUCTS, AND NOTICE INFORMATION,

#### **Description of Property:**

Owner(s) Name(s):

Property Address:

APN:

Participating Member Agency:

#### **Description of Products:**

The Products include the following:

[List of Products]

Or similar energy efficient product which is allowed under the Program Guide.

#### **Notice Information:**

**EXHIBIT B****LIST OF CONTRACT DOCUMENTS, DISBURSEMENT, AND  
SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL,  
INTEREST AND ANNUAL ASSESSMENT ADMINISTRATIVE FEE****List of Contract Documents:**

The Contract shall consist of the following documents:

- This Contract and the exhibits hereto;
- The Application;
- The Completion Certificate;
- The Assessment Cost and Payment Summary;
- The Notice of Assessment;
- The Payment of Contractual Assessment Required;
- The California HERO Residential Program Handbook;
- The California HERO Program website located at [www.wrcog.cog.ca.us](http://www.wrcog.cog.ca.us).

**Disbursement:**

The Maximum Disbursement Amount is \$\_\_\_\_\_.

The Estimated Disbursement Date will be no later than \_\_\_\_\_, which date is used in the table below.

**Schedule of Estimated Maximum Annual Assessment Installments:**

The schedule of the estimated maximum Annual Assessment Installments is based on the following assumptions:

1. The Agent disburses the Maximum Disbursement Amount to Owner.
2. Interest totaling a maximum of \$\_\_\_\_\_ will accumulate until your first Payment. That amount will be added to Owner's Maximum Disbursement Amount.
3. The Agent disburses to Owner on the Estimated Disbursement Date.
4. The Assessment Interest Rate is \_\_\_\_\_%
5. The Annual Percentage Rate (APR) of your assessment is \_\_\_\_\_%. APR is the Effective Cost of Credit in consumer loans and real estate loans expressed as a percentage interest rate. The annual percentage rate is the interest rate the borrower actually pays, including fees required in order to participate in the program.
6. The total administrative fees, recording fees and annual assessment added to your assessment is \$\_\_\_\_\_.

Tax Year (commencing July 1)	Principal (a)	Interest (b)	Administrative Expenses (c)	Total (a) + (b) + (c)
20 - 20 *				
20 - 20				
20 - 20				
20 - 20				
20 - 20				
20 - 20				
20 - 20				
20 - 20				
20 - 20				
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20 - 20				
20 - 20				
20 - 20				
20 - 20				
20 - 20				
20 - 20				
20 - 20				

\*Initial Tax Year

**FOLLOWING THE DISBURSEMENT OF THE DISBURSEMENT AMOUNT, THE PROGRAM ADMINISTRATOR WILL ADJUST THE ASSESSMENT AND THE ESTIMATED MAXIMUM ANNUAL ASSESSMENT INSTALLMENTS, IF NECESSARY, TO REFLECT THE ACTUAL ASSESSMENT BASED UPON THE ACTUAL DISBURSEMENT AMOUNT, THE ACTUAL DATE OF DISBURSEMENT AND THE ACTUAL AMOUNT OF INTEREST DUE AND PAYABLE BEFORE THE FIRST PAYMENT ADDED TO THE DISBURSEMENT AMOUNT. THE ACTUAL AMOUNT OF THE ASSESSMENT AND SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS SHALL BE SPECIFIED IN THE "PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED" TO BE RECORDED BY THE AUTHORITY IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF \_\_\_\_\_.**

**Prepayment :**

You have a right to pay off your assessment lien amount in full, or in part in increments of \$5,000 at any time pursuant to Section 11 of the Assessment Contract. However, if you do so, you will have to pay (i) the principal amount of the assessment to be prepaid (the "Assessment Prepayment Amount"), (ii) a prepayment premium if you prepay within the first five years from the Effective Date (if you prepay after the first five years, there is no prepayment premium), see table below, (iii) interest on the Assessment Prepayment Amount to the earlier of March 2 or September 2 occurring at least 90 days following the date of the prepayment is made, and (vi) a processing fee (not to exceed \$500).

The prepayment premium shall be the percentage of the principal amount of the Assessment to be prepaid as follows:

Next Bond Interest Payment Date	Prepayment Premium
September 2, ____ or March 2, ____	5%
September 2, ____ or March 2, ____	4%
September 2, ____ or March 2, ____	3%
September 2, ____ or March 2, ____	3%
September 2, ____ or March 2, ____	3%
September 2, ____ or any interest payment date thereafter	0%

CALIFORNIA HERO PROGRAM  
**ASSESSMENT CONTRACT**  
**(Commercial Property)**

This Assessment Contract (“Contract”) is made and entered into as of the Effective Date (defined below) by and between the Western Riverside Council of Governments, California, (“Agent”), a joint exercise of powers authority, and **[OWNER(S)]** (“Owner”), the record owner of fee title to the real property identified in the “Description of Property” section of Exhibit A attached hereto and incorporated herein by this reference (the “Property”). The “Effective Date” is defined as the last date entered with the signatures of the parties below.

**RECITALS**

- A. The Western Riverside Council of Governments (Agent) is a joint exercise of powers authority the members of which include the County of San Bernardino (the “County”) and numerous cities located in the County (each, a “Member Agency”).
- B. Agent has established the “California HERO Program” (the “Program”) pursuant to Chapter 29 of Division 7 of the Streets & Highways Code of the State of California (“Chapter 29”) to allow for the financing of certain renewable energy, energy efficiency and water efficiency and electric vehicle charging infrastructure improvement products that are permanently affixed to real property (“Eligible Products”).
- C. Pursuant to Chapter 29 and the Program, Agent may levy voluntary contractual assessments against developed properties in the jurisdictions of the Associate Members that have authorized Agent to implement and administer the Program within such Associate Members, with the free and willing consent of the owners of the properties on which such assessments are levied, to finance the acquisition and construction on and/or installation in the assessed properties of certain qualifying renewable energy, energy efficiency and/or water efficiency products or electric vehicle charging infrastructure. The purpose and method of administration of the assessments under the Program are described in the California HERO Program Report originally adopted by the Agent Board of Directors on June 3, 2013, as such report has been and may be amended from time to time (the “Program Report”) prior to the Effective Date of this Contract.
- D. The Property is located within the jurisdiction of the Associate Member set forth in the “Description of Property” section of Exhibit A hereto and such Associate Member has consented to (i) owners of property within its jurisdiction participating in the Program and (ii) Agent conducting the assessment proceedings under Chapter 29 and issuing bonds pursuant to the Program to finance Eligible Products.
- E. Owner has submitted an application and funding request to participate in the Program (collectively, the “Application”). Agent has approved the Application pursuant to the requirements of the Report. The Application describes, among other things, the particular Eligible Products that have been acquired, constructed on and/or installed in the Property and are to be financed pursuant to the Program. In this Contract, such Eligible Products, together with their acquisition, construction and/or installation on the Property, are referred to as “the Products.”
- F. Owner will acquire and construct and/or install the Products on or in the Property or will cause the acquisition and construction and/or installation of the Products on or in the Property and Owner will obtain all necessary permits and/or inspections required pursuant to this Contract and the Program necessary to enable Agent to finance the Products.
- G. Pursuant to Chapter 29 and the Program, Agent and Owner wish to enter into a contract pursuant to which Owner agrees to pay a voluntary contractual assessment in order to finance the Products including the acquisition, construction and/or installation of thereof and Agent agrees to providing financing for such purpose, all on the terms set forth in this Contract.

NOW THEREFORE, in consideration of the foregoing and the mutual material covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, Owner and Agent formally covenant and agree as follows:

### CONTRACT

- 1) **Purpose** The Owner and Agent are entering into this Contract for the purpose of financing the acquisition, construction and/or installation of the Products identified in Exhibit A in or on the Property.
- 2) **The Property** This Contract relates to the Property identified in Exhibit A.
- 3) **Contract Documents** This Contract shall consist of the documents listed in Exhibit B attached hereto and incorporated herein by this reference.

All such documents shall be collectively referred to herein as the "Contract Documents." All of the declarations and warranties of Owner made in the Application are incorporated in this Contract as if fully set forth herein. Owner acknowledges that Owner has received copies of each of the Contract Documents.

OWNER AGREES AND UNDERSTANDS THAT OWNER MUST EXECUTE AND RETURN THIS CONTRACT SO THAT SUCH CONTRACT IS RECEIVED BY Agent OR ITS REPRESENTATIVE ON OR BEFORE THE DEADLINE DATE SET FORTH ON THE SIGNATURE PAGE HEREOF AND THAT ALL SIGNATURES MUST BE NOTARIZED BY A DULY LICENSED NOTARY PUBLIC.

- 4) **Contract Term** The term of this Contract shall be until the Assessment defined below and all accrued interest thereon, together with any applicable penalties, costs, fees, and other charges have been paid in full.
- 5) **Assessment and Lien**
  - a) Owner agrees that upon the execution of this Contract by the parties, the Property is subject to a voluntary contractual assessment levied against the Property pursuant to this Contract, Chapter 29 and other applicable law (the "Assessment") together with interest, and consents to levy of the Assessment on and recordation of a lien against the Property. Upon execution of this Contract, Agent will execute and cause to be recorded in the office of the County Recorder of the County within which the Property is located (the "County") (i) a notice of assessment (the "Notice of Assessment") as required pursuant to Chapter 29, together with a copy of this Contract and (ii) a Payment of Contractual Assessment Required as required pursuant to Chapter 29.
  - b) The execution of this Contract by the parties constitutes the levy of the Assessment by Agent against the Property without any further action required by the parties.
  - c) Upon recordation of the Notice of Assessment in the office of the County Recorder, the Assessment and each installment, together with any interest and penalties that become due on the Assessment, shall constitute a lien upon the Property until paid. Initially, as reflected in the Notice of Assessment, upon recordation of the Notice of Assessment, the Assessment shall be equal to the Disbursement Amount, as defined in Section 6 below.
  - d) Failure to pay any installment of the Assessment or any interest thereon, like failure to pay any property taxes pertaining to the Property, will result in penalties and interest accruing on the amounts due. In addition, under those circumstances, Agent has the right to judicially foreclose the lien of the Assessment, as set forth in paragraph 8(g) below.

- 6) **Disbursement Amount** Agent agrees to disburse monies to or on behalf of Owner pursuant to the terms of this Contract in the amount set forth in Exhibit B attached hereto and incorporated herein by this reference (“Disbursement Amount”). In the event the actual cost of the Products exceeds the Disbursement Amount, Owner shall be solely responsible for the payment of all such costs.
- 7) **Special Benefit to Property** Owner expressly acknowledges that the Products confer a special benefit to the Property in an amount at least equal to the Assessment.
- 8) **Collection of Assessment and Annual Assessment Administrative Fee on Property Tax Bill; Other Remedies**

- a) The annual portion of the principal amount of the Assessment, together with the annual interest on the Assessment and the Annual Assessment Administrative Fee (defined in paragraph f) below) (collectively, the “Annual Assessment Installment”), due and payable each Tax Year (each such Tax Year being the period from July 1st through the following June 30th), shall be collected on the property tax bill pertaining to the Property. The Annual Assessment Installment coming due in any Tax Year shall be payable in the same manner and at the same time and in the same installments as the general taxes of the County on real property are payable, and the Annual Assessment Installments shall be payable and become delinquent at the same times and in the same proportionate amounts and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.
- b) Following disbursement of the Disbursement Amount to the Owner, the Annual Assessment Installments shall be placed on the tax roll each Tax Year, commencing with the Tax Year beginning immediately following the date of such disbursement (the “Disbursement Date”). The estimated initial Tax Year is set forth in Exhibit B attached and incorporated by this reference (the “Estimated Initial Tax Year”).

The amount of interest accrued on the Assessment from the Disbursement Date through September 1st of the Initial Tax Year (“Capitalized Interest”) has been included in the Disbursement Amount and is therefore included in the principal amount of the Assessment.

- c) Interest shall accrue on the unpaid Assessment from the Disbursement Date at a simple interest rate fixed by Agent and set forth on Exhibit B attached hereto and incorporated herein by this reference. Interest shall be computed on the basis of a three hundred sixty (360) day year. If a court of competent jurisdiction determines the interest or other charges provided for herein in connection with the Assessment or the Annual Assessment Administrative Fee exceed the limits permitted by applicable law, then: (i) any such interest or charge shall be reduced by the amount necessary to reduce the interest or charge to such permitted limit; and (ii) any sums already collected which exceed such permitted limit will be refunded by Agent. Agent may make the refund by making a direct payment to Owner or by crediting the refund amount against the next installment or installments of the Assessment.
- d) The Estimated Maximum Annual Assessment Installments that may be placed on the tax roll each Tax Year are set forth in Exhibit B. The amounts set forth on Exhibit B are based on the assumption that Agent disburses the Disbursement Amount to or on behalf of Owner on the Estimated Disbursement Date set forth in Exhibit B. Prior to the disbursement of the Disbursement Amount, Agent will adjust the Annual Assessment Installments to reflect the actual Assessment based upon the Disbursement Amount, the actual date of such disbursement and the actual amount of Capitalized Interest.
- e) The lien of the Assessment shall be co-equal to and independent of the lien for general taxes, and, pursuant to Government Code Section 53936, not subject to extinguishment by the sale of the Property on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances on or against the Property except (i) the lien for general taxes, special taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district

or other local agency, (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment, (iii) easements constituting servitudes upon or burdens to the Property, (iv) water rights, the record title to which is held separately from the title to the Property, and (v) restrictions of record.

- f) In addition to the Assessment, until the Assessment and the interest thereon is paid in full, Owner agrees that the Property is subject to an annual administrative fee to be included in the Annual Assessment Installment pursuant to this Contract, Chapter 29 and applicable law to pay costs incurred by Agent which result from the administration and collection of the Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Report, and from the administration of any reserve fund and other related funds (the "Annual Assessment Administrative Fee"). The maximum Annual Assessment Administrative Fee shall not exceed fifty dollars (\$50.00) in Tax Year commencing on July 1, 2015 and shall thereafter be adjusted annually commencing on July 1 of each subsequent Tax Year for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for applicable to the County of San Bernardino. Agent shall annually determine the amount of the Annual Assessment Administrative Fee, not to exceed the maximum Annual Assessment Administrative Fee determined in accordance with the preceding sentence.
- g) Owner acknowledges and understands that, no later than October 1 of each year, Agent will determine whether the Property is delinquent in the payment of any Assessment Installments and, if so, will notify Agent Counsel of any such delinquencies. Agent Counsel will commence, or cause to be commenced, judicial foreclosure proceedings against the Property, including collection actions preparatory to the filing of any complaint, but will file the complaint not later than December 1 of such year. Failure of such a complaint to be filed by such December 1 shall not, however, invalidate any judicial foreclosure proceedings commenced after such date.

**9) Use of Proceeds** Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Products on the Property, for the Program fees, and capitalized interest.

#### **10) Disbursement Procedures**

- a) Notwithstanding anything to the contrary contained herein, Agent shall have no obligation to disburse funds to Owner unless and until each of the following conditions is satisfied, or any such condition is expressly waived by Agent:
- i) Owner has, as appropriate, executed and delivered to Agent the Contract Documents and such other documents or instruments pertaining to the Disbursement Amount or the Products as Agent may require.
  - ii) As of the Disbursement Date, Agent shall have determined that the representations of Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 18 below) shall have occurred and be continuing.
  - iii) No stop payment or mechanic's lien notice pertaining to the Products has been filed and remains in effect as of the Disbursement Date.
  - iv) Owner will, within fifteen (15) days of presentation by Agent or the representative thereof, execute any and all documents or instruments required by the Contract Documents in connection with the disbursement of funds to Owner, other than this Contract, which must be executed by the date set forth on the Signature Page below.



b) Upon satisfaction or waiver of the conditions described in paragraph (a), above, Agent will disburse funds to or on behalf of the Owner.

**11) Prepayment of Assessment** Owner may prepay the remaining balance of the Assessment by paying the principal amount or a portion of the Assessment in increments of \$5,000 owing on the Assessment, plus the applicable prepayment premium, if any, calculated on the principal amount of the Assessment to be prepaid, processing fee and accrued interest determined by Agent in accordance with this Contract and the Report, and the amount of any delinquent installments of principal of and interest on the Assessment, together with penalties accrued to the date of prepayment. The processing fee and schedule of prepayment premiums is set forth in Exhibit B hereto.

Interest on the Assessment shall accrue until the next available redemption date for any bond or bonds issued pursuant to a financing relationship contemplated by the Report and which bond or bonds are secured by the Assessment. Such redemption date shall not exceed 180 days from the date of prepayment of the Assessment. Owner shall notify Agent in writing of Owner's determination to prepay the Assessment at least ten (10) business days prior to the date Owner intends to prepay the Assessment.

**12) Representations and Warranties of Owner** Owner promises that each representation and warranty set forth below is true, accurate and complete as of the date of this Contract. By accepting the Disbursement Amount, Owner shall be deemed to have reaffirmed each and every representation and warranty made by Owner in this Contract and in the Application, as of the date of disbursement. If Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

a) Formation: If Owner is anything other than a natural person, it has complied with all laws and regulations concerning its organization, existence and the transaction of its business, and is in good standing in each state in which it conducts its business.

b) Authority: Owner is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Contract Documents, and all other documents and instruments delivered by Owner to Agent in connection therewith. The Contract Documents have, if required, been duly executed and delivered by Owner and are valid and binding upon and enforceable against Owner in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by Owner, is required for Owner's execution thereof or the performance of its obligations contained therein.

c) Compliance with Law: Neither Owner nor the Property is in violation of, and the terms nor provisions of the Contract Documents conflict with, any regulation or ordinance, any order of any court or governmental entity, or any building restrictions or governmental requirements affecting the Property.

d) No Violation: The terms and provisions of the Contract Documents, the execution and delivery of the Contract Documents by Owner, and the performance by Owner of its obligations contained in the Contract, will not and do not conflict with or result in a breach of or a default under any of the terms or provisions of any other agreement, contract, covenant or security instrument by which Owner or the Property is bound.

e) Other Information: All reports, documents, instruments, information and forms of evidence which have been delivered to Agent related to Owner's application for the Program funding are accurate, correct and sufficiently complete to give Agent true and accurate knowledge of their subject matter.

f) Lawsuits: There are no lawsuits, tax claims, actions, proceedings, investigations or other disputes pending or threatened against Owner or the Property which may impair Owner's ability to perform its obligations hereunder, or which may impair Agent's ability to levy and collect the Assessment and Annual Assessment Installments.

- g) No Event of Default: There is no event which is, or with notice or lapse of time or both would be, a Default under this Contract.
- h) Accuracy of Declarations: The declarations of Owner contained in the Application are accurate, complete and true.

**13) Owner's Covenants** Owner promises:

- a) Installation and Maintenance of Products: Owner shall cause its contractor(s) to install the Products, in a good and workmanlike manner and in accordance with sound construction and installation practices. Owner shall maintain the Products in good condition and repair.
- b) Compliance with Law and Agreements: Owner shall complete all Products, or cause the Products to be completed, in conformity with all applicable laws, including all applicable federal, state, and local occupation, safety and health laws, rules, regulations, standards, and recorded instruments, covenants or agreements affecting the Property. Owner shall comply with and keep in effect all permits, licenses, and approvals required to complete installation of the Products.
- c) Site Visits: Owner grants Agent, its agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Owner, for the purposes of observing the Products. Agent will make reasonable efforts during any site visit to avoid interfering with Owner's use of the Property. Owner shall also allow Agent to examine and copy records and other documents of Owner which relate to the Products. Any site visit, observation or examination by Agent shall be solely for the purposes of protecting Agent's rights under the Contract Documents.
- d) Protection Against Lien Claims: Owner shall promptly pay or otherwise discharge any claims and liens for labor done and materials and services furnished to the Property in connection with the Products. Owner shall have the right to contest in good faith any claim or lien, provided that it does so diligently and without delay in completing the Products.
- e) Notice to Successors in Interest: Owner agrees to provide written notice to any subsequent purchaser of the Property that the Property is subject to a Program assessment lien, and to provide any subsequent purchaser a copy of this Contract.
- f) Insurance: If the Disbursement Amount exceeds \$50,000, Owner shall provide, maintain and keep in force at all times until the Products are completed, builder's all risk property damage insurance on the Property, with a policy limit equal to the amount of the Disbursement Amount.
- g) Notices: Owner shall promptly notify Agent in writing of any Default under this Contract, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

**14) Mechanic's Lien and Stop Notices** In the event of the filing of a stop notice or the recording of a mechanic's lien pursuant to applicable law of the State of California and relating to the Products, Agent may summarily refuse to disburse any funds to Owner, and in the event Owner fails to furnish Agent a bond causing such notice or lien to be released within ten (10) days of notice from Agent to do so, such failure shall at the option of Agent constitute a Default under the terms of this Contract. Owner shall promptly deliver to Agent copies of all such notices or liens.

**15) Owner Responsibility; Indemnification**

- a) Owner acknowledges that Agent has established the Program solely for the purpose of assisting the owners of property in the Agent subregion with the financing of the acquisition, construction, and installation of Eligible Products. The Program is a financing program only. Neither Agent, its officials,

agents, employees, attorneys and representatives, are responsible for selection, management or supervision of the Products or of the Products' performance. Owner acknowledges and understands that any issues related to performance of the Products should be discussed with chosen contractors or installers, and the manufacturer or distributor of the Products.

- b) To the extent permitted by law, Owner shall indemnify, defend, protect, and hold harmless Agent and any and all officials, agents, employees, attorneys and representatives of Agent, the purchasers of any bonds issued to finance the installation of the Products from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorneys' fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Contract Documents, (ii) disbursement of the Disbursement Amount, (iii) the Products, (iv) any breach or Default by Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Assessment Administrative Fee, (vi) the imposition of the lien of the Assessment, and (vii) any other fact, circumstance or event related to Agent's extension and payment of the Disbursement Amount to or on behalf of Owner or Owner's performance of its obligations under the Contract Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the Disbursement. If the Property is located in an incorporated area, this indemnity shall extend to officials, agents, employees, attorneys and representatives of the city in which the Property is located. If the Property is located in an unincorporated area, this indemnity shall extend to officials, agents, employees, attorneys and representatives of the County. This indemnity shall also extend to the purchasers of any bonds issued to finance the installation of the Products and such purchasers' officials, agents, employees, attorneys and representatives. Each of the parties to which the indemnifications provided for in this paragraph b) extend shall be referred to as the "Indemnified Parties."
- c) The indemnity obligations described in this Section shall survive the disbursement of funds to Owner, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Contract.

#### **16) Waivers, including Waiver of Claims**

- a) Because this Contract reflects Owner's free and willing consent to enter into this Contract and to pay the Assessment and the Annual Administrative Assessment Fee, Owner hereby waives any otherwise applicable requirements for or right to the preparation of an engineer's report, notice of public hearing, public hearing, protest or opportunity to submit an assessment ballot in support of or in opposition to the Assessment pursuant to Article XIIID of the California Constitution, the Proposition 218 Omnibus Implementation Act (commencing at California Government Code Section 53750) and any other provision of California law.

Owner agrees and acknowledges that the Assessment is not a "tax" as used in Section 1(e) of Article XIIIC of the California Constitution and that if such Assessment is a levy, charge, or exaction of any kind by Agent, it is a charge imposed for a specific benefit conferred or privilege granted to Owner that is not provided to those not charged, and which does not exceed the reasonable costs to Agent of conferring the benefit or granting the privilege to Owner. Owner further knowing and voluntarily waives any otherwise applicable requirements for or rights granted under Article XIII A or XIIIC pertaining to the Assessment.

Owner hereby waives Owner's right to repeal or reduce the Assessment by initiative or any other action, or to file any lawsuit or other proceeding, at law or in equity, to challenge the validity of the Assessment or the proceedings of Agent, or any portion thereof, undertaken in connection with the establishment of the Program.

- b) For and in consideration of Agent's execution and delivery of this Contract, Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under Owner, hereby waives the right to recover from and fully and irrevocably releases the Indemnified Parties and each of them from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that Owner may now have or hereafter acquire against any of Indemnified Parties and accruing from or related to (i) the Contract Documents, (ii) the disbursement of the Disbursement Amount, (iii) the levy and collection of the Assessment and the Annual Assessment Administrative Fee, (iv) the imposition of the lien of the Assessment, (v) the issuance and sale of any bonds or other evidences of indebtedness, or other financial arrangements entered into by Agent pursuant to the Program, (vi) the performance of the Products, (vii) the Products, (viii) any damage to or diminution in value of the Property that may result from construction or installation of the Products, (ix) any personal injury or death that may result from the construction or installation of the Products, (x) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Products, (xi) the merchantability and fitness for any particular purpose, use or application of the Products, (xii) the amount of energy savings resulting from the Products and the Products, (xiii) the workmanship of any third parties, and (xiv) any other matter with respect to the Program. This release includes claims, obligations, liabilities, causes of action, and damages of which Owner is not presently aware or which Owner does not suspect to exist which, if known by Owner, would materially affect Owner's release of the Indemnified Parties.

OWNER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, OWNER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES. **Owner's Initials:** \_\_\_\_\_

The waivers and releases by Owner contained in this Section 16 shall survive the disbursement of the Disbursement Amount, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Contract.

- 17) Further Assurances** Owner shall execute any further documents or instruments consistent with the terms of this Contract, including documents and instruments in recordable form, as Agent shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Contract and disbursing funds to Owner.

**18) Events of Default**

- a) Remedies with respect to the nonpayment of the Assessment or other amounts payable by Owner hereunder are governed by the provisions of Section 8 hereof and state law.
- b) The failure of any of Owner's representations or warranties to be correct in all material respects, or the failure or delay by Owner to perform any of its obligations under the terms or provisions of the Contract Documents, other than with respect to the payment of the Assessment, the Annual Assessment Administrative Fee, or other amount payable by Owner shall constitute a non monetary default hereunder

("Default"). Owner must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, but in any event, within the time set forth in paragraph (c) below.

- c) If a Default occurs, prior to exercising any remedies under the Contract Documents or Chapter 29, Agent shall give Owner notice of such Default. If the Default is reasonably capable of being cured within thirty (30) days, Owner shall have such period to effect a cure prior to exercise of remedies by Agent under the Contract Documents or Chapter 29. If the Default is such that it is reasonably capable of being cured, but not within such thirty (30) day period, and Owner (i) initiates corrective action within such thirty (30) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Owner shall have such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by Agent. However, in no event shall Agent be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a Default, or if the Default is not cured within one hundred and twenty (120) days after the first notice of Default is given.
- d) Subject to the provisions of paragraph (c), above, if any Default occurs Agent may exercise any or all of the rights and remedies available to it under applicable law, at equity, or as otherwise provided herein. Upon the election of Agent, if there has been no Disbursement, this Contract shall terminate and, except as otherwise expressly provided herein, the parties shall have no further obligations or rights hereunder.
- e) Except as provided in Section 22, any and all costs and expenses incurred by Agent in pursuing its remedies hereunder shall be additional indebtedness of Owner to Agent.
- f) Except as otherwise expressly stated in this Contract or as otherwise provided by applicable law, the rights and remedies of Agent are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by Agent, at the same time or different times, of any other rights or remedies for the same Default or any other Default. No failure or delay by Agent in asserting any of its rights and remedies as to any Default shall operate as a waiver of any Default or of any such rights or remedies, or deprive Agent of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.
- g) Performance of the covenants and conditions imposed upon Owner hereunder with respect to the commencement and completion of the Products shall be excused while and to the extent that, Owner, through no fault or negligence of its own, is prevented from complying therewith by war, riots, strikes, lockouts, action of the elements, accidents, or acts of God beyond the reasonable control of Owner; provided, however, that as soon as the cause or event preventing compliance is removed or ceases to exist the obligations shall be restored to full force and effect and Owner shall immediately resume installation of the Products.

**19) Severability** Each and every provision of this Contract is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Contract or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Contract, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Contract shall be valid and shall be enforced to the extent permitted by law.

**20) Notices** All notices and demands shall be given in writing by first class mail, postage prepaid, or by personal delivery (by recognized courier service or otherwise). Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided in the "Notice Information" section of Exhibit A attached hereto and incorporated herein by this reference for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice.



Notwithstanding anything set forth above, after disbursement of the Disbursement Amount to Owner, all notices regarding the assessment shall be sent only as provided by state law.

- 21) **Attorneys' Fees and Costs** In the event that any action is instituted to enforce payment or performance under this Contract, the parties agree that the non-prevailing party shall be responsible for and shall pay all costs and all attorneys' fees incurred by the prevailing party in enforcing this Contract.
- 22) **No Waiver** No disbursement of the Disbursement Amount based upon inadequate or incorrect information shall constitute a waiver of the right of Agent to receive a refund thereof from Owner.
- 23) **Governing Law** This Contract shall be governed by the substantive law of the State of California, regardless of any law of conflicts to the contrary in any jurisdiction. Any legal action brought under this Contract must be instituted in the Superior Court of the County of San Bernardino, State of California.
- 24) **Assignment by Agent** Agent, at its option, may (i) assign any or all of its rights and obligations under this Contract, and (ii) pledge and assign its right to receive the Assessment and the Annual Assessment Administrative Fee, and any other payments due to Agent hereunder, without obtaining the consent of Owner.
- 25) **Owner Assignment Prohibited** In no event shall Owner assign or transfer any portion of this Contract or Owner's obligations under the Contract without the prior express written consent of Agent, which consent may be granted or withheld in the sole and absolute discretion of the Agent. Sale, transfer, or rental of the Property is not an assignment or transfer of this Contract.
- 26) **Carbon Credits** Owner agrees that any carbon credits or renewable energy credits attributable to the Products shall be owned by Agent (on behalf of the Program).
- 27) **Entire Agreement; Counterparts; Amendment** This Contract, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Products, and any amendment to this Contract, must be signed in writing by both parties. If there is more than one "Owner," the obligations hereunder of all Owners shall be joint and several.
- This Contract may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.
- 28) **Further Documents** Agent and Owner agree that they shall sign, deliver and if appropriate record any additional documents necessary to effectuate the purposes of this Contract. Upon expiration or termination of this Contract, Agent and Owner agree to shall sign and record any document reasonably necessary to cancel this Contract from the public records as to the Property.
- 29) **Special Termination** Notwithstanding anything to the contrary contained herein, this Contract shall terminate and be of no further force or effect if Owner has submitted to Agent a notice of its decision to cancel this transaction on or prior to the date and time described in the Notice of Right to Cancel which was delivered to Owner upon its execution of this Contract.
- 30) **No Third Party Beneficiary Rights** This Contract is entered into for the sole benefit of Owner and Agent and, subject to the provisions of Sections 13, 14, 15, and 25, no other parties are intended to be direct or incidental beneficiaries of this Contract and no third party shall have any right in, under or to this Contract.
- 31) **Contract Date** The date on which Agent or its representative sends this Contract to the Owner or Owners for execution shall be referred to herein as the "Contract Date."

**32) Recordation of Contract** Agent may file this Contract for recordation with the County Recorder of the County either as a separate instrument or as a part of the Notice of Assessment within ten (10) days after the last day entered with the signatures below.

**Owner(s) must execute and return this Contract to Agent at the address set forth in the “Notice Information” section of Exhibit A hereto so that it is received by Agent not later than \_\_\_\_\_, 20\_\_.** All signatures of the Owner(s) must be notarized by a duly licensed notary.

<b>IN WITNESS WHEREOF</b> , Owner and Agent have entered into this Contract as of the Effective Date.			
<b>Owner 1:</b>		<b>Owner 2:</b>	
[OWNER 1 NAME]		[OWNER 2 NAME]	
<i>Owner 1 Name (Please Print)</i>		<i>Owner 2 Name (Please Print)</i>	
By:		By:	
<i>Owner 1 Signature (Must be Notarized)</i>		<i>Owner 2 Signature (Must be Notarized)</i>	
Date of Execution by Owner 1:		Date of Execution by Owner 2:	
, 20		, 20	
<i>Date</i>	<i>Year</i>	<i>Date</i>	<i>Year</i>

<b>Agent:</b> Executive Director and/or his or her designee
<i>Name (Please Print)</i>
By:
<i>Agent Signature (Must be Notarized)</i>
Date of Execution by Agent:

## EXHIBIT A

### DESCRIPTION OF PROPERTY, DESCRIPTION OF THE PRODUCTS, AND NOTICE INFORMATION,

#### **Description of Property:**

Owner(s) Name(s):

Property Address:

APN:

Associate Member:

Legal Description:

#### **Description of Products:**

The Products include the following:

#### **Notice Information:**





**EXHIBIT B****LIST OF CONTRACT DOCUMENTS, DISBURSEMENT, AND  
SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL,  
INTEREST AND ANNUAL ASSESSMENT ADMINISTRATIVE FEE****List of Contract Documents:**<sup>1</sup>

The Contract shall consist of the following documents:

- This Contract and the exhibits hereto;
- The Application;
- The Funding Request;
- The Assessment Cost and Payment Summary;
- The Notice of Assessment;
- The Payment of Contractual Assessment Required;
- The California HERO Program Report and the Commercial HERO Program Handbook; and
- California HERO Program website located at [www.wrcog.cog.ca.us](http://www.wrcog.cog.ca.us).

**Disbursement:**

The Maximum Disbursement Amount is \$\_\_\_\_\_.

The Estimated Disbursement Date will be no later than \$\_\_\_\_\_.

**Schedule of Estimated Maximum Annual Assessment Installments:**

The schedule of the estimated maximum Annual Assessment Installments is based upon the following assumptions:

1. Agent disburses the Maximum Disbursement Amount to Owner.
2. Accumulated costs of funds until Owner's first payment of \$\_\_\_\_\_ will be added to Owner's Disbursement Amount.
3. WRCOG disburses to Owner on the Estimated Disbursement Date. If the actual disbursement occurs prior to July 1, 20\_\_, the Initial Tax Year shall be 20\_\_-20\_\_.
4. The Assessment Interest Rate is \_\_\_\_%.
5. The Annual Percentage Rate (APR) of Owner's assessment is \_\_\_\_%. If the interest due before Owner's first payment of \$\_\_\_\_\_ was paid in cash at disbursement, Owner's APR would be \_\_\_\_%. APR is the Effective Cost of Credit in consumer loans and real estate loans expressed as a percentage interest rate. The APR is the interest rate the borrower actually pays, including fees required in order to participate in the Program.
6. The total administrative fees and recording fees added to Owner's assessment is \$\_\_\_\_\_.

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<sup>1</sup> The List of Contract Documents may vary depending upon the financing plan being used for a particular parcel. In any event the terms of the Assessment Contract entered into for a particular parcel will govern if there is any conflict between such Assessment Contract and Appendix C.

Tax Year (commencing July 1)	Interest	Principal	Total Principal and Interest	Current Annual Assessment Administrative Fee	Total Annual Assessment Installment
20__ - 20__ *					
20__ - 20__					
20__ - 20__					
20__ - 20__					
20__ - 20__					
20__ - 20__					
20__ - 20__					
20__ - 20__					
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20__ - 20__					
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20__ - 20__					
20__ - 20__					
20__ - 20__					
20__ - 20__					

\*The Estimated Initial Tax Year shown on preceding schedule is based upon the Estimated Disbursement Date. The actual Initial Tax Year will be based upon the actual Disbursement Date. Please see Section 8 b) and d) of the Assessment Contract.

**Prepayment Fee and Prepayment Premium Schedule:**

Processing Fee: The fee for processing the prepayment of the Assessment in whole or in part shall be \$\_\_\_\_\_.

Prepayment Premium: The prepayment premium applicable to the principal amount of the Assessment to be prepaid in whole or in part in increments of \$5,000 pursuant to Section 11 of the Assessment Contract shall be determined based upon the next interest payment date on the bond issued for the Assessment occurring not less than 90 days after the date of the prepayment (the "Next Bond Interest Payment Date"). The prepayment premium shall be the percentage of the principal amount of the Assessment to be prepaid as follows:

Next Bond Interest Payment Date	Prepayment Premium
September 2, ____ or March 2, ____	5%

## Appendix F

## NOTICE OF ASSESSMENT

RECORDING REQUESTED BY &  
WHEN RECORDED RETURN TO:

Western Riverside Council of Governments  
4080 Lemon Street, 3<sup>rd</sup> Floor  
Riverside, CA 92501

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File No: \_\_\_\_\_

## NOTICE OF ASSESSMENT

CALIFORNIA HERO PROGRAM  
FOR \_\_\_\_\_ COUNTY  
STATE OF CALIFORNIA

On \_\_\_\_\_, 201\_\_, the Executive Committee of the Western Riverside Council of Governments (“WRCOG”), County of Riverside, State of California, adopted its Resolution No. \_\_\_\_ (the “Resolution”) whereby the Executive Committee approved a report (the “Program Report”) prepared by the Executive Director, in accordance with Section 5898.22 of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (“Chapter 29”), established the California HERO Program (the “Program”) to be implemented as provided in the Program Report, confirmed that voluntary contractual assessments may be levied against parcels within the jurisdictions participating in the Program (the “Program Area”) within the parameters of the Program Report to finance certain distributed generation renewable energy sources and/or energy efficiency improvements, including water efficiency improvements (the “Improvements”).

Pursuant to the requirements of Sections 5898.32 of the Streets and Highways Code, the undersigned Secretary of the Executive Committee of WRCOG, at the direction of such Executive Committee, HEREBY GIVES NOTICE that pursuant to Chapter 29, the Resolution, and the Program Report, as initially approved and as amended to date, WRCOG and the record owner(s) (the “Record Owners”) of the real property described on Exhibit “A” to this Notice, attached hereto and incorporated herein by reference (the “Property”) have entered into an assessment contract with WRCOG (the “Assessment Contract”), a copy of which is contained in Exhibit “B” to this Notice, attached and incorporated herein by this reference. Pursuant to the Assessment Contract, WRCOG is making a disbursement in the principal amount of \$\_\_\_\_\_ (the “Disbursement”) to the Record Owners of the Property to finance the acquisition and installation and/or construction on the Property of the Improvements identified in the Assessment Contract. Pursuant to the Assessment Contract, the Record Owners agree that the Property is subject to an assessment levied against the Property pursuant to Chapter 29 in the principal amount of the Disbursement, as provided in the Assessment Contract, together with fees and interest thereon, for a total Assessment in the amount of \$\_\_\_\_\_ (the “Assessment”) as set forth in the payment schedule on Exhibit “\_\_” to the Assessment Contract. In addition, so long as the Assessment is unpaid, the Record Owners agree that the Property is subject to an annual administrative assessment levied against the Property to pay costs

of WRCOG which result from the administration and collection of the Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Report, and from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed \$ \_\_\_\_\_ per annum.

NOTICE IS FURTHER GIVEN that upon the recording of this notice in the office of the County Recorder, the Assessment shall become a lien upon the Property. In addition, the Annual Administrative Assessment shall become a lien upon the Property at the same time as property taxes upon the Property become a lien each year.

DATED: \_\_\_\_, 201\_\_

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Secretary to WRCOG Executive Committee  
Western Riverside Council of Governments

## Appendix G

### **PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED**

RECORDING REQUESTED BY &  
WHEN RECORDED RETURN TO:

Western Riverside Council of Governments  
4080 Lemon St., 3<sup>rd</sup> Floor, MS 1032  
Riverside, CA 92501-3609

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File No: \_\_\_\_\_

### **PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED**

Pursuant to the requirements of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, as amended, commencing with Section 5898.10 (the "Act"), including without limitation Section 5898.24(d) of the Act, and in furtherance of Section 1102.6b of the California Civil Code, Western Riverside Council of Governments ("WRCOG") hereby provides notice of the levy and collection by WRCOG of a contractual assessment under the California HERO Program (the "Program"), established and authorized pursuant to the Act. Pursuant to the Act and the Program, WRCOG and the current owner(s) described below (the "Owners") of the real property (the "Property") described herein have entered into that certain assessment contract entitled, "Assessment Contract," dated as of \_\_\_\_\_, 20\_\_, by and between WRCOG and the Owners (the "Assessment Contract"). Pursuant to the Assessment Contract and the Act, the Owners have requested and voluntarily agreed to WRCOG's imposition of a contractual assessment against the Property (the "Contractual Assessment"), which is generally collected by the County of \_\_\_\_\_, on behalf of WRCOG, through the consolidated property tax bill.

**Current Owner(s):** \_\_\_\_\_.

**Legal Description of Property and Assessor's Parcel Number:** See Exhibit "A" attached hereto.

**Annual Amount of Contractual Assessment:** See Exhibit "B" attached hereto.

**Expiration of the Contractual Assessment:** The date upon which the Contractual Assessment and all accrued interest thereon, together with any applicable penalties, costs, fees and other charges, have been paid

**Purpose for Which Funds Will Be Used:** The funds from the Contractual Assessment to be paid to WRCOG or its designee and shall finance the acquisition and construction and/or installation on the Property of the renewable energy system(s), energy efficiency and/or water efficiency improvement(s) which are permanently affixed to the Property and identified in the Assessment Contract (the "Work").

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**Contact Information:** More information regarding the Contractual Assessment may be obtained by contacting WRCOG at 4080 Lemon Street, 3<sup>rd</sup> Floor, Riverside, CA 92501, tel: (951) 955-7985.

\_\_\_\_\_  
Program Administrator

Dated: \_\_\_\_\_, 20\_\_



—

**SCHEDULE OF ASSESSMENT INSTALLMENTS, INTEREST THEREON, AND THE MAXIMUM ADMINISTRATIVE**

<b>Tax Year</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Loan Payment</b>	<b>Maximum Annual Administrative Assessment Expense</b>	<b>Total Maximum Contractual Assessment</b>
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					



## OFFICE OF THE CITY MANAGER

Council Meeting Date: March 18, 2014  
Staff Report #: 14-042

Agenda Item #: B-2

**COMMISSION REPORT:** Consider applicants for appointment to fill three citizen vacancies on the Finance and Audit Committee

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### RECOMMENDATION

Staff recommends appointing applicants to fill three citizen vacancies on the Finance and Audit Committee.

### BACKGROUND

Staff conducted recruitment for the vacant positions by publishing vacancy notices in the *Daily News*, posting notices on the City's website, displaying ads on the electronic bulletin boards throughout the City's recreation facilities, the main library and on Government Channel 26, and reaching out to the community through the social media site Next Door.

The three vacancies on the Committee exist due to the expiring terms of the three previous citizen members in 2013.

### ANALYSIS

Pursuant to the approved committee structure, Finance and Audit Committee members must be residents of Menlo Park and serve for designated terms of two years. Applicants should possess sufficient understanding of organizational finance and the ability to communicate financial concepts to the public which facilitates a general understanding of issues.

Applicants for the 3 vacancies are:

- Aimee Campbell
- Anne Craib
- Leslie Denend
- Laura Phelps
- Stu Soffer

Residency requirements for all applicants has been verified by the City Clerk's office.

Finance and Audit Committee members are typically appointed to 2-year terms. The last meeting of the Finance and Audit Committee was in January 2013. Because of the lapse in time since the Committee's last activities, and in order to maintain continuity on the Committee such that there is always some members familiar with the City's financial processes serving on the Committee, the Council may appoint one of the citizen members to a 3-year term.

In addition, the Council's policy states that the selection/appointment process shall be conducted before the public at a regularly scheduled meeting of the City Council. Nominations will be made and a vote will be called for each nomination. Applicants receiving the highest number of affirmative votes from a majority of the Council present shall be appointed.

### **IMPACT ON CITY RESOURCES**

Staff support for selection of commissioners is included in the FY 2013-14 Budget.

### **POLICY ISSUES**

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

### **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.

### **ATTACHMENTS**

#### **A. Commission Applications\***

Report prepared by:  
*Pamela Aguilar*  
*City Clerk*

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



## COMMUNITY SERVICES DEPARTMENT

Council Meeting Date: March 18, 2014  
Staff Report #: 14-041

Agenda Item #: D-1

**CONSENT CALENDAR:**            **Authorize the City Manager to Exceed His Purchase Authority and Approve the Purchase of a Mobile Stage from APEX Stages for an amount not to exceed \$75,000**

### RECOMMENDATION

Authorize the City Manager to exceed his purchase authority of \$50,000 and approve the purchase of a Mobile Stage from APEX Stages for an amount not to exceed \$75,000.

### BACKGROUND

The City's existing stage, currently used only for the Summer Concert Series and 4<sup>th</sup> of July Celebration, was generously donated by Tyco in the late 1990's. The stage is losing its reliability and takes a team of 2-3 people an entire day to set up and tear down. In the past few years, due to the demand on staff time, we have contracted the set-up and teardown of the stage for roughly \$1,200 annually and have rented a different stage for the 4th of July Celebration at roughly \$1,400 annually. The existing stage remains installed throughout the summer, between Mid-June and Mid-August in Fremont Park, but there is need for a stage at various other locations around the City.

The stage also takes a toll on the Fremont Park grass, since the areas under the stage do not capture sun and water during the summer months.

The purchase of a new mobile stage was added to the Capital Improvement Program in 2012 to better suit the City's needs in terms of assembly time, set-up costs, staffing, mobility and quality. The new mobile stage would also be used for additional City-wide events including the 4th of July Parade & Celebration, Halloween Hoopla, Belle Haven Music in the Park, Summer Camp Talent Shows, Childcare Graduations, and other programs.

### ANALYSIS

In order to choose the best option for our needs, staff researched seven mobile stage vendors (Attachment A) and selected APEX Stages for their 1620 Mobile Stage. The 1620 Mobile Stage is a fully hydraulic, self-enclosed trailer that can be set up by two

people in just 30 minutes and can be easily and securely stored. Options are available that allow us to meet the needs of a variety of community events, including concerts and performances. These options include: shade covers, multiple stair configurations, stage extensions, backdrops and banners. The company provides delivery, on-site training options for our staff who will be managing the stage, and a limited one-year warrantee.

A video of the stage in action can be seen at: <http://www.youtube.com/watch?v=Hf2RJKmtNp4>.



A number of considerations were explored in choosing the most appropriate mobile stage to meet the City's growing need for special events. These include, but are not limited to: price, size, assembly time, mobility, quality, warrantee, expansions, and other available options/add-ons.

**Note:** Stage trailers researched that exceeded the \$100,000 price point were omitted from Attachment A and our selection process due to their cost. Some of these models included:

- Century Industries – Front Row Stage: \$100,000-\$150,000
- Century Industries – Showmaster: \$100,000-\$140,000
- Wenger – Showmobile: \$135,000-\$145,000
- APEX Stages – 2420: \$110,000-\$125,000

### **Price**

Non-hydraulic mobile stage trailers researched ranged from \$50,000-\$86,000 while hydraulic stage trailers ranged from \$70,000-\$140,000 (base cost). The APEX 1620 is not only the newest model of hydraulic stage trailers (launched in 2014), but the most cost efficient considering the optional add-ons. For instance, Century Industries Platform Stage ranged around \$52,000 at its base cost, but is not fully loaded so the quoted amount increases with desired add-on (stairs, extensions, protection package, electrical, weather canopy, backdrop, handrails, shipping, training, etc.). The Century Industries Platform Stage only includes the base unit, a built-in generator, and a stage skirt.

### **Size & Expansions**

Our current Summer Concert Series stage measures 32' x 12' and our rented 4th of July stage measures 20' x 20' (the smallest manageable/affordable option). The Summer Concert Series stage is very tight in width and a tad long in length for music performers and their equipment. The 4th of July stage has a good width, but the length is too tight for our bands and audio needs. The ideal stage size (at its most modest) is 24' x 16'. However, since there is a need to utilize the stage as a multi-use asset, the need for a larger 28' x 16' is preferred (or at least the functionality to equip additional deck extensions). The APEX 1620 Mobile Stage allows for this functionality.

### **Time, Labor, and Mobility**

In making our determination that the APEX 1620 was the most appropriate stage to suit our needs, assembly time, manual labor, and stage mobility were taken into account. Currently, Community Services contracts out set up for both our Summer Concert Series and 4th of July stages. A new stage will require additional staff set-up time, impacting staff capacity for producing more special events as desired by Council. A hydraulic system was highly preferred, not only because it makes set-up more efficient, but to lessen the potential for injury on staff. The stage demands of the City, especially in the summer months, are high and unpredictable so the need to have a mobile stage that staff can quickly set-up, breakdown, and relocate is vital. The stages from Marshall Austin, Stageline, and Wegner (under \$100,000) did not come with this option since they operate via a hand crank, which in turn increases the assembly time, manual labor, and potential for injury.

### **Quality**

The APEX 1620 is the newest model of stage trailers researched and is designed as a smaller version of the APEX 2420. The APEX 1620 is the smallest stage APEX Stages manufactures; fully hydraulic, fiberglass enclosed, and load bearing roof capabilities for hanging lights and speakers. This stage has been specifically designed for smaller venues to meet the demand of churches, schools, and municipalities – it has the flexibility and durability needed for professional duty. Platform stages such as the Century Industries Platform Stage, Stageline SL50, Wenger Showmobile, and the Marshall Austin MAP24 are not equipped with a band shell which would not meet the acoustical needs of our Summer Concert Series / special events at Fremont Park. Additionally, there are concerns with the Advantage Trailers Mobile Show Stage in its abnormal design which would most likely not allow for proper backline audio. When it comes to acoustics / sound quality, the design of the APEX 1620 meets our fundamental needs for the best value.

### **IMPACT ON CITY RESOURCES**

The previously approved 2014-15 Capital Improvement Plan includes the purchase of the mobile stage for \$52,500 in the next fiscal year. On March 4, 2014, Council approved moving the purchase of the stage up to this fiscal year, given that the summer concert series begins before the new fiscal year starts and the current stage is not in condition to make it through another summer. Since prices were obtained for the stage

in 2012, additional needs have emerged and prices for the packages meeting those needs have increased. Council approved an additional \$35,000 on March 4 from Rec-in-Lieu fees to be used toward the purchase. The Rec-in-Lieu Fund shows a balance of at least \$1.4 million through 2018. A more recent, final quote from the vendor came in at \$75,000.

## **POLICY ISSUES**

Purchase of the mobile stage supports Council's goal of increasing the number of community events

## **ENVIRONMENTAL REVIEW**

No environmental review is required for this purchase.

## **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. Mobile Stage Vendor Options Comparison

Report prepared by:

*Matt Milde*

*Community Services Program Coordinator, Special Events*



**Mobile Stage Vendor Comparison**

No.	Company	Type	Quote	Size	Set-up Time	Self-Enclosed	Trailer	Stairs	Ramp	Hydraulic	Generator	Awning	Extensions	Notes
1	Advantage Trailers	Mobile Show Stage	\$69,823.00	26' x 16'	30 Min	Yes	Yes	No	Yes	Yes	Yes	Half	No	Concerns about acoustics
2	American Stage-Mobile	L-Stage Mobile	\$85,460.00	22' x 20'	1-1.5 Hours	No	Yes	Yes	No	Yes	No	Yes	No	Does not include banner package
3	Apex Stages	1620 Mobile Stage	70k-85k	20' x 16'	30 Min	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Includes Banner package, Stage Extensions, Stairs, Training, and Shipping
4	Century Industries	Platform Stage	\$51,710.00	24' x 16'	30-45 Min	No	Yes	Yes	No	Yes	No	No	Yes	\$5,900 Door-to-Door Charge/ No Shade Protection/ Not Fully Loaded
5	Marshall Austin	MAP24 Mobile Stage	75k-90k	24' x 16'	1-1.5 Hours	No	Yes	Yes	Yes	No	No	Yes	No	Does not include Banner or Movie in the Park Package
6	Stageline Mobile Stage	SL50 2012	\$72,500.00	20' X 16'	1 Hour	Yes	Yes	Yes	No	No	No	Yes	No	
7	Wenger	Showmobile	\$67,729.72	24' x 16'	30-45 Min	No	Yes	Yes	No	No	No	No	No	Five Year Warentee

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## COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: March 18, 2014  
Staff Report #: 14-043

Agenda Item #: D-2

**CONSENT CALENDAR:**                    **Amendment to the Below Market Rate For-Sale Agreement for the 389 El Camino Real Project**

### RECOMMENDATION

Staff recommends that the City Council approve the proposed amendment to the Below Market Rate For-Sale Agreement for the 389 El Camino Real Project between the City of Menlo Park and D.R. Horton Bay, Inc., as shown in Attachment A.

### BACKGROUND

On July 31, 2012, the City Council approved the development of 26 residential condominium units at the site commonly known as 389 El Camino Real, which included a mix of nine single-family units and 17 attached townhouse units. As part of the approval, the Below Market Rate For-Sale Agreement (BMR Agreement) between the City and the applicant required the provision of three low-income BMR units, where all three units are townhouse units. Consistent with the Below Market Rate Housing Program Guidelines (BMR Guidelines), the BMR Agreement includes a schedule that paces the completion of BMR units relative to the completion of market rate units. The schedule is intended to ensure that the BMR units are implemented prior to the completion of the project, and is summarized as follows:

- 1) The first BMR unit must pass final inspection before up to nine (9) market rate units can pass final inspection;
- 2) The second BMR unit must pass final inspection before up to 13 additional market rate units can pass final inspection; and,
- 3) The third BMR unit must pass final inspection before the last market rate unit can pass final inspection.

At present, the project is nearing the final stages of construction. The applicant anticipates that the first four single-family units would be completed in mid-March 2014, and the first townhouse building would be completed in mid-April 2014.

### ANALYSIS

The applicant is under contract to close escrow on three single-family units by the end of March. Given that the completion of the first BMR unit is anticipated in mid-April with completion of the first townhouse building, compliance with the timing provisions of the BMR Agreement has placed a burden on the applicant's contractual obligations and

would delay construction of the project. The applicant is requesting an amendment to the BMR Agreement to allow some market rate units to be completed prior to the completion of the first BMR unit, summarized as follows:

- 1) Allow four (4) single-family market rate units to pass final inspection;
- 2) Two (2) BMR units must pass final inspection before 13 additional market rate units can pass final inspection; and,
- 3) The third BMR unit must pass final inspection before the remaining six (6) market rate units pass final inspection.

All other provisions and requirements of the BMR Agreement would remain intact as part of the proposed amendment.

The proposed modification would continue to ensure that all three BMR units are implemented, and is consistent with the BMR Guidelines. Given the timing constraints of this project, the proposed amendment is unique to this project and would not generally apply to other projects.

### **IMPACT ON CITY RESOURCES**

There is no impact on City resources associated with this action.

### **POLICY ISSUES**

The proposed action is consistent with the BMR Guidelines.

### **ENVIRONMENTAL REVIEW**

An Environmental Impact Report (EIR) was certified by the City Council on July 31, 2012 pursuant to the California Environmental Quality Act (CEQA). The proposed action does not require any further 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.

### **ATTACHMENTS**

- A. First Amendment to Below Market Rate For-Sale Agreement for 389 El Camino Real
- B. Recorded Below Market Rate For-Sale Agreement for 389 El Camino Real

Report prepared by:

*Jean Lin*

*Associate Planner*

*Arlinda Heineck*

*Community Development Director*

RECORDING REQUESTED BY AND  
WHEN RECORDED, MAIL TO:  
Community Development Department  
City of Menlo Park  
701 Laurel Street  
Menlo Park, California 94025-3483

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER’S USE)

**FIRST AMENDMENT TO BELOW MARKET RATE FOR-SALE AGREEMENT**

**389 EL CAMINO REAL**

THIS FIRST AMENDMENT TO BELOW MARKET RATE FOR-SALE AGREEMENT (“**Amendment**”) is made and entered into on this day of \_\_\_\_\_, 2014, by and between D.R. HORTON BAY Inc., a Delaware corporation (“**Owner**”) and THE CITY OF MENLO PARK, a California municipality (the “**City**”).

**RECITALS**

A. Owner is the owner of that certain real property located in the City of Menlo Park, County of San Mateo, State of California (“**Property**”), more particularly described in Exhibit A attached hereto. The Property is commonly known as 389 El Camino Real and consists of Assessor’s Parcel Numbers 071-412-170, 071-412-220, 071-412-230, 071-412-250 and 071-412-430.

B. Owner and the City entered into that certain Below Market Rate For-Sale Agreement dated as of March 28, 2013 which was recorded on April 23, 2013 as Document No. 2013-060921 of the Official Records of San Mateo County, California (“**Agreement**”).

C. The parties desire to amend the Agreement to allow Final Inspection of the first four (4) market rate units, Units 18, 19, 20 and 21 in Building 404, prior to Final Inspection of any BMR Units, provided that, as a condition precedent to Final Inspection of the next 13 market rate units, at least two (2) BMR Units shall have passed Final Inspection and as a condition precedent to a Final Inspection of the last 6 market rate units the last one (1) BMR Unit shall have passed Final Inspection, as set forth below.

D. Initially capitalized terms not otherwise defined herein shall have the meanings given them in the Agreement.

NOW THEREFORE, for mutual consideration, the receipt and sufficiency of which is hereby acknowledged, City and Owner hereby amend the Agreement as follows:

**AMENDMENT**

1. Final Inspections. Section 7 is hereby amended and restated as follows:

Final Inspection of the first four (4) market rate units in Building 404 (Units 18, 19, 20 and 21) shall be available prior to Final Inspection of any BMR Units. As a condition precedent to Final Inspection of the next thirteen (13) market rate units, at least two (2) BMR Units shall have passed Final Inspection. As a condition precedent to Final Inspection of the last six (6) market rate units, the last one (1) BMR Unit shall have passed Final Inspection.

2. Agreement Remains in Effect; Conflicts. By execution of this Amendment, Owner and City confirm that each party is in compliance with its obligations under the Agreement and that, except as modified pursuant to this Amendment, the Agreement remains in full force effect as executed by the parties thereto. In the event of any conflict between the terms and provisions of this Amendment and those of the Agreement, the terms and provisions of this Amendment shall control.

3. Counterpart. This Amendment shall be executed in any number of counterparts and each counterpart shall be deemed to be an original document. All executed counterparts together shall constitute one and the same document, and any signature pages, including facsimile copies thereof, may be assemble to form a single original document.

4. Recordation. This Amendment shall be recorded in the Office of the County Recorder of San Mateo.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first written above.

OWNER:

CITY

D.R. Horton BAY, Inc., a Delaware corporation

City of Menlo Park

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Dean K. Mills

Name: Alex D. McIntyre

Title: Vice President of Forward Planning

Title: City Manager

THIS DOCUMENT IS RECORDED FOR THE BENEFIT  
OF THE CITY OF MENLO PARK AND  
IS EXEMPT FROM FEE PER  
GOVERNMENT CODE SECTIONS 27383 AND 6103.

**2013-060921 CONF**  
12:33 pm 04/23/13 AG Fee: NO FEE  
Count of pages 48  
Recorded in Official Records  
County of San Mateo  
Mark Church  
Assessor-County Clerk-Recorder



WHEN RECORDED MAIL TO: )  
)  
COMMUNITY DEVELOPMENT DEPARTMENT )  
CITY OF MENLO PARK )  
701 Laurel Street )  
Menlo Park, CA 94025-3483 )  
Attention: Community Development Director )  
)

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**BELOW MARKET RATE FOR-SALE AGREEMENT**  
**389 EL CAMINO REAL**

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## BELOW MARKET RATE FOR-SALE AGREEMENT

This Below Market Rate For-Sale Agreement ("Agreement") is made as of this 28<sup>th</sup> day of March 2013 by and between THE CITY OF MENLO PARK, a California municipality ("City") and D.R. HORTON BAY, INC., a Delaware corporation ("Owner"), with respect to the following:

### RECITALS

A. Owner is the owner of certain real property located in the City of Menlo Park, County of San Mateo, State of California ("Property"), more particularly described in Exhibit A attached hereto. The Property is commonly known as 389 El Camino Real and consists of Assessor's Parcel Numbers 071-412-170, 071-412-220, 071-412-230, 071-412-250 and 071-412-430.

B. Pursuant to City Municipal Code Chapter 16.96, the City's BMR Housing Ordinance ("BMR Ordinance"), and the City's Below Market Rate Housing Program Guidelines ("Guidelines") attached hereto as Exhibit B, Owner is required to enter into this Agreement for the benefit of the City to insure compliance with the City's BMR Ordinance and the Guidelines, which is a prerequisite to obtaining final development approvals and "Final Inspection" of the units from the Building Division.

C. Owner plans to redevelop the Property by constructing a total of twenty-six (26) new attached and detached for-sale single-family residential units of which three (3) shall be below market rate units ("BMR Units"), as required by, and in full compliance with the City's BMR Ordinance and the Guidelines.

D. The BMR Units shall be sold to third parties who meet the eligibility requirements set forth in the BMR Ordinance and the Guidelines, and with prices determined in accordance with this Agreement.

E. This Agreement is for the benefit of Owner and the City. The deeds to the BMR Units shall contain restrictions that limit the sales price of the BMR Units in accordance with the BMR Ordinance and the Guidelines. These deed restrictions relating to the three (3) BMR Units shall be binding on the future owners of those units.

NOW, THEREFORE, the parties agree as follows:

1. The three (3) BMR Units are to be completed and sold in accordance with the BMR Ordinance and the Guidelines with the appropriate deed restrictions. For purposes of Section 8 of the Guidelines, a BMR Unit shall be deemed "available for purchase" when the City has issued a letter that states that the BMR Unit meets the requirements of the Guidelines and satisfies the provisions of this Agreement. The letter will be issued when the BMR Unit is substantially ready for occupancy, as reasonably determined by the City's Community Development Director, and when the BMR Unit has passed Final Inspection by the Building Division.

2. Section 5.1 of the Guidelines requires the BMR Units to generally be of the same size as the market rate units and be distributed throughout the development. The locations of the three (3) BMR Units are shown as BMR Unit Numbers 2, 8 and 13 on Exhibit C attached hereto. The floor plans showing the size and layout of the BMR Units are shown on Exhibit D attached hereto.

3. The streetscape elevations of the BMR Units will be as approved by the City Council.

4. The exterior materials used in the construction of the BMR Units will be similar and indistinguishable from those used on the market rate units. The interior finishes of the BMR Units shall be similar to those of the market rate units, except for upgrades purchased by individual buyers.

5. Each BMR Unit shall be affordable to households which are U.S. Department of Housing and Urban Development ("HUD") low or State lower income eligible as defined in Section 50079.5 of the California Health and Safety Code, as described in the Guidelines, and are of the smallest household size eligible for the BMR Unit on the BMR waiting list maintained by the City on the date that the Sales Price is set, as more particularly described below. The BMR Sales Price shall be calculated according to the following formula by reference to the definitions and standards set forth in Sections 6.1 and 6.2, below.

6.1 The "**Sales Price**" shall be calculated by adding the cash down payment, defined in 6.2.10., below, to the Maximum Mortgage Amount, defined in Section 6.1.6, below, less lender and escrow fees and costs incurred by the buyer. The Sales Price shall be set before the commencement of the sale process for the BMR Units.

6.1.1 Calculate the "**Smallest Household Size**": The household with the smallest number of persons eligible for the BMR Unit, as shown in Section 14, Table C (Occupancy Standards) of the Guidelines.

6.1.2. The current "**Maximum Eligible Income**" shall be the most current State Income Limit for San Mateo County, Lower Income category, as published by the State of California Department of Housing and Community Development, for the Smallest Household Size.

6.1.3. Calculate the "**Maximum Allowable Monthly Housing Expenses**": Multiply the Maximum Eligible Income by thirty three percent (33%) and divide by twelve (12).

6.1.4. Calculate the "**Actual Monthly Housing Expenses**": Add the following costs associated with a particular BMR Unit, as more particularly described in Paragraph 6.2 below, and divide by twelve (12): (a) any loan fees, escrow fees and other closing costs (amortized over 360 months) and/or private mortgage insurance associated therewith; (b) property taxes and assessments; (c) fire, casualty insurance and flood insurance, if required; (d) property maintenance and repairs, deemed to be One Hundred Dollars (\$100) per month; (e) a reasonable allowance for utilities as set forth in the

Guidelines, not including telephones, and (f) homeowners association fees, if applicable, but less the amount of such homeowners association fees allocated for any costs attributable to (c), (d) or (e) above.

6.1.5. Calculate the **"Maximum Monthly Mortgage Payment Amount"**: Subtract the Actual Monthly Housing Expenses from the Maximum Allowable Monthly Housing Expenses.

6.1.6. Determine the **"Maximum Mortgage Amount"**: Determine the amount of mortgage that a lender would loan, based upon the Maximum Monthly Mortgage Payment Amount and based upon the down payment found to be the lowest that lenders are willing to accept in a survey of lenders as described below. Survey and take the average of at least three local lenders who regularly make home loans at a typical housing expense ratio to first-time buyers in the price range of the BMR home on the day that the price is set. The mortgage amount shall be for a 30-year fixed rate mortgage with standard fees, closing costs and no points, and shall be less than or equal to the Maximum Monthly Mortgage Amount.

6.2. The calculation of the Sales Price shall be based upon the factors defined below. These definitions conform to the eligibility and underwriting standards established by the major secondary mortgage market investors, such as the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac").

6.2.1. Mortgage Interest Rate. The mean average of contract interest rates on the date that the Sales Price is set, for fixed rate, 30-year "Conforming" mortgages (presently \$417,000 or less, as such amount may be adjusted from time to time as the maximum amount of FHA Conforming mortgages), or for jumbo mortgages if applicable, as quoted by three local retail lenders. The three local retail lenders shall be selected at random by the City from the list of lenders certified by San Mateo County to make first mortgage loans with Mortgage Credit Certificates.

6.2.2. Points. The mean average of points quoted by three local lenders that make mortgage loans to first time home buyers in the City of Menlo Park on the date that the Sales Price is set for fixed rate, 30 year mortgages of \$417,000 or less, or for jumbo mortgages if applicable, which lenders are selected on a random basis by the City. Points are a one-time fee paid to a lender for making a loan. One point is equal to one percent of the loan amount.

6.2.3. Lender/Escrow Fees. The mean average of fees charged by three local lenders that make mortgage loans to homebuyers, which lenders are selected on a random basis by the City, plus escrow company fees, for such items as title insurance, appraisal, escrow fees, document preparation and recording fees.

6.2.4. Loan to Value Ratio. The maximum ratio of the dollar amount of a Conforming mortgage to the sales price of a home which a lender is willing to approve at a

given point in time. For purposes of this Agreement, the Loan to Value Ratio shall be calculated as the mean average of the maximum Loan to Value Ratios as quoted by three local lenders selected on a random basis by the City from a list of lenders who actively make loans to homebuyers and who participate in the Mortgage Credit Certificate program.

6.2.5. Housing Expense Ratio. The mean average of the housing expense ratio as reported on the date that the sales price is set, for fixed rate, 30-year mortgages of \$417,000 or less, or for jumbo mortgages if applicable, by three local lenders that make mortgage loans to homebuyers in the City of Menlo Park, which lenders are selected on a random basis by the City. Housing expense is defined as the sum of the annual mortgage payment (including principal and interest), and annual payments for taxes, homeowners association dues, insurance, property maintenance and repairs, a reasonable allowance for utilities according to the San Mateo County Housing Authority Utility Financial Allowance Chart which is periodically updated and amended, and any secondary financing (but excluding any portion of the aforementioned expenses covered by homeowners association dues). To determine the ratio, this sum is divided by gross annual income.

6.2.6. Homeowners Insurance. Calculated as the mean average of the annual cost of insurance quoted by two or three local brokers, based on their experience, for a housing unit of the price, room configuration, location, construction material and structure type of the subject BMR Unit. Flood insurance costs, if required shall be calculated by this same method.

6.2.7. Private Mortgage Insurance. The mean average of the annual cost of private mortgage insurance quoted by two or three local lenders, based on their experience, for a housing unit of the price, location, and structure type of the subject BMR Unit.

6.2.8. Taxes. The tax rate as reported by the San Mateo County Assessor's Office.

6.2.9. Homeowners' Dues. Reported by the developer and as set forth in the Public Report issued by the California Department of Real Estate for the project.

6.2.10. Down Payment. Cash portion paid by a buyer from his own funds, as opposed to that portion of the purchase price which is financed. For the purpose of calculating the BMR Sales Price, the down payment will be defined as the mean average of the smallest down payment required by the two or three local lenders surveyed.

6.3. The Sales Price shall be agreed upon in writing by Owner and the City's Community Development Director no later than the date of the Final Inspection, or at an earlier date agreed to by the City's Community Development Director, and before the process begins to find a buyer.

7. As a condition precedent to a Final Inspection of any market rate unit at least one (1) BMR Unit shall have passed Final Inspection, and no more than nine (9) market rate units shall have passed Final Inspection until a second BMR Unit passes Final Inspection. In any event, the last BMR Unit must pass Final Inspection before the last market rate unit passes Final Inspection.

8. If there is a standard pre-sale requirement by the BMR applicant's lender for a certain percentage of units in the project to be sold before the BMR applicant's lender will close escrow on the loan, then the time for the City's purchase or the buyer's purchase will be extended until that requisite number of units has closed.

9. This Agreement shall be binding on and inure to the benefit of the parties hereto and any respective assigns and or owners of the property. Either party may freely assign this Agreement without the consent of the other. However, to be valid, an assignment of this Agreement must be in writing.

10. This Agreement is a covenant running with the land for the benefit of the City and all lands owned by the City within the limits of the City.

11. If any legal action is commenced to interpret or enforce this Agreement or to collect damages as a result of any breach of this Agreement, the party prevailing shall be entitled to recover all reasonable attorney's fees and costs incurred in such action from the other party.

12. Owner shall record this Agreement in the Office of the County Recorder of San Mateo prior to the recording of a final subdivision map for any portion of the Property and shall provide a copy of such recorded agreement to the City.

13. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

14. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

15. The exhibits attached hereto are hereby incorporated herein by this reference for all purposes.

16. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between the parties as to the subject matter hereof.

17. If any portion of this Agreement as applied to either party or to any circumstances shall be adjudged by a court to be void or unenforceable, such portion shall be deemed severed from this Agreement and shall in no way effect the validity or enforceability of the remaining portions of this Agreement.

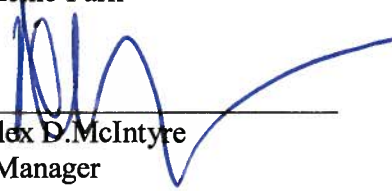

18. Any and all obligations or responsibilities of Owner under this Agreement shall terminate upon the recording of the grant deeds conveying the BMR Units to qualified third party purchasers in accordance with the terms and provisions of this Agreement, the recording of the deed restrictions against such BMR Units, and/or the payment of the in lieu fees, if applicable, to be paid through escrow, as set forth in Section 4.3 of the Guidelines.

19. The execution and delivery of this Agreement shall not be deemed to be for the benefit of the third party purchasers of the BMR Units or any other third party and any and all obligations and responsibilities of Owner under this Agreement are to the City for whose benefit this Agreement has been entered into. No third party purchaser of a BMR or market rate unit, homeowners' association or any other third party shall obtain any rights or standing to complain that the BMR Units were not constructed, designed, sold or conveyed in accordance with this Agreement, or the BMR Ordinance and the Guidelines as a result of this Agreement. Furthermore, the acceptance of this Agreement by the City, the acceptance of the interior specifications for the BMR Units and the conveyance of the BMR Units to qualified third parties shall conclusively indicate that Owner has complied with this Agreement and the BMR Ordinance and the Guidelines.

20. To the extent of any conflict between the terms and provisions of the Guidelines attached hereto as Exhibit B and the terms and provisions of the Agreement, the terms and provisions of this Agreement shall prevail.

*\*\*Signatures on next page\*\**

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

City of Menlo Park	D.R. Horton BAY, Inc., a Delaware corporation
By: 	By: 
Name: Alex D. McIntyre	Name: Dean K. Mills
Its: City Manager	Its: Vice-President Forward Planning

--

**Notarial acknowledgement for the City and D.R. Horton BAY, Inc. are attached.**

List of Exhibits

- Exhibit A: Property Description
- Exhibit B: BMR Guidelines
- Exhibit C: BMR Unit Locations Exhibit
- Exhibit D: BMR Floor Plans



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

CIVIL CODE § 1189

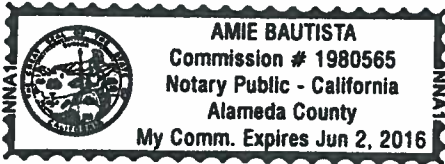
State of California

County of Alameda

On march 21, 2013 before me, Amie Bautista, Notary Public

personally appeared Dean K. Mills

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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: Amie Bautista

Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

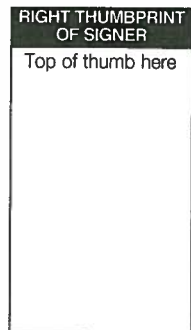
- Corporate Officer — Title(s): \_\_\_\_\_
- Individual
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Corporate Officer — Title(s): \_\_\_\_\_
- Individual
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

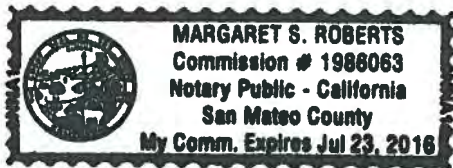
**ACKNOWLEDGEMENT**

State of California  
County of San Mateo )

On March 28, 2013, before me, Margaret S. Roberts, Notary Public, personally appeared **Alex D. McIntyre**, 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 executed the same in his authorized capacity, and that by his 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.

(SEAL)



WITNESS my hand and official seal.

*Margaret S. Roberts*

Margaret S. Roberts, Notary Public

## EXHIBIT A

### LEGAL DESCRIPTION

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

**PARCEL I:**

LOTS 1, 2, 3, 4, 5 AND 6 IN BLOCK 7, AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP NO. 2 STANFORD PARK, MENLO PARK, SAN MATEO COUNTY, CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON APRIL 2, 1913 IN BOOK 8 OF MAPS AT PAGE 46.

EXCEPTING THEREFROM THE NORTHEASTERLY 17.09 FEET THEREOF CONVEYED TO THE STATE OF CALIFORNIA BY DEED DATED APRIL 9, 1943 AND RECORDED MAY 7, 1943 IN BOOK 1059 OF OFFICIAL RECORDS AT PAGE 312, RECORDS OF SAN MATEO COUNTY, CALIFORNIA.

**PARCEL II:**

LOT 1 IN BLOCK 1, AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP OF THE PARTRIDGE SUBDIVISION NEAR MENLO PARK SAN MATEO CO. CAL.", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON APRIL 6, 1909 IN BOOK 6 OF MAPS AT PAGE 57.

EXCEPTING THEREFROM SO MUCH AS DEEDED TO THE STATE OF CALIFORNIA BY DEED RECORDED FEBRUARY 6, 1940 IN BOOK 887 OF OFFICIAL RECORDS AT PAGE 7, RECORDS OF SAN MATEO COUNTY, CALIFORNIA.

**PARCEL III:**

PORTION OF LOT 2 IN BLOCK 1, AS SHOWN ON THAT CERTAIN MAP ENTITLED, "MAP OF THE PARTRIDGE SUBDIVISION NEAR MENLO PARK, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON APRIL 6, 1909 IN BOOK 6 OF MAPS AT PAGE 57, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF THE STATE HIGHWAY, KNOWN AS EL CAMINO REAL, DISTANT THEREON 85.58 FEET NORTHWESTERLY FROM THE NORTHWESTERLY LINE OF PARTRIDGE AVENUE, AS SAID HIGHWAY AND AVENUE APPEAR ON THE MAP ABOVE MENTIONED; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE OF THE STATE HIGHWAY 42 FEET, MORE OR LESS, TO THE DIVIDING LINE BETWEEN LOTS 1 AND 2 IN BLOCK 1; THENCE SOUTHWESTERLY ON AND ALONG SAID DIVIDING LINE 138 FEET 2 INCHES; THENCE SOUTHEASTERLY AT RIGHT ANGLES 41.82 FEET; THENCE NORTHEASTERLY AND PARALLEL WITH SAID NORTHWESTERLY LINE OF PARTRIDGE AVENUE 133.28 FEET TO THE SOUTHWESTERLY LINE OF THE STATE HIGHWAY AND THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF THE HEREIN DESCRIBED PROPERTY DESCRIBED IN THE DEED FROM JOSEPH ROUAULT TO THE STATE OF CALIFORNIA,

DATED FEBRUARY 27, 1941, RECORDED MAY 21, 1941, BOOK 961 AT PAGE 78, OFFICIAL RECORDS, TO BE USED FOR THE WIDENING OF EL CAMINO REAL.

PARCEL IV:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF THE STATE HIGHWAY, FORMERLY KNOWN AS EL CAMINO REAL, DISTANT THEREON 43.58 FEET NORTHWESTERLY FROM THE NORTHWESTERLY LINE OF PARTRIDGE ROAD; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE OF THE STATE HIGHWAY 42 FEET; THENCE SOUTHWESTERLY AND PARALLEL TO SAID LINE OF PARTRIDGE ROAD 133.28 FEET; THENCE SOUTHEASTERLY AT RIGHT ANGLES 41.82 FEET; THENCE NORTHEASTERLY AND PARALLEL TO SAID LINE OF PARTRIDGE ROAD 128.98 FEET TO THE SOUTHWESTERLY LINE OF THE STATE HIGHWAY AND THE POINT OF BEGINNING.

BEING PORTIONS OF LOTS 2 AND 3 IN BLOCK 1, AS SHOWN ON THAT CERTAIN MAP ENTITLED, "MAP OF THE PARTRIDGE SUBDIVISION NEAR MENLO PARK, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON APRIL 6, 1909 IN BOOK 6 OF MAPS AT PAGE 57.

EXCEPTING THE NORTHEASTERLY 17.09 FEET THEREOF CONVEYED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY DEED DATED JANUARY 22, 1940, RECORDED FEBRUARY 6, 1940, BOOK 887 AT PAGE 7, OFFICIAL RECORDS.

PARCEL V:

LOTS 7 AND 8 IN BLOCK 7 AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP NO. 2 STANFORD PARK, MENLO PARK, SAN MATEO COUNTY, CALIFORNIA" FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY ON APRIL 2, 1913 IN BOOK 8 OF MAPS AT PAGE 46.

PARCEL VI:

PORTION OF LOTS 2 AND 3 IN BLOCK 1, AS SHOWN ON THAT CERTAIN MAP ENTITLED "MAP OF THE PARTRIDGE SUBDIVISION NEAR MENLO PARK, SAN MATEO CO. CAL." WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON APRIL 6, 1909 IN BOOK 6 OF MAPS AT PAGE 57, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF PARTRIDGE ROAD, DISTANT THEREON 124.50 FEET SOUTHWESTERLY FROM THE SOUTHWESTERLY LINE OF THE STATE HIGHWAY, FORMERLY KNOWN AS EL CAMINO REAL AS SHOWN ON THE ABOVE MENTIONED MAP; THENCE RUNNING SOUTHWESTERLY ALONG SAID LINE OF PARTRIDGE ROAD, 40 FEET TO THE SOUTHWESTERLY LINE OF LOT 3; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF LOTS 3 AND 2, 126 FEET TO THE NORTHWESTERLY LINE OF LOT 2; THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY LINE OF LOT 2 40 FEET; THENCE SOUTHEASTERLY AND PARALLEL WITH THE SOUTHWESTERLY LINE OF LOTS 2 AND 3, 126 FEET TO THE NORTHWESTERLY LINE OF PARTRIDGE ROAD AND THE POINT OF BEGINNING.

PARCEL VII:

THAT CERTAIN 20 FOOT WIDE STRIP OF LAND DESIGNATED ALTO LANE ON THAT CERTAIN MAP ENTITLED "MAP NO 2, STANFORD PARK, MENLO PARK, SAN MATEO COUNTY, CALIFORNIA 1913, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY ON APRIL 2, 1913 IN BOOK 8 OF MAPS AT PAGE 46, AND LYING BETWEEN LOT 7 AND LOTS 1 THRU 6 INCLUSIVE, AS SAID LOTS ARE SHOWN ON SAID MAP.

A.P.N.: 071-412-170, 071-412-220, 071-412-230, 071-412-250 and 071-412-430

**EXHIBIT B**

**GUIDELINES**

[The City's Below Market Rate Housing Program Guidelines as modified or amended as of  
May 10, 2011 are incorporated herein by this reference]

# **BELOW MARKET RATE HOUSING PROGRAM GUIDELINES**

**The rental BMR provisions contained in this document are not currently enforceable due to the Palmer court decision. The severability clause (13.6) allows the remainder of the guidelines to remain in effect. If changes are made to state law that allow the resumption of rental BMR programs, these provisions will be reinstated or changed as needed to comply with state law.**

**May 4, 2011**

## **Income Limits/Section 14, Tables A and B Updated for 2011**

Originally Adopted by City Council on January 12, 1988

Revised by City Council on the following dates:

- December 17, 2002 (No Resolution)
- March 25, 2003 (Resolution No. 5433)
- January 13, 2004 (No Resolution)
- March 22, 2005 (Resolution No. 5586)
- March 2, 2010 (Resolution No. 5915)
- May 10, 2011 (No Resolution)

# BELOW MARKET RATE HOUSING PROGRAM GUIDELINES

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## 1. OVERVIEW

The high cost and scarcity of housing in Menlo Park have been caused in large part because the number of jobs in Menlo Park has grown, but the supply of housing has not increased significantly. A majority of new employees earn low- and moderate-incomes and are most severely impacted by the lack of affordable housing in Menlo Park. Because of the high cost of housing, families who seek to live in Menlo Park cannot afford to purchase homes here and are forced to rent. Unfortunately, many such renters pay a disproportionately high amount of their incomes in rent.

**1.1 Purpose.** The City of Menlo Park's Below Market Rate (BMR) Housing Program is intended to increase the housing supply for households that have very low, low- and moderate-incomes compared to the median income for San Mateo County. The primary objective is to obtain actual housing units, either "rental" or "for sale," rather than equivalent cash. Occupancy of BMR units is determined according to these City Council established guidelines from those on a numbered waiting list maintained by the City or its designee.

**1.2 Enabling Legislation.** The Below Market Rate Housing Program is governed by Chapter 16.96 of the Municipal Code. The BMR Program is administered under these Below Market Rate Housing Program Guidelines ("Guidelines").

## 2. BMR HOUSING AGREEMENT AND REVIEW PROCESS

**2.1 BMR Housing Agreement.** Before acceptance of plans for review by the City of Menlo Park staff, a developer should provide a proposal for meeting the requirements of the Below Market Rate Housing Program. The proposal should include one or a combination of the following alternatives: a) Provision of BMR units on site; and/or b) Provision of BMR units off site; and/or c) Payment of an in lieu fee. These alternatives are listed in order of preference.

**2.2 Review Steps.** The following review steps apply to most development projects:

- The Housing Commission will review a BMR For-Sale Agreement or the Affordability Restriction Agreement (collectively, "BMR Housing Agreement"), that has been prepared by the developer's attorney on a form substantially similar to that provided by the City and shall make a recommendation with respect to it to the Planning Commission and, if applicable, the City Council.
- The Planning Commission will review the application for development with the BMR Housing Agreement. The City Attorney must approve of the BMR Housing Agreement prior to its review by the Planning Commission. If the City Council has final approval authority for the project, the Planning Commission will recommend the BMR Housing Agreement for

City Council approval. Otherwise the Planning Commission will approve the BMR Housing Agreement.

- The City Council grants approval of the BMR Housing Agreement for projects which it reviews. The BMR Housing Agreement must be immediately signed and recorded after City Council approval.

### **3. REQUIREMENTS FOR DEVELOPMENTS BY TYPE**

**3.1 Commercial Developments.** The Below Market Rate Housing Program requires commercial developments which bring employees to Menlo Park to provide BMR units or to contribute to the BMR Housing Fund that is set up to increase the stock of housing for very low-, low- and moderate-income families, with preference for workers whose employment is located in the City of Menlo Park, and for City residents.

**3.1.1 Commercial Development Requirements.** Commercial buildings of ten thousand (10,000) square feet or more gross floor area are required to mitigate the demand for affordable housing created by the commercial development project. In order to do so, it is preferred that a commercial development project provide below market rate housing on-site (if allowed by zoning), or off-site, if on-site BMR units are infeasible. A density bonus of up to fifteen percent (15%) above the density otherwise allowed by zoning may be permitted when below market rate housing is provided on-site. The BMR Housing Agreement will detail the BMR Housing Program participation of a particular development.

Although the provision of actual BMR units is strongly preferred, it is not always possible to provide BMR housing units. In such cases, the developer shall pay a commercial in-lieu fee rather than provide actual BMR housing units. Commercial in lieu fees must be paid prior to the issuance of a building permit.

Commercial in lieu fees are charged at different rates to two groups based on the employee housing demand the uses produce. Group A uses are office and research and development (R & D). Group B uses are all other uses not in Group A.

Commercial in lieu fee rates are adjusted annually on July 1st. The amount of the adjustment is based on a five-year moving average of the percentage increase in the Consumer Price Index (Shelter Only) for All Urban Consumers in the San Francisco-Oakland-San Jose area.

(Refer to Section 14, Table D, for the current year's Commercial In lieu Fee Rates.)

**3.1.2 Applicability.** The BMR Housing Program applies to conditional use permits, conditional development permits, planned development permits, subdivision approvals, architectural control approvals, variance approvals and building permits for any commercial development. The BMR Housing Program also applies to the construction of any new square footage or any square footage that is converted from an exempt use to a non-exempt use. Finally, the BMR Housing Program applies

to the conversion of floor area from a less intensive use (Commercial/Industrial uses) to a more intensive use (Office/R&D).

**3.1.3 Exemptions.** The following are exempted from the BMR Housing Program:

- (a) Private schools and churches;
- (b) Public facilities;
- (c) Commercial development projects of less than ten thousand (10,000) square feet; and
- (d) Projects that generate few or no employees.

**3.2 Residential Developments.** The Below Market Rate Housing Program requires residential developments which use scarce residentially zoned land in Menlo Park to provide BMR units or to contribute to the BMR Housing Fund. The BMR Fund is set up to increase the stock of housing for very low-, low- and moderate-income families, with preference for workers whose employment is located in the City of Menlo Park, and for City residents.

**3.2.1 Residential Development Requirements.** Residential developments of five (5) or more units are subject to the requirements of the Below Market Rate Housing Program. These requirements also apply to condominium conversions of five (5) units or more. As part of the application for a residential development of five (5) or more units, the developer must submit a Below Market Rate Housing Agreement, in a form substantially similar to that provided by the City, which details the developer's plan for participation in the BMR Program. No building permit or other land use authorization may be issued or approved by the City unless the requirements of the BMR Program have been satisfied.

**3.2.2 Condominium Conversions.** If an apartment complex already participating in the BMR program elects to convert the complex to condominiums, then the existing BMR rental apartments shall be converted to BMR condominium units under the BMR Housing Program.

When market rate rental units are removed from the rental housing stock for conversion to condominiums, and they are not already participating in the BMR Program, then the project shall meet the same requirements as new developments to provide BMR units in effect at the time of conversion. When the property owner notifies the City of the intent to sell, the property owner shall notify any BMR tenants of such units of the pending sale and non-renewal of lease. Such tenant(s) shall be given the right of first refusal to purchase the unit. If the tenant seeks to purchase the unit, at the close of escrow the unit shall exist as a For-Sale BMR unit. If the tenant does not seek to purchase, the tenant shall vacate the unit at the expiration of the current lease term and the unit will be sold to an eligible third party according to the BMR Guidelines and

held as a for-sale BMR unit. The tenant who vacates will have priority to move to other vacant BMR rental units in the City for two (2) years from the date the lease expired, regardless of the place of residence of the displaced BMR tenant.

**3.3 Mixed Use Developments.** Mixed use developments must comply with the requirements for commercial developments in the commercial portion of the development and must comply with the requirements for residential developments for the residential portion of the development.

**3.4 Required Contribution for Residential Development Projects.** All residential developments of five (5) units or more are required to participate in the BMR Program. The preferred BMR Program contribution for all residential developments is on-site BMR units. If that is not feasible, developers are required to pay an in lieu fee as described in Section 4.3. The requirements for participation increase by development size as shown below:

**One (1) to Four (4) Units.** Developers are exempt from the requirements of the BMR Housing Program.

**Five (5) to Nine (9) Units.** It is preferred that the developer provide one (1) unit at below market rate to a very low-, low-, or moderate-income household.

**Ten (10) to Nineteen (19) Units.** The developer shall provide not less than ten percent (10%) of the units at below market rates to very low-, low- and moderate-income households.

**Twenty (20) or More Units.** The developer shall provide not less than fifteen percent (15%) of the units at below market rates to very low-, low- and moderate-income households. On a case-by-case basis, the City will consider creative proposals for providing lower cost units available to lower income households such as smaller unit size, duet-style, and/or attached units that are visually and architecturally consistent with the market-rate units on the exterior, and that meet the City's requirements for design, materials, and interior features of BMR units.

**3.4.1 Fraction of a BMR Housing Unit.** If the number of BMR units required for a residential development project includes a fraction of a unit, the developer shall provide either a whole unit, the preferred form of participation, or make a pro rata residential in lieu payment on account of such fraction per Section 4.3.

*Example: A residential project is developed with 25 condominium units. The preferred BMR Program participation is 4 BMR units. In this case the developer would pay no in lieu fee. If the developer is able to demonstrate that producing four BMR units is not feasible, the developer would provide three BMR units, which is the required amount for a 20 unit project. The developer would be eligible for three bonus units for the three BMR units, and would pay in lieu fees for the remaining two market rate units in the development.*

#### **4. BMR PROGRAM REQUIREMENTS FOR ON-SITE BMR UNITS, OFF-SITE BMR UNITS AND IN LIEU FEES**

##### **4.1 On-Site BMR Units.**

**4.1.1 Initial Price for For-Sale Unit.** The initial selling price of BMR For-Sale units is based on what is affordable to households with incomes at One Hundred Ten Percent (110%) of the median income related to household size, as established from time to time by the U.S. Department of Housing and Urban Development (HUD) and the State of California Housing and Community Development Department (HCD) for San Mateo County. See Section 14, Table A.

**4.1.2 Initial Price for Rental Unit.** The initial monthly rental amounts for BMR rental units will be equal to or less than thirty percent (30%) of sixty percent (60%) of median-income limits for City/Redevelopment subsidized projects and thirty percent (30%) of HUD Low-Income limits for non-subsidized private projects, minus eligible housing costs. In no case shall the monthly rental amounts for BMR units (subsidized or unsubsidized) exceed 75% of comparable market rate rents. The maximum rent for specific BMR units will be based on Section 14, Table B of the BMR Guidelines. See also Sections 11.1.1 and 11.1.2.

The purchase or rental price for BMR units shall be established and agreed upon in writing by the City Manager, or his or her designee, prior to final building inspection for such BMR units.

**4.1.3 Bonus Unit.** For each BMR unit provided, a developer shall be permitted to build one additional market rate (bonus) unit. However, in no event shall the total number of units in a development be more than fifteen percent (15%) over the number otherwise allowed by zoning.

**4.2 Off-Site BMR Units.** If authorized by the City as described in Section 2.2, developers may propose to provide BMR units at a site other than the proposed development. These off-site BMR units must be provided on or before completion of the proposed development and must provide the same number of units at below market rates to very low-, low- and moderate-income households as required for on-site developments. Such units may be new or existing. Provision by the developer and acceptance by the City of off-site units shall be described in the BMR Housing Agreement. Size, location, amenities and condition of the BMR units shall be among the factors considered by the City in evaluating the acceptability of the off-site BMR units. For existing units the developer shall be responsible for correcting, at his expense, all deficiencies revealed by detailed inspection of the premises by qualified inspectors, including a certified pest inspector.

The initial price or rent for the BMR units shall be established as stated in Sections 4.1.1 and 4.1.2 and in accordance with the BMR Income Guidelines in Section 14 in effect at the time the BMR unit is ready for sale or rent. Fractions of required BMR units shall be handled by provision of an in lieu fee for the market rate units for which no BMR unit is provided.

**4.3 Residential In Lieu Payments Based on Sales Price.**

**4.3.1 Developments of Ten (10) or More Units.** In developments of ten (10) or more units, the City will consider an in lieu payment alternative to required BMR units only if the developer substantiates to the City's satisfaction that the BMR units cannot be provided on or off site. In developments of ten (10) or more units which provide BMR units, upon the close of escrow on the sale of each unit in the subdivision for which a BMR unit has not been provided, the developer shall pay to the City an in lieu payment calculated at three percent (3%) of the actual sales price of each unit sold. In lieu payments for fractions of BMR units shall be determined by disregarding any bonus units and as three percent (3%) of selling price of each market rate unit sold if the developer substantiates to the City's satisfaction that the BMR units cannot be provided on or off-site.

If a portion of a BMR requirement is met by a provision of BMR units, and the developer substantiates to the City's satisfaction that a sufficient number of BMR units cannot be provided on or off site, then BMR in lieu payments will be required from the sales of the number of market rate units (excluding bonus units) that is in proportion to the BMR requirement that is not met.

**4.3.2 Developments of Five (5) to Nine (9) Units.**

**Residential In Lieu Payments Based on Sales Price.** In developments of five (5) to nine (9) units, the City will consider an in lieu payment alternative to required BMR units only if the developer cannot provide an additional BMR unit. If providing an additional BMR unit is not feasible, developers are required to pay a residential in lieu fee as described below.

<u>Unit No.</u>	<u>In lieu fee for each unit</u>
1, 2 and 3	1% of the sales price
4, 5 and 6	2% of the sales price
7, 8 and 9	3% of the sales price

*Example: In a development of 7 units, the BMR contribution would be, in order of preference: a) One BMR unit out of the seven units, with the possibility of a density bonus of one unit, or, if that is not feasible, b) Three units designated to pay an in lieu fee of 1% of the sales price, three units to pay in lieu fees of 2% of their sales prices and one unit to pay 3% of its sales price.*

Units paying in lieu fees are designated so that they are distributed by unit size and location throughout the project.

In developments of 10 or more units which provide BMR units, upon the close of escrow on the sale of each unit in the subdivision for which a BMR unit has not been

provided, the developer shall pay to the City an in lieu payment calculated at 3% of the actual sales price of each unit sold.

*Example: Two possible plans to meet the BMR requirement for a project of 15 housing units are, in order of preference: a) Two BMR units are provided, and no in lieu fees are paid, or b) One BMR unit is provided out of the first ten units, one bonus unit is granted for the provision of the BMR unit, and four units pay in lieu fees.*

**Units held as rental, in lieu fee.** If the developer retains any completed unit as a rental, either for its own account or through subsidiary or affiliated organizations, the BMR contribution including BMR housing unit or in lieu payment for such unit shall be negotiated between the developer and the City. If an in lieu fee is paid, the market value shall be based on an appropriate appraisal by an appraiser agreed upon by the City and the developer and paid for by the developer. The basis for such appraisal shall be as a condominium rather than as a rental.

## **5. CHARACTERISTICS OF BMR UNITS**

**5.1 Size and Location of BMR Units.** BMR housing units shall generally be of the same size (number of bedrooms and square footage) as the market-rate units. The BMR units should be distributed throughout the development and should be indistinguishable from the exterior. BMR units shall contain standard appliances common to new units, but need not have luxury accessories, such as Jacuzzi tubs. The Planning Commission and/or City Council shall have the authority to waive these size, location and appearance requirements of BMR units in order to carry out the purposes of the BMR Housing Program and the Housing Element.

**5.2 Design and Materials in BMR Units.** The design and materials used in construction of BMR units shall be of a quality comparable to other new units constructed in the development, but need not be of luxury quality.

**5.3 The BMR Price Must Be Set Before Final Building Inspection.** There shall be no final inspection of BMR housing units until their purchase or rental prices have been agreed upon in writing by the developer and the City Manager, or his or her designee. Also, the sale or rental process will not begin until the sales price is set.

### **5.3.1 Final Inspection Schedule for Smaller and Larger Developments.**

**Less Than Ten (10) Units.** In developments of less than ten (10) units with one (1) or more BMR units, all BMR units must pass final inspection before the last market rate unit passes final inspection.

**Ten (10) to Nineteen (19) Units.** In developments of ten (10) or more units, including developments that are constructed in phases, for the first ten (10) housing units, a BMR unit must pass final inspection before nine (9) market rate units may pass final inspection. For each additional group of ten (10) housing units, one (1)

additional BMR unit must pass final inspection before nine (9) additional market rate units may pass final inspection.

**Twenty (20) or More Units.** In developments of twenty (20) or more units, including developments that are constructed in phases, for the first ten (10) housing units, a BMR unit must pass final inspection before nine (9) market rate units may pass final inspection. In addition, two (2) additional BMR units must pass final inspection before eight (8) additional market rate units may pass final inspection. For each additional group of Twenty (20) housing units, three (3) additional BMR units must pass final inspection before seventeen (17) additional market rate units may pass final inspection. No project or phase may pass final inspection unless all the BMR units, which equal fifteen percent (15%) or more of the housing units in that phase or project, have passed final inspection for that phase or project.

**Last Unit.** In no case may the last market rate unit pass final inspection before the last BMR unit has passed final inspection.

**5.4 Sales Price Determination for BMR For-Sale Units.** The maximum sales price for BMR units shall be calculated as affordable to households on the BMR waiting list, which are eligible by income at the time that the maximum prices are set and which are of the smallest size eligible for the BMR units (excluding two-bedroom units, which shall be based on incomes for two person households even when units are made available to one person households). See Section 14, Table A, for income eligibility limits for the current year. The affordability of maximum prices will take into consideration mortgage interest rates, minimum down payments, mortgage debt-to-income ratios and other qualifying criteria used by lenders at the time the sales prices are set, as well as cost of insurance, taxes, homeowners' dues and any other necessary costs of homeownership.

**5.4.1 Price Determination for Projects with Condominium Maps That Will Rent for an Indefinite Period of Time.** Projects with condominium subdivision maps that will rent BMR units for an indefinite period shall have basic sales prices established at the outset for such BMR units in accordance with the Guidelines. Such initial sales prices shall be adjusted for the period between the month of completion of the BMR units and the month of notification of intent to sell the units, with further adjustments for improvements and deterioration per the Guidelines. The adjustments shall be based on one-third of the increase in the Consumer Price Index, All Urban Consumers, San Francisco-Oakland-San Jose, published by the U.S. Department of Labor, Bureau of Labor Statistics, plus certain other equitable adjustments.

**5.5 Legal Characteristics of BMR Units: Right of First Refusal and Deed Restrictions.** All BMR units shall be subject to deed restrictions and conditions which include a right of first refusal in favor of the City for a period of fifty-five (55) years under which the City or its designee will be entitled to purchase the property at the lower of (1) market value, or (2) the purchase price paid by seller, plus one-third of the increase (during the period of seller's ownership) in the Consumer Price Index (CPI), All Urban Consumers, San Francisco-Oakland-San Jose, published by the U.S.



Department of Labor, Bureau of Labor Statistics, plus certain other equitable adjustments. The deed restrictions will also prohibit sales or transfers of the property except with the written consent of the City and at a price computed as above. Exceptions from all prohibitions against sale or transfer will include:

- (1) Demonstrated unlikelihood of obtaining a qualified buyer within a reasonable period;
- (2) Transfer by termination of joint tenancy or by gift or inheritance to parents, spouse, children, grandchildren or their issue.

The prohibition against sales or transfers will not terminate at the end of fifty-five (55) years in the event of an exempt transfer by termination of joint tenancy or by gift or inheritance to family members. The prohibition against sales or transfers will terminate in the event of an exempt sale or transfer when there is a demonstrated unlikelihood of obtaining a qualified buyer within a reasonable period of time.

In the event of an exempt sale when there is a demonstrated unlikelihood of obtaining a qualified buyer within a reasonable period of time, the seller will be entitled to receive the lesser of (A) market value or (B) the purchase price paid by the seller plus one-third of the increase (during the seller's ownership) in the CPI, plus certain other equitable adjustments, as specified in the deed restrictions. The balance of the proceeds shall be paid to the City of Menlo Park to be deposited in the BMR Housing Fund. Any transferee pursuant to an exempt transfer by termination of joint tenancy or by gift or inheritance to family members must reside in the BMR unit and must qualify under the income criteria of the BMR Program at the time of the transfer of the BMR unit.

## **6. ELIGIBILITY REQUIREMENTS FOR HOUSEHOLDS APPLYING TO PURCHASE BMR UNITS**

**Note: Eligibility requirements for households that wish to be placed on the BMR waiting list are identified in Section 7. The requirements identified below apply at the actual time of application to purchase a BMR unit. In order for a household to be eligible at the time of application to purchase, ALL of the following requirements must be met:**

**6.1 BMR Waiting List.** Applicants are eligible to have their names placed on the BMR waiting list if they meet the following three requirements at the time they submit an application for the waiting list: (1) currently live or work within incorporated Menlo Park; (2) meet the current income limit requirements (per household size) for purchase of a BMR unit; and (3) all applicants currently live together as a household.

**6.1.1 Definition of Household.** For the purposes of this program, household is defined as a single person, or two or more persons sharing residency whose income resources are available to meet the household's needs. To be considered a household, all applicants/household members must live together in a

home that is their principal residence. To be considered part of the household and included in household size, children under the age of 18 (including foster children) must reside in the home at least part-time or parents must have at least partial (50%) custody of the child/children.

**6.2 Live and/or Work Eligibility.** Households that live and/or work within incorporated Menlo Park shall be eligible for the Below Market Rate Housing Program in accordance with the following provisions:

**6.2.1 Eligibility by Living in Menlo Park.** To qualify as living in Menlo Park, the applicant household must meet the following two requirements at the time of application: (1) currently live in Menlo Park as the household's primary residence and (2) must have continuously lived in Menlo Park for a minimum of one (1) year prior to the date of actual application to purchase.

**6.2.2 Eligibility by Working in Menlo Park.** To qualify as a household that works in Menlo Park, a member of the applicant's household must meet the following two requirements at the time of application: (1) currently work in Menlo Park at least twenty (20) hours per week, or (if currently less than 20 hours per week) hours worked over the course of the one year prior to application averages a minimum of twenty (20) hours per week and (2) must have continuously worked in Menlo Park for a minimum of one (1) year prior to the date of actual application to purchase.

**6.2.2.1 Types of Work.** Work is defined as (1) owning and operating a business at a Menlo Park location; (2) employment for wages or salary by an employer located at a Menlo Park location; (3) contract employment where the actual work is conducted at a Menlo Park location for one (1) year; or (4) commission work, up to and including a one hundred percent (100%) commission arrangement, conducted in Menlo Park.

**6.2.2.2 Employer-Based Work.** If employed for wages or salary by an employer, working in Menlo Park is defined as the employer is located in Menlo Park AND the employment/actual work is performed within incorporated Menlo Park.

**6.2.2.3 Owning and Operating a Business at a Menlo Park Location.** This does NOT include owning (either wholly or in part) a residential or commercial property for investment purposes only.

**6.2.2.4 Work does NOT include volunteer or unpaid work.**

**6.3 Household Requirement.** To constitute a household, all members of the applicant household must currently live together (in a location that is their primary residence) at the time of application. Also at the time of application and regardless of where they currently live, all members who make up the applicant household must have continuously lived together for a minimum of one (1) year prior to the date of application.

**Exceptions.** Exceptions to this minimum one (1) year joint-residency requirement include:

- Children under the age of 18 who have recently joined the household in conjunction with marriage, separation, or divorce, or similar family re-organization, and for whom there is evidence of a custody agreement or arrangement. This also applies to foster children.
- Children born into a household.
- Households newly formed as a result of marriage.

**6.4 First Time Homebuyer.** All members of the applicant household must be first time homebuyers, defined as not having owned a home as your primary residence within the last three (3) years prior to the date of application. First time homebuyers DO include owners of mobile homes, as well as applicants whose names are on title for properties they have not lived in as their primary residences for the last three years (for instance rental properties, which must be considered as part of the applicant's eligibility per assets).

**Exceptions.** Exceptions to this requirement are:

- Applicants who are current BMR homeowners and are otherwise eligible for the BMR Program, are eligible to place their names on the BMR waiting list and to purchase a smaller or larger home needed due to changes in household size or family needs, such as for handicap accessibility (per Section 7.2.6, below).
- Applicants whose names were placed on the BMR waiting list prior to March 2, 2010.
- Applicant households that currently and/or within the last three (3) years prior to the date of application own homes as their primary residences more than fifty (50) miles outside Menlo Park city limits, that are otherwise eligible for the BMR Program.

**6.5 Complete One-Time Pre-Purchase Homebuyer Education.** After an applicant's name is placed on the BMR waiting list and before receiving an offer to purchase a BMR property, all adult applicants/household members must complete a one-time homebuyer education workshop, class, or counseling session. When applicants' names are placed on the waiting list to purchase BMR units, program staff provides them with a list of approved local organizations that provide pre-purchase homebuyer education. Applicants choose an education provider or program from the approved list and may choose to attend in either a group or individualized setting. It is the applicants' responsibility to provide program staff/the City with evidence that a pre-purchase homebuyer education workshop or session was completed. In most cases the education providers will provide applicants with certificates of completion, which applicants can submit to program staff as proof that the pre-purchase education

requirement was completed. Households on the waiting list that have not completed the homebuyer education requirement will retain their rank on the list but will NOT be invited to apply to purchase BMR units. Only households on the waiting list that have completed the education requirement will be invited to apply when units become available.

**6.5.1 Prior Completion of Pre-Purchase Homebuyer Education.** At the time of application to the BMR waiting list, applicants who provide written evidence of having completed an approved homebuyer education workshop, class, or counseling session within the previous twelve months prior to the date of application to the waiting list, are not required to complete an additional workshop, class, or counseling session per the City and/or its approved homebuyer education provider(s).

**6.5.2 Homebuyer Education Provider.** At the City's discretion, the City may elect to work exclusively with one or more homebuyer education providers/organizations. The City may also choose to contract with a particular person or organization to provide this educational component.

**6.5.3 Long-Term Education or Counseling Required for Certain Applicants.** Applicants who are invited to apply to purchase BMR units and are twice denied (on separate occasions) due to long-term or significant credit problems, will be required to meet individually with a credit counseling professional in order to remain on the waiting list. The applicant must provide evidence of completion of credit counseling within six (6) months or the applicant will be removed from the BMR waiting list. This does not exclude the applicant from applying to the waiting list again, to be placed at the bottom of the list.

**6.6 Ownership Interest.** A minimum of fifty percent (50%) of the ownership interest in the property must be vested in the qualifying applicant(s), regardless of income.

**6.7 Income and Asset Limits for Purchasers of BMR Units.** Income eligibility limits are established by the U.S. Department of Housing and Urban Development (HUD) and the State of California Housing and Community Development Department (HCD). Income limits are updated by HUD and State HCD on an annual basis. BMR units shall only be sold to very low-, low-, and moderate-income households. Only households having gross incomes at or below one hundred ten percent (110%) of the Area Median Income (AMI) for San Mateo County, adjusted for household size, are eligible to purchase and occupy BMR for-sale units, either upon initial sale or upon any subsequent resale, as specified in the deed restrictions.

(Refer to Section 14, Table A, for the current year's income eligibility limits.)

An asset is a cash or non-cash item that can be converted into cash. Only households having non-retirement assets that do not exceed the purchase price of the BMR units are considered eligible.

- **Assets Include:** cash held in checking accounts, savings accounts, and safe deposit boxes; equity in real property; cash value of stocks (including options), bonds, Treasury bills, certificates of deposit, money market accounts, and revocable trusts; personal property held as an investment such as gems, jewelry, coin and art collections, antiques, and vintage and/or luxury cars; lump sum or one-time receipts such as inheritances, capital gains, lottery winnings, victim's restitution, and insurance settlements; payment of funds from mortgages or deeds of trust held by the applicant(s); boats and planes; and motor homes intended for primary residential use.
- **Assets DO NOT Include:** cars and furniture (except cars and furniture held as investments such as vintage and/or luxury cars, and antiques); company pension and retirement plans; Keogh accounts; dedicated education funds/savings accounts; and funds dedicated to federally recognized retirement programs such as 401K's and IRA's.

Note that equity in real property or capital investments is defined as follows: the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g. broker/realtor fees) that would be incurred in selling the asset.

**6.7.1 Senior or Disabled Households That Use Assets for Living Expenses.** An exception to the income and asset limit requirement is a household whose head is over sixty-two (62) years of age, or permanently disabled and unable to work, with assets valued up to two (2) times the price of the BMR unit. The applicant must be able to demonstrate that the sole use of his/her assets has been for household support for at least the three (3) previous years, and that the total annual household income meets the Guidelines.

## **7. BMR WAITING LIST FOR RENTAL AND FOR-PURCHASE UNITS**

**7.1 Waiting List Eligibility Requirements.** A numbered waiting list of households eligible for rental and/or for-purchase BMR units is maintained by the City or the City's designee. Households are eligible to be placed on the BMR waiting list if they meet the following four (4) requirements at the time they submit applications for the waiting list:

- The household currently resides within incorporated Menlo Park as its primary residence OR a member of the household currently works at least 20 hours per week within incorporated Menlo Park.
- The household meets the current income limit requirements (per household size) for rent and/or purchase of a BMR unit. See Section 14, Table A, for income eligibility limits for the current year.

- All persons included as members of the household currently live together in a residence that is their primary home. Applicant households may submit applications and, if eligible, will be placed on the numbered BMR waiting list in the order in which their applications were received.
- In accordance with Section 6.4, all members of the household must be first time homebuyers.

**7.2 Waiting List Management.** BMR units available for rent or purchase are offered to households on the BMR waiting list in the order in which the waiting list applications were received.

**7.2.1 Annual affirmation of continued interest in remaining on the BMR waiting list.** On an annual basis, all households on the BMR waiting list will be required to confirm their continued interest in remaining on the list. At or around the same time each year, program staff will mail and/or email annual update forms/applications to all current households on the waiting list. Households on the waiting list that wish to remain on the list are asked to complete the form and return it to the City within a specified period of time (usually about one month). Households who do not respond by completing and returning the forms by the specified deadline, or whose mail is returned undeliverable to the City or who otherwise cannot be reached, shall be removed from the BMR waiting list. This does not exclude households removed from the waiting list from re-applying to the list, to be added to the bottom of the list in accordance with normal procedures.

**7.2.2 Complete One-Time Pre-Purchase Homebuyer Education for Households That Would Like to Purchase a BMR Unit.** For households that indicate they would like to purchase BMR units, after households are placed on the BMR waiting list and before receiving offers to purchase BMR properties, all adult applicants/household members must complete a one-time homebuyer education workshop, class, or counseling session, per Section 6.5.

**7.2.3** When a BMR unit is offered for purchase or rent, applicants must enter into a purchase agreement or lease within a defined, reasonable period of time. If an applicant fails to do so, the BMR unit will be offered to the next eligible applicant on the waiting list. The City of Menlo Park reserves the right to establish other criteria to give preference to certain categories of eligible participants on the waiting list.

**7.2.4** A tenant of a BMR rental unit who is required to vacate the BMR rental unit due to its conversion to a BMR for sale unit, shall have first priority for vacant BMR rental units for which the tenant is eligible and qualifies for two (2) years from the expiration of the lease, regardless of the place of residence of the displaced tenant.

**7.2.5 Preference for Handicap Accessible Units for Bona Fide Wheelchair Users.** If the BMR unit is wheelchair accessible, then bona fide

wheelchair users on the BMR waiting list who are otherwise eligible for the BMR unit, including by household size and income, will receive preference over other applicants, and the BMR unit will be offered to the bona fide wheelchair users in the order that their applications were received.

**7.2.6** Households who are current BMR homeowners are eligible to place their name on the BMR waiting list and to purchase a smaller or larger home needed due to changes in their household size or family needs, such as for a handicapped accessible unit.

## **8. THE BMR UNIT PURCHASE PROCESS: BUYER SELECTION AND SALE PROCEDURES**

### **8.1 New Units and Condominium Conversions.**

**8.1.1** The participating developer informs the City or its designee in writing that the BMR unit has received its final building inspection and that the BMR unit is ready for sale and occupancy. "The City" shall mean the City Manager, or his or her designee.

**8.1.2** City of Menlo Park staff inspects the BMR unit. After approval of the unit, the City writes a certifying letter that states the BMR unit meets the BMR Program's requirements and satisfies the BMR Agreement's provisions. The certifying letter will also state the price for the BMR unit. The price for the BMR unit will be determined based on the information described in the next three sections.

**8.1.3** The City or its designee obtains necessary information for determining the price of the BMR unit. These include, but may not be limited to, the estimated tax figures from the developer and the County Assessor, as well as Homeowner's Association dues, Covenants, Conditions and Restrictions, and insurance figures from the developer. Also included will be all associated Homeowner Association documentation.

**8.1.4** Household size and income qualifications are established. In households in which an adult holds fifty percent (50%) or more custody of a minor child or children through a legally binding joint custody settlement, each such child shall count as a person in determining the household size.

**8.1.5** The City or its designee determines the maximum price of the BMR unit based on an income up to one hundred ten percent (110%) of the San Mateo County median income for the smallest household size eligible for the BMR unit (excluding two-bedroom units, which are based on income for a two person household), monthly housing costs including current mortgage rates, insurance costs, homeowners' dues, taxes, closing costs and any other consideration of costs of qualifying for a first mortgage and purchase of the BMR unit. See Section 14, Table A, for income eligibility limits for the current year. When these documents and the information described in this and preceding sections have been received, the City will

provide the developer with a certifying letter in which the City states the price for the BMR unit, accepts the BMR unit as available for purchase and the purchase period will commence.

**8.1.6** If there is a standard pre-sale requirement by the BMR applicant's lender for a certain percentage of units in the project to be sold before the BMR applicant's lender will close, then the time for the City's purchase or the buyer's purchase will be extended until that requisite number of units has closed.

**8.1.7** The City may retain a realtor to facilitate the sale of the property.

**8.1.8** Contact is established between the City or its designee and the developer's representative to work out a schedule and convenient strategy for advertisements, if needed, when the units will be open for viewing, and for when the interested applicants may obtain detailed information about the units.

**8.1.9** All marketing and sales procedures for BMR units must be approved by the City and will be subject to review on a periodic basis for compliance.

**8.1.10** An information packet and application forms are designed and duplicated by the City or its designee. The developer provides information about the unit, including a floor plan of the unit and of the building showing the location of the unit, dimensions, appliances, amenities, and finishes.

**8.1.11** The City holds an application orientation meeting(s). Households on the waiting list with the lowest numbers are contacted and invited to attend the orientation meeting(s). Only households that are eligible by household size and have completed the one-time pre-purchase education requirement are contacted and invited to attend the orientation. Applications to purchase BMR units can only be obtained by attending an application orientation meeting. At the meeting, potential applicants are provided with the following information:

- A detailed description of the BMR program, including the rights, restrictions, and responsibilities of owning a BMR home.
- A complete description of the property or properties being offered for sale including buyer eligibility requirements, the purchase price, home owner association costs (if any), estimated property taxes, and home features.
- An overview of the home loan application process and description of necessary costs including down payment (if required), closing costs, real estate taxes, and mortgage insurance.
- A description of the BMR and home loan approval process. Potential applicants are informed they must work with one of the program's approved mortgage providers. Per the City's discretion the potential applicants are also informed of the kinds of acceptable mortgage



financing, and also of mortgage financing not allowed at that time (for instance negative amortizing loans).

- Based on the purchase price, estimates are provided on the minimum annual income required to purchase, as well as possible monthly housing costs including principal and interest, property taxes, and insurance payments.
- A step-by-step explanation of the BMR purchase application. If there are several sizes of units for which applicants may be eligible, applicants are instructed where to indicate their unit size preferences.

Potential applicants are invited to ask questions. Meeting attendees are invited to sign up to tour the property or properties for sale. Attendees are given applications and a reasonable deadline to submit their completed applications.

**8.1.12** Completed applications are submitted to the City or its designee along with income and asset verifications.

**8.1.13** When the application period closes, the City or its designee reviews the completed applications. The complete, eligible, qualifying applications are ranked in order by BMR waiting list numbers and/or other criteria established by the City. The complete applications with the lowest numbers, and meeting other qualifying criteria for each unit, if any, are selected, and the households that submitted them are notified of the opportunity to purchase the BMR unit, in the order of their numbers on the BMR waiting list. They are invited to an orientation meeting.

**8.1.14** If the leading applicant for a unit fails to contact the developer, provide a deposit, or obtain appropriate financing within the period of time specified in the notification letter, the City or its designee will contact the next household on the list.

**8.1.15** The City of Menlo Park or its designee submits to the title insurance company the Grant Deed, BMR Agreement and Deed Restrictions, and Request for Notice to be recorded with the deed to the property.

**8.1.16** The developer shall be free to sell a BMR unit without restriction as to price or qualification of buyer if all of the following criteria are met, unless the BMR applicant's lender has a loan condition that a specific number of units in the development must be sold before the loan can be approved: (1) the City and the developer are unable to obtain a qualified buyer within six (6) months after the City has provided written notice both certifying that the unit is available for purchase and setting the price for the BMR unit, (2) the City or its designee does not offer to purchase the BMR unit within said six (6) months period, and complete said purchase within not more than sixty (60) days following the end of the six (6) month period, (3) the developer has exercised reasonable good faith efforts to obtain a qualified buyer. A qualified buyer is a buyer who meets the eligibility requirements of the BMR Program and who demonstrates the ability to complete the purchase of the BMR unit. Written

notice of availability shall be delivered to the City Manager, City of Menlo Park, 701 Laurel Street, Menlo Park, CA 94025. Separate written notice of availability shall also be delivered to the Housing Manager, Housing Division, City of Menlo Park, 701 Laurel Street, Menlo Park, CA 94025.

## **9. OCCUPANCY REQUIREMENTS FOR OWNER-OCCUPIED BMR UNITS**

**9.1 Primary Residence.** The owners listed on title to the BMR property must occupy it as their primary residence and remain in residence for the duration of the Deed Restrictions (fifty-five years). Occupancy is defined as a minimum stay of ten months in every twelve month period. BMR owners may not terminate occupancy of the BMR property and allow the property to be occupied by a relative, friend, or tenant. Failure of the purchaser to maintain a homeowner's property tax exemption shall be construed as evidence that the BMR property is not the primary place of residence of the purchaser. As necessary, the City may request that BMR owners provide evidence that their units are currently occupied by them as their primary residences. Examples of such evidence may include current copies of any of the following: homeowner's insurance, car/vehicle registration, and utility bills.

**9.2 Refinancing and BMR Valuations.** BMR owners may refinance the debt on their property at any time following purchase however they must contact the City first, prior to a refinance or equity line. The City will provide the owner with clear instructions to ensure program compliance. At that time and at any other time the owner requests it, the City will provide the owner and/or the lender with the current BMR value of the home, in accordance with the formula specified in the BMR Deed Restrictions. Only the City can determine the appraised value of a BMR property and it is the owner's responsibility to inform their lender that the property is a BMR property. BMR owners are not allowed to take out loans against their property that exceed the BMR value of the home.

**9.3 Transfers of Title.** Prior to adding an additional person to title or transferring title to the BMR property, BMR owners must contact the City for clear instructions to ensure program compliance.

The following transfers of title are exempt from the City's right of first refusal and do NOT re-start the fifty-five (55) year deed restriction clock:

- Transfer by devise or inheritance to the owner's spouse.
- Transfer of title by an owner's death to a surviving joint tenant, tenant in common, or a surviving spouse of community property (that is, another owner already on title).
- Transfer of title to a spouse as part of divorce or dissolution proceedings.
- Transfer of title or an interest in the property to the spouse in conjunction with marriage.

Transfers by devise or inheritance (such as to a child or other family member), are permitted under certain terms and conditions identified in the BMR Deed Restrictions. These kinds of transfers must first be reviewed and approved by the City. If the person inheriting the property meets the following terms and conditions, then that person may take title, assume full ownership, and reside in the BMR unit. This would then restart the fifty-five (55) year dead restriction clock. If the person inheriting the property does NOT meet the following terms and conditions they may still inherit the property but are not allowed to live there. In such case, the inheriting party must sell the property and shall be entitled to receive any proceeds from the sale after payment of sales expenses and all liens against the property. The property would then be sold by the City through the BMR Program to an eligible, qualified household on the BMR waiting list.

For transfers of title by devise or inheritance, the inheriting party (Transferee) must meet the following terms and conditions in order to live in the BMR unit:

- Transferee shall occupy, establish and maintain the property as the Transferee's principal residence.
- The Transferee must meet all current eligibility requirements for the BMR Program, as identified at the time of transfer in the BMR Guidelines.
- The Transferee must sign a new BMR Deed Restrictions agreement for the property. This restarts the fifty-five (55) year clock.

## **10. PROCESS FOR RESALE OF BMR UNITS**

**10.1** The seller notifies the City by certified mail that he/she wishes to sell the unit. The City notifies its designee, if applicable. The unit must be provided in good repair and salable condition, or the cost of rehabilitating the unit will be reimbursed to the City out of the proceeds of the sale. The definition of "salable condition" for any given unit shall be provided on a case-by-case basis following the City's inspection of the unit, and shall be at the discretion of the City's Housing Manager or his/her designee. "Salable condition" shall refer to the general appearance, condition, and functionality of all: flooring; painted surfaces; plumbing, heating, and electrical systems; fixtures; appliances; doors; windows; walkways; patios; roofing; grading; and landscaping. In addition for each unit, the City reserves the right to withhold the cost of having it professionally cleaned from the seller's proceeds. Once cleaning is complete, the seller will be refunded any difference between the amount withheld and the actual cost to clean the unit.

**10.2** When the seller notifies the City, and the City has determined that the unit is in good repair and salable condition, and the City has set the price for the BMR unit, then the City will state in writing that the one-hundred and eighty day (180) period for completing the sale of the BMR unit shall commence. The price will be set using information in Sections 10.3 through 10.6 below.

**10.3** The City or its designee obtains an appraisal made to ascertain the market value of the unit, giving consideration to substantial improvements made by the seller, if needed.

**10.4** The City or its designee obtains figures for homeowners' dues, insurance, and taxes from the seller.

**10.5** The City or its designee checks major lending institutions active in this market to ascertain current mortgage information (prevailing interest rates, length of loans available, points, minimum down payments). Monthly housing costs are estimated.

**10.6** The City or its designee establishes a sales price, based on the original selling price of the unit, depreciated value of substantial improvements made by the seller, and 1/3 of the increase in the cost of living index for the Bay Area. The selling price is established for the unit at the appraised market value or the computed price whichever is the lower.

**10.7** The City retains a realtor to facilitate the sale of the property.

**10.8** Agreement is reached between seller and the City or its designee for a schedule of open houses for the unit, at the seller's convenience.

**10.9** The procedure continues the same as in Sections 8.1.7 – 8.1.16 above, with the seller substituted for the developer.

**10.10** The City or its designee submits to the title insurance company the Grant Deed, BMR Agreement and Deed Restrictions, and Request for Notice and the seller's release from the old deed restrictions, to be recorded with the new deed to the property.

## **11. REQUIREMENTS FOR BMR RENTAL DEVELOPMENTS**

### **11.1 Income and Rent Standards.**

**11.1.1 Income Limits Upon Occupancy of BMR Rental Units.** Only households having gross incomes at or below the HUD Low Income for San Mateo County, adjusted for household size, are eligible to occupy BMR rental units, either when initially rented or upon filling any subsequent vacancy. See Section 14, Table A (Below Market Rate Household Income Limits).

**11.1.2 BMR Rent.** BMR units may be rented for monthly amounts not exceeding thirty percent (30%) of sixty (60%) of median household income limits for City/Redevelopment subsidized projects and thirty percent (30%) of HUD Low Income limits for non-subsidized private projects, minus eligible housing costs. In no case shall the monthly rental amounts for BMR units (subsidized or unsubsidized) exceed 75% of comparable market rate rents. The maximum rental amounts are listed in

Section 14, Table B, (Maximum Monthly Housing Cost Limits for BMR Rental Units.) BMR rents may be adjusted from time to time to reflect any changes to the then current HUD Income limits.

**11.1.3 Tenant Selection and Certification Procedures.** Priority for occupancy of all BMR rental units shall be given to those eligible households who either live or work in the City of Menlo Park. During the fifteen (15) day period following the date the City and its designee receive notification from the owner (or owner's agent) of an impending availability or vacancy in a BMR rental unit, priority for occupancy of that unit, when available, shall be given to eligible households on the Waiting List, on a first-come, first-served basis. The selected household shall be allowed up to thirty (30) days to move into the unit after it is ready for occupancy.

If no qualified household living or working in Menlo Park is available to occupy the vacated unit as aforesaid, the owner shall be free to rent the BMR unit to any other eligible BMR tenant.

**11.1.4 BMR Waiting List.** The qualifications of BMR rental tenants will be independently verified by the City or its designee. The City of Menlo Park or the City's designee shall maintain the waiting list for BMR rental units.

**11.1.5 One-Year Lease Offer.** Each BMR tenant shall be offered the opportunity to enter into a lease, which has a minimum term of one (1) year. Such offer must be made in writing. If the tenant rejects the offer, such rejection must also be in writing. A lease may be renewed upon the mutual agreement of both parties.

**11.1.6 Vacation of Units and Re-Renting.** When a BMR tenant vacates, the owner must provide notice to the City, and re-rent the unit to a qualified BMR tenant in accordance with these Guidelines and the Affordability Restriction Agreement for the unit.

**11.1.7 Annual Recertification of BMR Units.** The City of Menlo Park will recertify annually, by procedures to be established in the Affordability Restriction Agreement, the provision of BMR rental units as agreed at the time of application for the permit. If, at the time of recertification, for two consecutive years, a Tenant's household income exceeds the eligibility requirements set forth in the Guidelines ("Ineligible Tenant"), the Ineligible Tenant shall no longer be qualified to rent the BMR unit and the Lease shall provide that the Lease term shall expire and the Tenant shall vacate the BMR unit on or prior to sixty (60) days after delivery of a notice of ineligibility by the Developer or City to the Tenant. Upon expiration of the Lease term pursuant to the foregoing, if the Tenant has not vacated the BMR unit as required, Developer shall promptly take steps to evict the Ineligible Tenant and replace the BMR unit with an Eligible Tenant as soon as reasonably possible.

**11.1.8 Annual Report.** On an annual basis on or before July 1 of each year, the Developer or subsequent owner shall submit a report (the "Annual Report") to the City which contains with respect to each BMR unit, the name of the Eligible Tenant, the rental rate and the income and household size of the occupants. The Annual

Report shall be based on information supplied by the Tenant or occupant of each BMR unit in a certified statement executed yearly by the Tenant on a form provided or previously approved by the City. Execution and delivery thereof by the Tenant may be required by the terms of the Lease as a condition to continued occupancy at the BMR rate. In order to verify the information provided, City shall have the right to inspect the books and records of Developer and its rental agent or bookkeeper upon reasonable notice during normal business hours. The Annual Report shall also provide a statement of the owner's management policies, communications with the tenants and maintenance of the BMR unit, including a statement of planned repairs to be made and the dates for the repairs.

## **12. EQUIVALENT ALTERNATIVES**

Nothing set forth herein shall preclude the City from considering reasonably equivalent alternatives to these Guidelines, including, but not limited to, the size of units and differentiation of internal materials.

## **13. BELOW MARKET RATE HOUSING FUND ("BMR FUND") AND SEVERABILITY CLAUSE**

**13.1 Purpose.** The City of Menlo Park Below Market Rate Housing Fund is a separate City fund set aside for the specific purpose of assisting the development of housing that is affordable to very low, low and moderate-income households. The BMR Fund is generated by such income as in lieu fees. All monies contributed to the BMR Fund, as well as repayments and interest earnings accrued, shall be used solely for this purpose, subject to provisions set forth below.

**13.2 Eligible Uses.** The BMR Fund will be used to reduce the cost of housing to levels that are affordable to very low, low and moderate-income households, as defined in the Housing Element of the City's Comprehensive Plan. A preference will be given to assisting development of housing for households with minor children; however, this preference does not preclude the use of funds for other types of housing affordable to households with very low, low and moderate- incomes. No portion of the BMR Fund may be used to pay any administrative, general overhead or similar expense of any entity.

**13.3 Eligible Uses in Support of Very Low-, Low- and Moderate-Income Housing Development.** The BMR Fund may be used for, but is not limited, to the following:

- Provision of below market rate financing for homebuyers.
- Purchase of land or air rights for resale to developers at a reduced cost to facilitate housing development for very low, low or moderate-income households.

- Reduction of interest rates for construction loans or permanent financing, or assistance with other costs associated with development or purchase of very low, low or moderate-income housing.
- Rehabilitation of uninhabitable structures for very low, low or moderate-income housing.
- On-site and off-site improvement costs for production of affordable housing.
- Reduction of purchase price to provide units that are very low, low or moderate cost.
- Rent subsidies to reduce the cost of rent for households with limited incomes.
- Emergency repair and/or renovation loan program for BMR owners of older units.
- Loan program to assist BMR condominium owners who have no other way to pay for major special assessments.

**13.4 Procedures.** Requests for use of BMR Housing Fund money shall be submitted to staff and Housing Commission for review and recommendation to the City Council. A request for funding shall provide the following minimum information:

- A description of the proposal to be funded and the organizations involved in the project. Public benefit and relevant Housing Element policies and programs should be identified.
- Amount of funding requested.
- Identification of the number of very low, low and moderate-income households to be assisted and the specific income range of those assisted.
- Reasons why special funding is appropriate.
- Identification of loan rate, financial status of applicants, and source of repayment funds or other terms.
- Identification of leverage achieved through City funding.

**13.5 Annual Report.** At the close of each fiscal year, the Housing Division shall report on activity during the previous year (deposits and disbursements) and available funds. The City's auditor shall periodically examine this report and all other BMR Fund financial records, and shall report the results of this examination. In

addition, the Housing Division shall report annually on activities assisted by monies from the BMR Fund. The report will review how the program is serving its designated purpose. It will include a discussion of the timely use of funds for actions taken to provide Below Market Rate housing units, a review of management activities, and staff recommendations for policy changes to improve the program's performance. In addition it will provide, for each activity, information corresponding to that required of funding requests listed above in Section 13.4.

**13.6 Severability Clause.** If any one or more of the provisions contained in the Below Market Rate Housing Program Guidelines shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provisions shall be deemed severable from the remaining provisions contained in the Guidelines, and the Guidelines shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.



**14. TABLES**

**Table A**  
**Below Market Rate Household Income Limits**

<i>Household Size</i>	<i>HUD Very Low &amp; State Very Low</i>	<i>60% of Median</i>	<i>HUD Low &amp; State Lower</i>	<i>Median</i>	<i>110% of Median</i>	<i>120% of Median</i>
1	38,850	46,620	62,160	77,700	84,470	93,240
2	44,400	53,280	71,040	88,800	97,680	106,560
3	49,950	59,940	79,920	99,900	109,890	119,880
4	55,500	66,600	88,800	111,000	122,100	133,200
5	59,950	71,940	95,920	119,900	131,890	143,880
6	64,400	77,280	103,040	128,800	141,680	154,560
7	68,850	82,620	110,160	137,700	151,470	165,240
8	73,300	87,960	117,280	146,600	161,260	175,920

Source: Based on median income for a household of four persons as reported in the Income Guidelines for San Mateo County published by the United States Department of Housing and Urban Development in 2012.

**Table B**  
**Maximum Monthly Housing Cost Limits for BMR Rental Units**

<i>Unit Size</i>	<i>30% of 60% of Median</i>	<i>30% of HUD Low &amp; State Lower</i>
Studio	990	870
1	1,165	971
2	1,332	1,110
3	1,499	1,249
4	1,665	1,388
5	1,799	1,499

**Table C**  
**Occupancy Standards**

Occupancy of BMR units shall be limited to the following:

<u>Unit Size</u>	<u>Number of Persons</u>	
	<u>Minimum</u>	<u>Maximum</u>
Studio	1	2
1	1	3
2	1	5
3	3	7
4	4	9

Note: Smallest household size for purposes of determining the maximum rental amount shall be one (1) person per bedroom or studio. The City Manager or his/her designee has the discretion to vary the persons per unit for unusually large units, not to exceed one (1) person per bedroom, plus one (1).

**Table D**  
**Commercial In-Lieu Fees for 2012-2013**

<b>Group A</b> uses are Research & Development and Office.	Fee: \$14.71 per square foot of gross floor area.
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<b>Group B</b> uses are all other Commercial Uses not in Group A.	Fee: \$7.98 per square foot of gross floor area.
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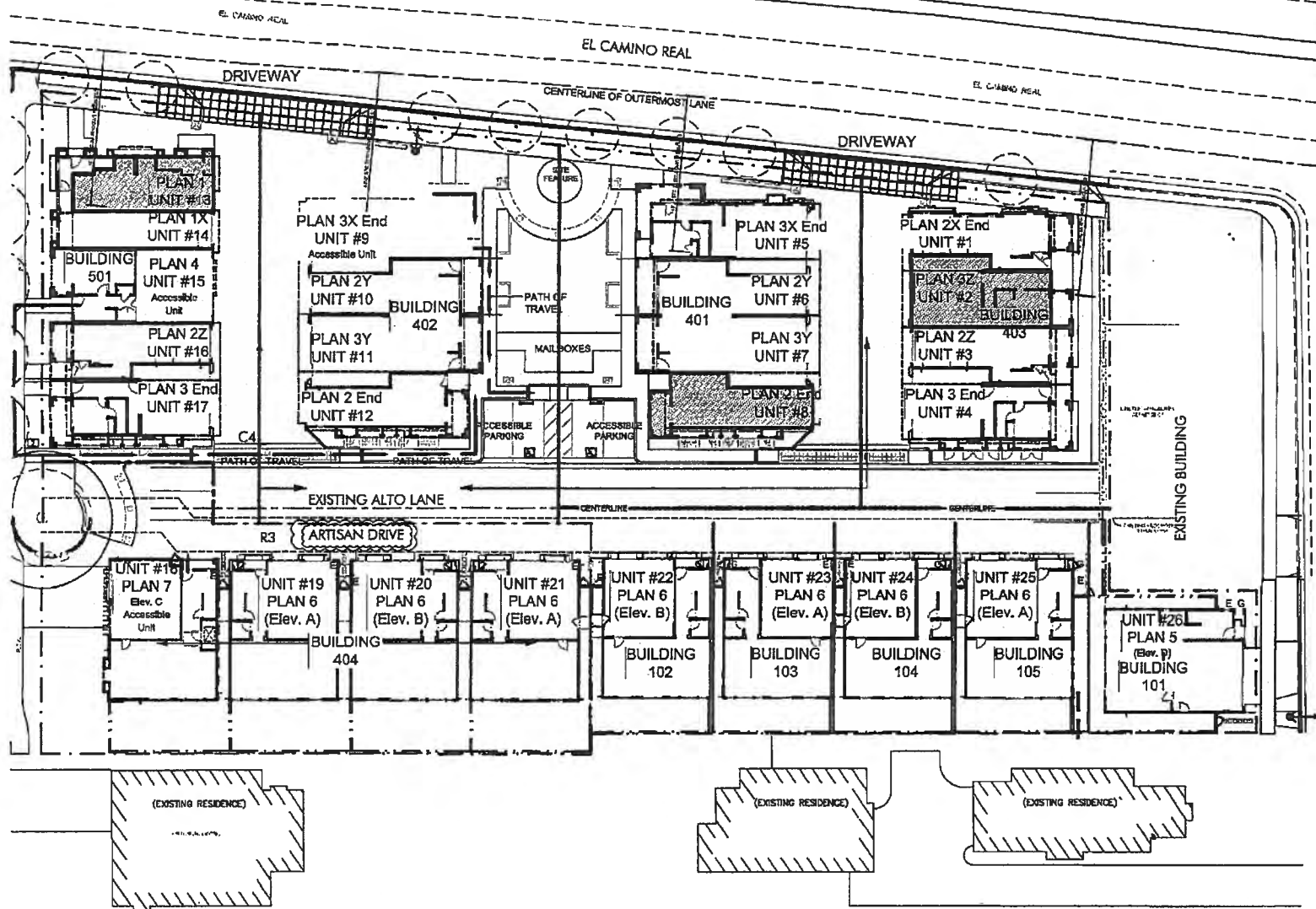
Commercial In-Lieu Fees are adjusted annually on July 1.

**EXHIBIT C**

**BMR UNIT LOCATIONS**

- v -

**ARTISAN**  
612 Partridge Ave.  
Menlo Park, California  
**DAHLIN GROUP** **AAA**  
*America's Builder*



**BUILDING SITE PLAN**  
FORM 100-4-P-01

**LEGEND**



Shaded units represent the BMR locations

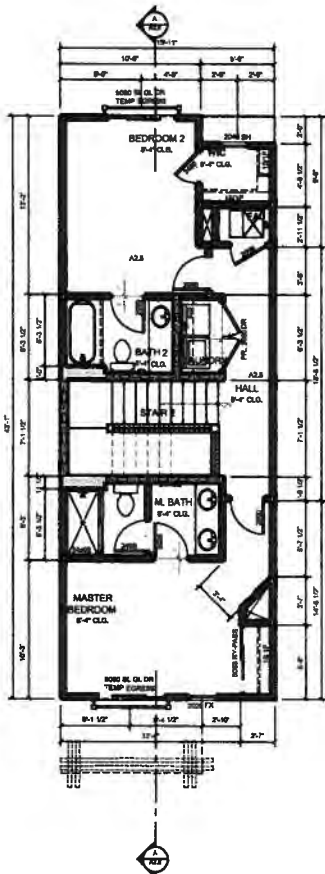
REVISIONS

**Reference Site Plan  
BMR UNIT LOCATIONS**

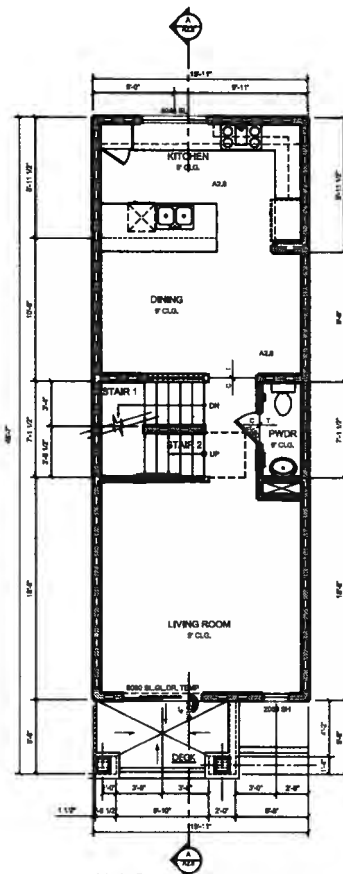
JOB NO. 223.014	SHEET
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DATE 1st Bldg. Dept. Submitted 12-27-12	<b>CA1.1</b>

**EXHIBIT D**

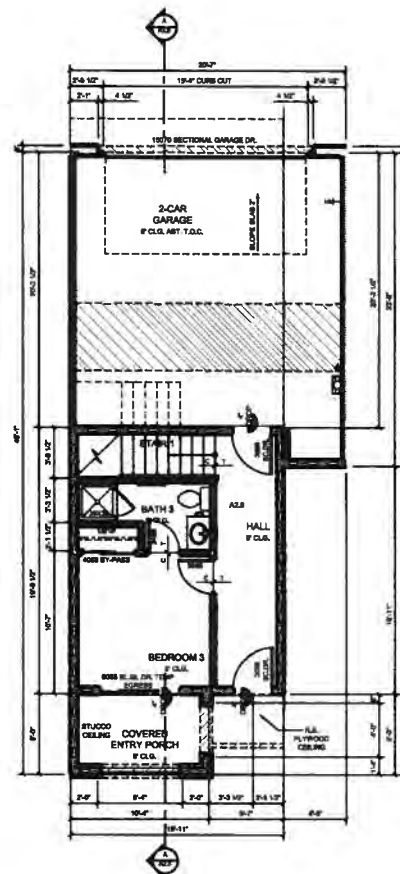
**BMR FLOOR PLANS**



**Unit 2**  
**PLAN 3Z THIRD FLOOR**  
**INTERIOR UNIT 2**  
 SCALE: 1/4" = 1'-0"



**Unit 2**  
**PLAN 3Z SECOND FLR.**  
**INTERIOR UNIT**  
 SCALE: 1/4" = 1'-0"



**Unit 2**  
**PLAN 3Z FIRST FLOOR**  
**INTERIOR UNIT**  
 SCALE: 1/4" = 1'-0"

**DAHLLIN GROUP**  
 5885 Owens Drive  
 Pleasanton, CA 94568  
 925-251-7200

**Building # 403**  
**ARTISAN**  
 25, 27, 29 & 31 Artisan Drive  
 Menlo Park, California

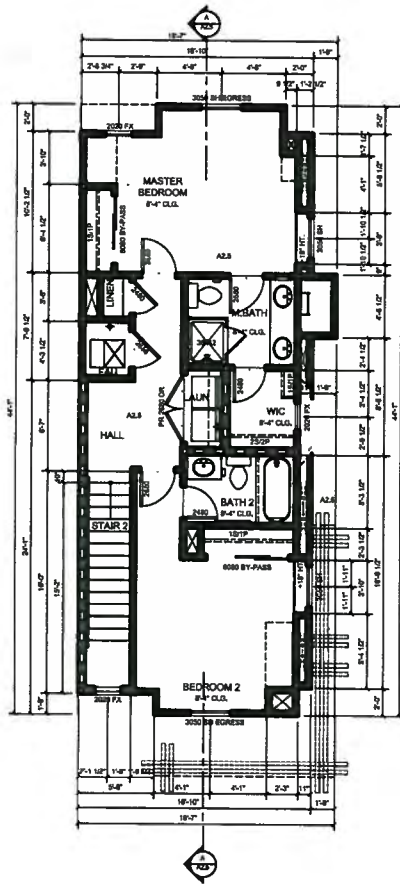
**U-Hauler**  
*America's Builder*

REVISIONS	
City Plancheck Response	
02-28-13 Item	
Client Comments	
City Plancheck Response 2	
03-07-13 Item, both	

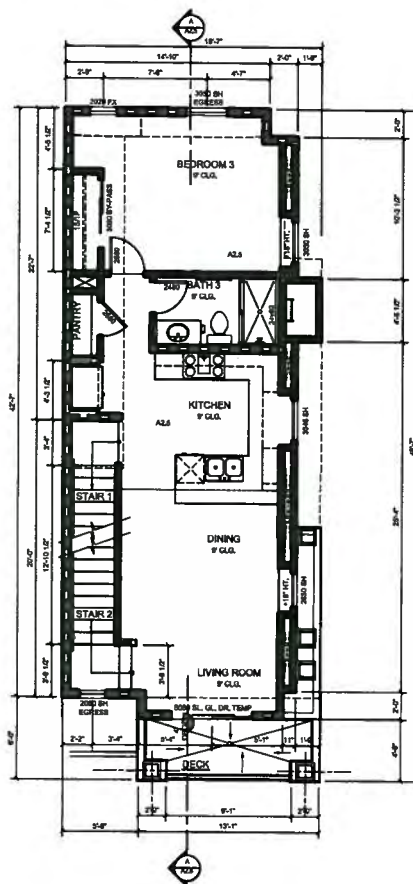
**Bldg. 403, Units 1/2/3/4**  
**Plan 3Z Unit 2**  
**Interior Unit**

<b>PLAN 3Z (Interior Unit)</b>	
<b>TOTAL LIVING AREA:</b>	1465 sq. ft.
First Floor:	793 sq. ft.
Second Floor:	633 sq. ft.
Third Floor:	MS M.A.
2 Car Garage:	411 sq. ft.
Floor Plate:	79 sq. ft.
3rd Floor Deck:	48 sq. ft.
<small>Source: Floorplate taken from Public Book of Assessor's Office 2012, 2/12/13</small>	

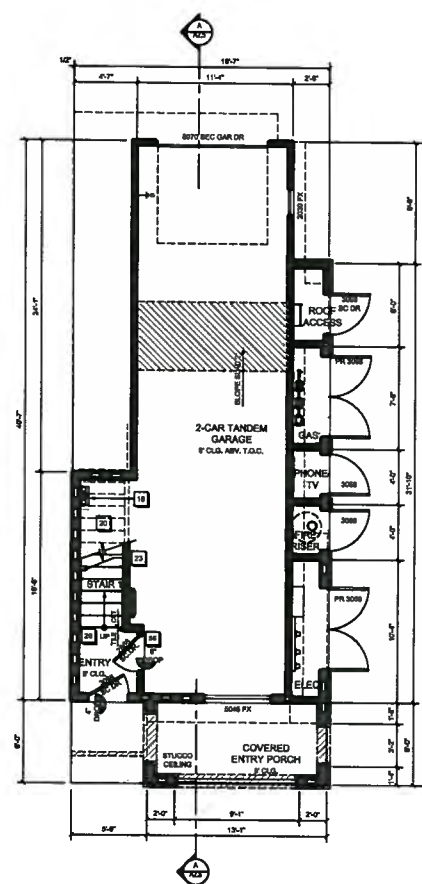
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DATE 1st Bldg. Dept. Submittal 1/02/13	<b>A2.7</b>



Unit 8  
 PLAN 2 THIRD FLOOR  
 END UNIT WITH  
 UTILITY METERS  
 SCALE: 1/4" = 1'-0"



Unit 8  
 PLAN 2 SECOND FLOOR  
 END UNIT WITH  
 UTILITY METERS  
 SCALE: 1/4" = 1'-0"



Unit 8  
 PLAN 2 FIRST FLOOR  
 END UNIT WITH  
 UTILITY METERS  
 SCALE: 1/4" = 1'-0"

**DAHLLIN** group  
 5965 Owens Drive  
 Pleasanton, CA 94588  
 925-251-7200

**Building # 401**  
**ARTISAN**  
 10, 12, 14 & 16 Arison Dr.  
 Menlo Park, California

**D-H-HOULTON** INC.  
*America's Builder*

REVISIONS	
▲	City Plancheck Response 02-22-13 kern
▲	Client Comments 03-07-13 kern, bth
▲	City Plancheck Response 2 03-07-13 kern, bth

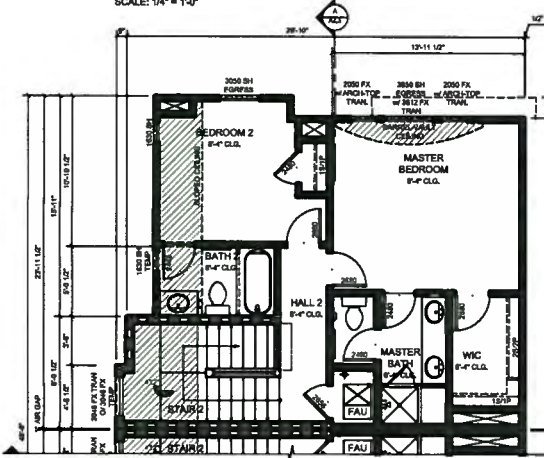
**Bldg. 401, Units 5/6/7/8**  
**Plan 2 Unit 8**  
**End Unit w/ Utility Meters**

PLAN 2X (End Type Unit)	
TOTAL LIVING AREA:	1361 sq. ft.
First Floor:	42 sq. ft.
Second Floor:	61 sq. ft.
Third Floor:	828 sq. ft.
2 Car Garage:	489 sq. ft.
Front Porch:	79 sq. ft.
Back Porch Deck:	42 sq. ft.

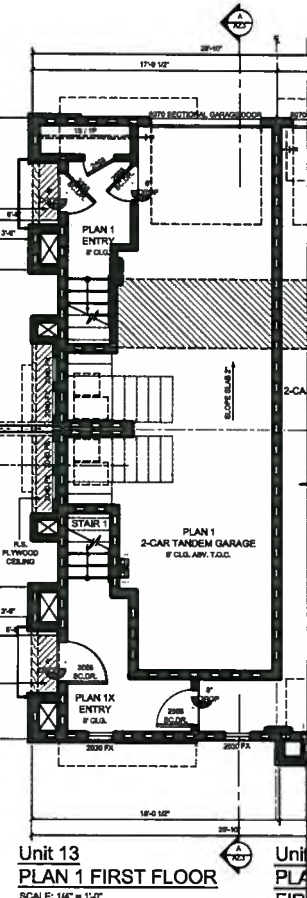
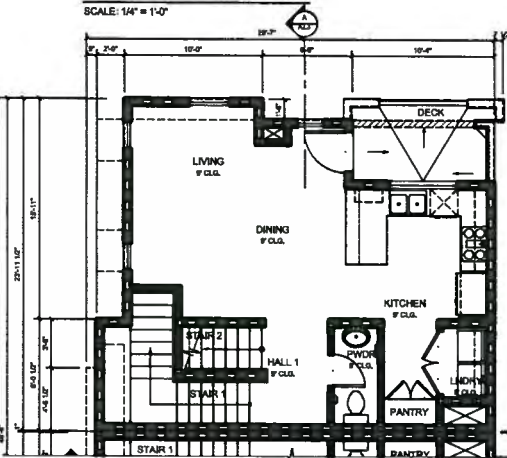
Source: Measurements taken from Submittals of most or outdoor unit 3 BR, 3 BA

JOB NO. 233.014	SHEET
DRAWN KEM	
CHECK	
DATE 1st Bldg. Dept. Submittal 1.26.13	<b>A2.4</b>

Unit 13  
**PLAN 1 THIRD FLOOR**  
 SCALE: 1/4" = 1'-0"



Unit 13  
**PLAN 1 SECOND FLOOR**  
 SCALE: 1/4" = 1'-0"



Unit 13  
**PLAN 1 FIRST FLOOR**  
 SCALE: 1/4" = 1'-0"

<b>PLAN 1</b>	<b>TOTAL LIVING AREA:</b>	1107 sq. ft.
First Floor:		84 sq. ft.
Second Floor:		84 sq. ft.
Third Floor:		84 sq. ft.
1 Car Garage:		488 sq. ft.
Pool/Patio:		10 sq. ft.
Deck:		84 sq. ft.

**DAHLEN GROUP**  
 5865 Owens Drive  
 Pleasanton, CA 94588  
 925-251-7200

**Building # 501**  
**ARTISAN**  
 1, 3, 5, 7, 9 Artisan Drive  
 Menlo Park, California  
**DR-HOBBS**  
*America's Builder*

REVISIONS	
City Plancheck Response	
02-22-13 Item	
Client Comments	
City Plancheck Response 2	
03-07-13 Item, both	

**Bldg. 501, Units 13/14/15/16/17**  
**Plan 1 Unit 13**  
**Floor Plans**

JOB NO. 233.014 SHEET  
 DRAWN KEM, DC, CY  
 CHECK  
 DATE 1st Bldg. Dept. Submittal 1.26.13

**A2.1**





## ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: March 18, 2014  
Staff Report #: 14-045

Agenda Item #: D-3

**CONSENT CALENDAR:**            **Award of a Four-Year Contract to Badawi and Associates in the Amount of \$176,446 for Annual Financial Auditing Services**

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### RECOMMENDATION

Staff recommends that the City Council award a four-year contract for annual financial auditing services to Badawi and Associates at a total cost of \$176,446, authorize the City Manager to execute the contract agreement, and authorize the City Manager to extend the contract for up to two additional years if service remains acceptable to the City.

### BACKGROUND

Local government agencies are required by law to have an independent audit of their annual financial statements. The purpose of this audit is for the independent audit firm to express an opinion about whether the financial statements are free of material misstatement, in conformance with generally accepted accounting principles, and in compliance with the Government Accounting Standards Board statements. In addition to meeting the City's lawful requirements, the financial statements provide relevant financial information to citizens, creditors, investors, City Council, City staff, and other concerned readers.

For the last five years, the City has contracted with Odenberg, Ullakko, Muranishi & Co. for audit services. The current engagement concluded with the completion of the annual financial audit for the fiscal year ended June 30, 2013. Consistent with Government Finance Officers Association (GFOA) best practice, a competitive process is undertaken at the end of each contract term to select a subsequent independent auditor.

### ANALYSIS

Staff initiated a competitive Request for Proposals (RFP) process in early January, and by the January 27, 2014 deadline, six proposals were received by the City:

<b>Audit Firm</b>	<b>4-year Cost</b>
1. Badawi and Associates	\$179,099
2. JJACPA, Inc.	\$229,100
3. Maze and Associates*	\$248,011
4. R.J. Ricciardi, Inc, CPA*	\$245,800
5. Vargas and Company	\$314,900
6. Vavrinek, Trine, Day, and Co., LLP	\$179,000
*Year 4 costs for Maze and Associates and R.J. Ricciardi, Inc, CPA were extrapolated based on their cost structure for years 1-3.	

Proposals were evaluated for past experience and performance, quality of professional personnel and management support, audit approach, staffing plan, analytical procedures, independence, freedom from conflicts of interest, and pricing structure. Following the review of the written proposals, three firms were selected to interview with the evaluation team: Badawi and Associates, Maze and Associates, and Vavrinek, Trine, Day, and Co., LLP. Following the interviews and subsequent reference checks of all three firms, the Badawi and Associates was selected by the evaluation team as the top-rated proposer.

Badawi and Associates' proposal was the second-lowest cost proposal over the four-year contract term, coming in \$99 above the lowest proposal. When the two optional extension years were factored in, the Badawi and Associates' proposal was \$2,912 more than the lowest proposal over all six years. Staff was able to successfully negotiate a reduction in the annual inflation factor in the Badawi and Associates contract, which resulted in a reduction in total cost over the life of the contract. The final four-year contract cost with Badawi and Associates is \$176,446, and the two additional (and optional) years make the six-year total \$270,051. These amounts are \$2,554 below the lowest proposal for the four-year contract term and \$3,949 below the lowest proposal should the contract go all six years.

Because the Finance and Audit Committee is currently seeking new members and is not fully active at this point, the evaluation team instead engaged with a Council Subcommittee, consisting of Mayor Ray Mueller and Vice Mayor Catherine Carlton, to keep them apprised on the status of the evaluation process. Both the Mayor and the Vice Mayor are in support of staff's recommendation to award a contract to Badawi and Associates for annual financial auditing services.

### **IMPACT ON CITY RESOURCES**

The total cost of the four-year contract will be \$176,446. This amounts to \$42,810 for the fiscal year 2013-14 audit, \$43,666 for the fiscal year 2014-15 audit, \$44,540 for the fiscal year 2015-16 audit, and \$45,430 for the fiscal year 2016-17 audit. Should the optional extensions be exercised by the City Manager, the cost for the audits for those fiscal years will be \$46,339 (2017-18) and \$47,266 (2018-19).

## **POLICY ISSUES**

All local government entities are required to have an independent audit of their annual financial statements. Consistent with best practice, a competitive process is undertaken at the end of each contract term to select a subsequent independent auditor.

## **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**

- A. Contract between the City of Menlo Park and Badawi and Associates

Report prepared by:  
*Drew Corbett*  
*Finance Director*

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**CITY OF MENLO PARK AGREEMENT  
FOR PROFESSIONAL AUDITING SERVICES**

**1. Parties and Date**

This Agreement is made and entered into this day of \_\_\_\_\_, 2014 by and between the City of Menlo Park, a municipal corporation of the State of California (hereinafter "City"), and Badawi and Associates [a California Corporation] (hereinafter "Auditor").

**2. Recitals**

WHEREAS, the principal member of Auditor is Ahmed Badawi and is experienced in providing professional auditing and accounting services; and WHEREAS, City desires to engage Auditor to render certain professional services as set forth herein for the purpose of the City's annual audits and other accounting assignments as required.

**3. Terms**

**3.1 General Scope of Services**

Auditor shall provide technical and professional services, including labor, material, equipment, transportation, supervision and expertise, necessary to perform fully and adequately the tasks set out in the Request for Proposal, attached hereto as Exhibit "A" (the Request for Proposal), as necessary to complete the Project.

**3.2 Term**

The term of this Agreement shall be from Fiscal Year 2013-2014 until Fiscal Year 2016-2017 or as extended for up to two one-year periods at the option of City, or until such time as it is terminated pursuant to the provisions in Section 3.16.

**3.3 Project Representatives**

Ahmed Badawi is Auditor's Project Representative and shall coordinate all phases of the Project. Auditor's Project Representative shall be available to City at all reasonable times. Auditor may appoint another person as Project Representative (subject to the provisions of Section 3.8) for purposes of carrying out this Agreement and shall have authority to act on behalf of Auditor for all purposes under this Agreement. City's Project Representative shall be Drew Corbett and shall have authority to act on behalf of City for all purposes under this Agreement. City shall provide written notice to Auditor of any change in City's Project Representative.

3.4 Schedule of Services

Auditor shall perform Services in accordance with the Request for Proposal attached hereto as Exhibit "A" and all provisions of this Agreement. Upon request of City's Project Representative, Auditor shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services or a specified aspect of the Project. City's Project Representative shall be promptly notified of all anticipated delays. Should Auditor determine that a schedule modification is necessary, Auditor shall promptly submit a revised Schedule of Services for City review and approval.

3.5 Delay in Performance of Services

3.5.1 Excusable Delays Should Auditor be delayed or prevented from the timely performance of any act required by the terms of this Agreement by reason of acts of God or of public enemy, acts or omissions of City, fire, floods, epidemics, quarantine restrictions, strikes, freight embargoes or unusually severe weather, performance of such act shall be excused for the period of such delay.

3.5.2 Written Notice If Auditor believes it is entitled to an extension of time due to conditions set forth in subsection 3.4 above, Auditor shall provide written notice to City within seven working days from the time Auditor knows, or reasonably should have known, that the affected performance will be delayed due to such conditions. Failure of Auditor to provide such timely notice shall constitute a waiver by Auditor of any right to claim an excusable delay in time of performance. Auditor shall take all reasonable steps to minimize the delay in completion and any additional costs resulting from such extensions.

3.5.3 Mutual Agreement Performance of any Services under this Agreement may be delayed upon mutual agreement of the Parties.

3.6 Control and Payment of Subordinates

City retains Auditor on an independent contractor basis. Auditor is not an employee of the City. The personnel performing the Services under this Agreement on behalf of the Auditor shall at all times be under Auditor's exclusive direction and control. Auditor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Auditor shall be responsible for all reports and obligations respecting such personnel, including, but not limited to social security taxes, income tax withholding, unemployment insurance, and workers' compensation insurance.

- 3.7 Standard of Care; Licenses  
Auditor represents and maintains that it is skilled in the technical calling necessary to perform all Services, duties and obligations required by this Agreement and to fully and adequately complete the Project. Auditor shall perform the Services and duties in conformance to and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Auditor further represents and warrants to the City that it has all licenses, permits, qualifications and approvals of whatever nature are legally required to practice its profession. Auditor further represents that it shall keep all such licenses and approvals in effect during the term of this Agreement.
- 3.8 Substitution of Key Personnel  
Auditor has represented to City that certain key personnel will perform the Services under this Agreement. Should one or more such personnel become unavailable, Auditor may substitute other personnel of at least equal competence upon written approval by City. In the event that the City and Auditor cannot agree as to the substitution of the key personnel, City shall be entitled to terminate this Agreement for cause, pursuant to the applicable provisions of this Agreement. The key personnel for performance of this Agreement is: Ahmed Badawi.
- 3.9 Conformance to Applicable Requirements  
All work prepared by Auditor shall be subject to the approval of City's Project Representative. Auditor shall allow City's Project Representative to inspect or review Auditor's work in progress upon request.
- 3.10 Preliminary Review of Work  
All reports, working papers, and similar work products shall be made available to City's Project Representative upon request, but at the auditor's discretion, the auditor may make available to the City copies of the audit documentation provided such disclosure does not undermine the effectiveness and integrity of the audit process.
- 3.11 Appearance at Hearings  
If and when required by City, Auditor shall render assistance at public hearings or other meetings related to the Project or necessary to the performance of the Services.
- 3.12 Extra Work  
At any time during the term of this Agreement, City may request that Auditor perform Extra Work. As used herein, "Extra Work" means any work which is determined by the City to be outside of the scope of the

original Request for Proposal. Auditor shall not perform Extra Work until receiving written authorization from City's Project Representative.

3.13 Compensation and Payment

3.13.1 Compensation Except as provided in Section 3.14.2, 3.16.3 and 3.16.4, Auditor shall receive compensation for all Services rendered under this Agreement at the following rates:

- Services related to fiscal year ending June 30, 2014: \$42,810
- Services related to fiscal year ending June 30, 2015: \$43,666
- Services related to fiscal year ending June 30, 2016: \$44,540
- Services related to fiscal year ending June 30, 2017: \$45,430
- Services related to fiscal year ending June 30, 2018 (optional): \$46,339
- Services related to fiscal year ending June 30, 2019 (optional): \$47,266

3.13.2 Extra Work Extra work may be authorized as described herein, and if authorized, shall be compensated based on prior written agreed upon amounts. However, no compensation for Extra Work shall be paid except upon written authorization by the City's Project Representative. Without such written authorization, Auditor shall not provide Extra Work.

3.13.3 Payment of Compensation Auditor shall provide to City a statement which indicates percentage of work completed to date of statement for each item billed. City shall, within 21 days of receiving such statement from Auditor, review the statement and obtain any necessary amplification from Auditor, and pay all approved charges thereon.

3.13.4 Reimbursement for Expenses Auditor shall not be reimbursed for any expenses unless authorized in advance in writing by City's Project Representative.

3.14 Indemnification

3.14.1 Responsibilities Auditor shall defend, indemnify and hold City, its officials, officers, employees, and agents free and harmless from any and all liability from loss, damage, or injury to property or persons, including wrongful death, in any manner arising out of or incident to any acts, omissions, or willful misconduct of Auditor arising out of or connection with Auditor's performance of the Agreement, including without limitation the payment of attorney's fees.

3.14.2 Effect of Acceptance; Performance Standard Auditor shall be responsible for the professional quality, technical accuracy and full coordination of the Services. City's review or acceptance of, or



payment for, and work product prepared by Auditor under this Agreement shall not be construed to operate as a waiver of any rights City may hold under this Agreement or of any cause of action arising out of Auditor's performance of this Agreement. Further, Auditor shall be liable to City, in accordance with applicable law, for all damages to City caused by Auditor's negligent performance of any of the Services.

### 3.15 Insurance

Auditor shall obtain, and shall require its Sub-contractors to obtain, insurance of the types and in the amounts described below and in form and with carriers satisfactory to City,

3.15.1 Commercial General Liability Insurance Auditor shall maintain occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than \$1,000,000 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or not be less than two times the occurrence limit. Such insurance shall:

3.15.1.1 Name City, its officials, officers, employees, agents, and consultants as insiders with respect to performance of Services and shall contain no special limitations on the scope of coverage or the protection afforded to these insiders;

3.15.1.2 Be primary with respect to any insurance or self insurance programs covering City, its officials, officers, employees, agents, and consultant; and

3.15.1.3 Contain standard separation of insured's provisions.

3.15.2 Automotive Liability Insurance Auditor shall maintain business automobile liability insurance or equivalent form with a combined single limit of not less than \$500,000 per occurrence. Such insurance shall include coverage for owned, hired, and non-owned automobiles.

3.15.3 Professional Liability Insurance Auditor shall maintain errors and omissions liability insurance with a limit of not less than \$1,000,000 and shall be maintained for a minimum of five years following completion of Services.

3.15.4 Workers' Compensation Insurance Auditor shall maintain workers' compensation insurance within statutory limits and employers' liability insurance with limits of not less than statutory requirements.

3.15.5 Certificates of Insurance Auditor shall prior to commencement of Services, furnish City with properly executed

certificates of insurance and, if requested by City, certified copies of endorsements and policies, which clearly evidence all insurance required under this Agreement and provide that such insurance shall not be canceled or allowed to expire except on 30 days' prior written notice to City. City shall have the sole discretion to determine whether the certificates and endorsements presented comply with provisions of this Agreement. Auditor understands the importance of this section to City and agrees to comply with it in full.

3.15.6 Coverage Maintenance Auditor shall replace certificates, policies and endorsements for any insurance expiring prior to completion of Services under this Agreement. Further, Auditor shall maintain such insurance from the time Services commence until Services are completed, except as otherwise provided by this Agreement.

3.15.7 Licensed Insurer Auditor shall place such insurance with insurers having A.M. Best Company ratings of not less than A:VIII and licensed to do business in California, unless otherwise approved in writing by the City Project Representative.

### 3.16 Termination

3.16.1 Notice City may, by written notice to Auditor, terminate this Agreement in whole or in part at any time with or without statement of cause. Such termination may be for City's convenience or because of Auditor's failure to perform its duties and obligations under this Agreement including, but not limited to, the failure of Auditor to timely perform Services pursuant to the Schedule of Services provided according to provisions of this Agreement.

3.16.2 Discontinuance of Services Upon receipt of written Notice of Termination, Auditor shall immediately discontinue all affected Services, unless otherwise directed by the Notice, and deliver to City all data, estimates, graphs, summaries, reports, and other related materials as may have been prepared or accumulated by Auditor in performance of Services, whether completed or in progress.

3.16.3 Effect of Termination for Convenience If the termination is to be for the convenience of City, City shall compensate Auditor for Services satisfactorily provided through the date of termination. Such payment shall include a pro-rated amount of profit, if applicable, but no amount shall be paid for anticipated profit on unperformed Services. Auditor shall provide documentation deemed adequate by City's Project Representative to show the Services actually completed by Auditor prior to the date of termination. This Agreement shall terminate

seven days following receipt by the Auditor of the written Notice of Termination.

3.16.4 Effect of Termination for Cause If the termination is due to the failure of the Auditor to fulfill its obligations under this Agreement, Auditor shall be compensated for those Services which have been completed and accepted by City. Further, the Auditor shall be liable to City for any reasonable additional costs incurred by City to the extent the City's total costs exceed Auditor's contract price to revise work for which City has determined in its sole discretion needs to be revised or performed in part or whole to complete the Project. Following discontinuance of services, City may arrange a meeting with Auditor to determine what steps, if any Auditor can take to adequately fulfill its obligations under this Agreement. In its sole discretion, City's Project Representative may propose an adjustment to the terms and conditions of the Agreement, including the contract price. Such contract adjustments, if accepted in writing by the Parties, shall become binding on Auditor and shall be performed as part of this Agreement. In the event of termination for cause, unless otherwise agreed to in writing by the Parties, this Agreement shall terminate upon Auditor's receipt of the Notice of Termination.

3.16.5 Cumulative Remedies The rights and remedies of the Parties provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

3.16.6 Procurement of Similar Services In the event this Agreement is terminated in whole or in part, as provided by this Section, City may procure, upon such terms and in such manner as it deems appropriate, services similar to those terminated.

3.16.7 Waivers Auditor, in executing this Agreement, shall be deemed to have waived any and all claims for damages, which may otherwise arise from City's termination of this Agreement, for convenience or cause, as provided in this Section.

3.17 Entire Agreement

This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings, or agreements. This Agreement may be modified only by a writing signed by both parties.

3.18 Successors and Assigns

This Agreement shall be binding on the successors and assigns of the parties, and shall not be assigned by Auditor without the prior written consent of City.

3.19 Subcontractors

Auditor shall not subcontract any portion of the work required by this Agreement without prior written approval of City. Any approved subcontracts shall be accomplished by a written instrument. Such instrument shall contain an express assumption by the subcontractor of all conditions and terms and covenants contained in this Agreement.

3.20 Prohibited Interests

3.20.1 Solicitation Auditor maintains and warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for Auditor, to solicit or secure this Agreement. Further, Auditor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City may rescind this Agreement without liability.

3.20.2 Conflict of Interest For the term of this Agreement, no member, officer or employee of City, during the term of his or her services with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.20.3 Conflict of Employment Employment by the Auditor of personnel on the payroll of City shall not be permitted in the performance of this Agreement, even though such employment may occur outside of the employee's regular working hours or on weekends, holidays, or vacation time. Further, the employment by the Auditor of personnel who have been on City payroll within one year prior to the date of execution of this Agreement, where this employment is caused by and/or dependent upon the Auditor securing this or related Agreements with City, is prohibited.

3.21 Accounting Records

Auditor shall maintain complete and accurate records with respect to costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Auditor shall allow an authorized representative of City, during normal business hours, to examine, audit, and make transcripts or copies of such records and any other such evidence or information they may require with respect to any expense or disbursement charged by the Auditor. Auditor shall allow inspection by City of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.22 Ownership of Materials/Confidentiality

3.22.1 Property of City All data prepared by Auditor under this agreement, such as plans, drawings, tracings, specifications, programming, and calculations relative to this Agreement is the property of Auditor, except that City shall have the right to obtain copies for its records. City shall not be limited in any way in its use of such copies at any time, provided that any such use not within the purposes intended by this Agreement shall be at the City's sole risk. Should Auditor, following termination of this Agreement, desire to use any materials prepared in connection with this Project, it shall first obtain written approval of City.

3.22.2 Confidentiality All ideas, memoranda, specifications, plans, manufacturing procedures, drawings, descriptions, written information, and other materials described in subsection 3.22.1, above, submitted to Auditor in connection with the performance of the Agreement shall be held confidential by Auditor. Such materials shall not, without the prior written consent of City, be used by Auditor for any purposes other than the performance of the Services. Nor shall such material be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Auditor which is otherwise known to Auditor or is generally known, or becomes known, to the related industry shall be deemed confidential. Auditor shall not use City's name or insignia, photographs or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without City's prior written consent.

3.22.3 Publication Except as necessary for the performance of the Services, no copies, sketches or graphs of materials, including graphic artwork, which are prepared pursuant to this Agreement shall be released by Auditor to any other person or agency without prior written approval of City. All press releases, including graphic display information to be published in newspapers or magazines, shall be approved and distributed solely by City, unless otherwise provided by written agreement between the parties.

3.23 Equal Opportunity Employment

Auditor represents that it is an equal opportunity employer and shall not discriminate against an employee or applicant for employment and shall not discriminate against an employee or applicant for employment with Auditor on the basis of race, color, religion, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, or sexual orientation.

- 3.24 Attorney's Fees  
If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suits.
- 3.25 Governing Law  
This Agreement shall be governed by and construed under the laws of the State of California.
- 3.26 Time of Essence  
Time is of the essence for each and every provision of this Agreement.
- 3.27 Right to Employ Other Consultants  
City reserves the right to employ other consultants in connection with this Project.
- 3.28 Delivery of Notices  
All notices permitted or required under this Agreement shall be deemed made when delivered to the applicable party's representative as provided in the Agreement. Additionally, such notices may be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

City:

City of Menlo Park  
701 Laurel Street  
Menlo Park, CA 94025  
Attn: Drew Corbett

Auditor:

Badawi and Associates  
180 Grand Avenue, Suite 955  
Oakland, CA 94612  
Attn: Ahmed Badawi

Such notice shall be deemed made when personally delivered or, when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid, and addressed to the party at its above address.

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

By: \_\_\_\_\_  
City Manager

ATTEST:

\_\_\_\_\_  
City Clerk  
City of Menlo Park

AUDITOR  
BADAWI & ASSOCIATES, INC.,  
a California Corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**City of Menlo Park, California**  
**Request for Proposals**  
**For**  
**Professional Auditing Services**



Drew Corbett  
Finance Director

Geoffrey Buchheim  
Financial Services Manager

City of Menlo Park  
701 Laurel Street  
Menlo Park, CA 94025



## **Introduction**

The City of Menlo Park is requesting proposals from qualified certified public accounting firms to conduct the annual independent audit of the City's financial transactions and to express an opinion on the fairness of the presentation of the City's financial statements for the fiscal year ending June 30, 2014 and the three subsequent fiscal years thereafter, with an option to extend the contract for two one-year periods. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (1994 edition, with all subsequent amendments), the provisions of the federal single Audit Act of 1984, as amended in 1996, and the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Government and Non-Profit Organizations and the standards for financial and compliance audits contained in the Audit Guide for Audits of Child Development and Nutrition Programs, issued by the State of California Department of Education.

The selected audit firm may also serve the City Council as auditor for certain other projects as determined by the City.

There is no expressed or implied obligation for the City of Menlo Park to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

The City of Menlo Park reserves the right to reject any or all proposals submitted. The City of Menlo Park also reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Menlo Park and the firm selected.

Proposals submitted will be evaluated by City staff. During the evaluation process, the City of Menlo Park reserves the right, where it may serve the City's best interest, to request additional information or clarification from submitting firms, or to allow corrections of errors or omissions. At the City's discretion, the firms submitting proposals may be requested to make oral presentations as a part of the evaluation process.

It is anticipated that the selection of a firm by the City will be completed by March 10, 2014. Following the notification of the selected firm, it is expected a contract will be executed between both parties on March 25, 2014.

## **Description of the Government**

The City of Menlo Park is located in San Mateo County, midway between the cities of San Francisco and San Jose. The City has an estimated population of 32,881 and an area approximately 10.1 square miles. The City was incorporated in 1927. The City Council

is comprised of five elected citizens. The City Manager is the administrative and executive head of the City. The City has 230 employees on a permanent basis.

The fiscal year for the City begins on July 1 and ends on June 30. The City's total (all funds combined) adopted budget for Fiscal Year 2013-14 is \$76,442,334. The services provided by the City of Menlo Park include police, public works, water, planning, library services, community services, and general administration. The City is also the Successor Agency for the former Community Development Agency of the City of Menlo Park. The City receives a number of grants from the Department of Education (Child Development grants), Department of Housing and Urban Development (Community Development Block Grant), the Department of Health and Human Services (Title III Part C Nutrition and Transportation Program) and the Department of Transportation.

The City of Menlo Park uses the following fund types in its financial reporting:

	Number of Individual Funds
General fund	<u>1</u>
Special revenue funds	<u>26</u>
Capital project funds	<u>3</u>
Debt service funds	<u>2</u>
Enterprise funds	<u>2</u>
Internal service funds	<u>4</u>
Trust and agency funds	<u>5</u>

Budgets for the General, Special Revenue, Capital Projects and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles. The modified accrual basis of accounting is employed in the preparation of the budget. At fiscal year-end, operating budget appropriations lapse with the exception of encumbrances that are to be carried over into the next fiscal year. Capital projects are budgeted on a multi-year basis. Unspent capital improvement budget amounts are re-appropriated in the following fiscal year.

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The City has implemented GASB 43 & 45 and established a California Employer's Retiree Benefit Trust account in May of 2008. The City also offers a 457 deferred compensation plan to all employees.

The City of Menlo Park's accounting, financial reporting, and investing functions are centralized in the Finance Department. The City's uses the Cayenta financial software and Applix TM1 budgeting software and is networked to users via PC/terminal emulation. The City currently outsources some of its payroll functions to ADP.

The Finance Department is under the directorship of Drew Corbett. The department consists of 8 employees. The principal functions performed by the employees for the City include department administration, accounting and reporting, budgeting, accounts payable, investments, licensing, accounts receivable, revenue management, payroll, and claims management.

### **Scope of Work**

The City of Menlo Park desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards (July 2007 Revision, with all subsequent amendments), the provisions of the Single Audit Act of 1984 as amended in 1996, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments and Non-Profit Organizations and the standards for financial and compliance audits contained in the Audit Guide for Audits of Child Development and Nutrition Programs, issued by the State of California Department of Education (for the Belle Haven Child Development Center).

The auditor will be expected to produce a number of reports for the City of Menlo Park. Unless otherwise stated, it is expected that the auditor will produce electronic in addition to a small number of printed and bound copies of all reports.

Following the completion of the audit of the fiscal year's financial statements, the auditor shall provide the following reports:

1. A Comprehensive Annual Financial Report (CAFR), the report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. The auditor will provide one electronic version in pdf format to be posted on the City's website. The City will provide its own covers and binding.
2. A report on compliance and on the internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards and the OMB Circular A-133 (Single Audit Report).
3. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the Belle Haven Child Development Center component unit. The audit of these financial statements will be completed in accordance with the Audit Guide for Audits of Child Development and Nutrition Programs, issued by the State of California Department of Education.
4. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles and the format required by the County of San Mateo for recipients of Measure A Funds.
5. A report on the compliance with the Propositions 4 and 111 appropriations limit increment (Gann Limit calculation).

6. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles and the format required by the Area Agency on Aging with the County of San Mateo for the Senior Program.
7. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for funding from the Metropolitan Transportation Commission. The audit of these statements will be completed in accordance with the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987.
8. A report on Recommendations to Management, if any.
9. Other reports as may be required by State or Federal legislation from time to time.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure that could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditor shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

The auditors will communicate to the Finance/Audit Committee all matters identified in SAS114, including:

- The auditor's responsibilities under GAAS.
- An overview of the planned scope and timing of the audit.
- Significant findings from the audit.

The auditor shall make an immediate, written report of all identified irregularities and illegal acts or indications of illegal acts to the following parties:

- City Manager
- City Attorney
- Finance Director

The auditor shall inform the Finance Director and the Financial Services Manager of each of the following:

- The auditor's responsibility under generally accepted auditing standards.
- New and changing accounting policies
- Management judgments and accounting estimates
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

The City staff shall prepare draft financial statements, notes, all required supplementary schedules and all statistical data. The auditor will format all such data into the required draft reports.

The Finance Department staff and responsible management personnel will be available during the audit to assist the auditor by providing direction to needed sources of information, documentation, and explanations. Among those tasks that the City will perform are the following:

1. Confirmation letters – the City will prepare any confirmation letters requested by the auditors.
2. Statements & Schedules – as noted above, the Finance staff will provide limited audit assistance as is reasonably possible and appropriate. The Finance staff will prepare most of the supporting schedules. The auditor shall provide to the City a list of required Prepared by Client (PCBs) schedules during the interim audit.
3. Work area and equipment – the City will provide the auditor with reasonable workspace, desks, and chairs. The City will also provide the auditor with access to telephone lines, photocopying facilities, and facsimile machines to the extent that their use for non-City business is limited to within reason.

### **Other Services**

During the contract period, at the City's discretion, there may arise the need of the City to engage the auditors in work outside the scope of this proposal, such as a cash audit or special reports. The auditing firm should provide an estimated hourly rate in Appendix C for the costs of any additional services.

### **Special Considerations**

The City will require the auditor's assistance and guidance in the implementation and compliance with GASB Statement 68, plus the implementation of future GASB statements that may become effective during the term of the contract.

For the last 23 years, the City of Menlo Park has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The City's intention is to continue to earn this award. The auditor will assist in the review of the financial reports and the implementation of any recommended changes from the respective award reviewers.

The auditor must retain all working papers and reports, at the auditor's expense, for a minimum of five (5) years, unless the City notifies the auditor in writing of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- City of Menlo Park and its component units, if applicable
- State or federal government agencies of which the City of Menlo Park is a recipient of grant funds

- Parties designated by federal or state governments or by the City of Menlo Park as part of an audit quality review process
- Auditors of entities of which the City of Menlo Park is a subrecipient of grant funds
- Auditors of entities of which the City of Menlo Park is a component unit

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors the opportunity to review working papers relating to matters of continuing accounting significance.

Upon the City's request and subject to compliance with independence standards, the auditor shall provide a reasonable amount of technical assistance, not to exceed 40 hours per year, at no additional cost.

### **RFP Schedule**

The following schedule outlines the RFP process. The City of Menlo Park reserves the right to modify this schedule.

#### **RFP Schedule**

<b>Event</b>	<b>Due Date</b>
Release RFP	January 9, 2014
Proposals Due	January 27, 2014
Interview Finalists	Week of February 10, 2014
Selected Auditor Notified	March 10, 2014
Contract Date	March 25, 2014

### Contact Information

Mr. Geoffrey Buchheim, Financial Services Manager, is responsible for this RFP. All inquiries should be directed to Mr. Buchheim as follows:

Geoffrey C. Buchheim  
Financial Services Manager  
701 Laurel Street  
Menlo Park, CA 94025  
[gcbuchheim@menlopark.org](mailto:gcbuchheim@menlopark.org)  
(650) 330-6648  
(650) 327-5391 (fax)

### Proposal Submission

This RFP states the scope of the City of Menlo Park's requirements and specifies the general rules for preparing the written proposal. The City will objectively evaluate all proposals based on the firm's response to the RFP.

Firms should submit five copies of their written proposals, including all appendices, attachments, and exhibits. The following material is required to be received for a firm to be considered:

- Title Page – The title page shows the request for proposals subject; the firm’s name; the name, address, and telephone number of the contact person; and the date of the proposal.
- Table of Contents – The table of contents should provide page numbers for the major areas of the proposal.
- Transmittal Letter – a signed letter of transmittal briefly stating the firm’s understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be the best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for three months. A signature by a principal or officer having the authority to negotiate and contractually bind and extend the terms of the written proposal is required.
- Technical Proposal – the technical proposal should follow the order set forth below under the section titled “Technical Proposal” below.
- Forms – Executed copies of the Proposer Guarantee and Proposer Warranties, attached to this RFP (see Appendix).
- Cost Proposal – The firm shall submit one copy of a dollar cost proposal in a separate dated and sealed envelope marked as follows: “Sealed Dollar Cost Proposal; City of Menlo Park Professional Auditing Services.”

The total package must be sealed and marked “Proposal for Auditing Services” and delivered to Geoffrey Buchheim at the contact address above no later than 4:30 p.m. (Pacific Time) on Monday, January 27, 2014 (the Closing Date).

The City will not accept written proposals received after the Closing Date. The City will not return late proposals, but will keep them unopened for 30 days unless the vendor retrieves them.

### **Technical Proposal**

All of the proposals should include the following sections. Note that in no case should any dollar units or costs be included in the Technical Proposal: such costs should be included in a separately sealed cost proposal (see the section above titled “Proposal Submission”).

#### General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake the City’s independent audit in conformity with the requirements of this RFP. As such, the substance of proposals carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this

engagement. It should also specify an audit approach that will meet the RFP requirements.

The Technical Proposal should address all the points outlined in the RFP (excluding any cost information which should only be included in the sealed dollar cost proposal). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the subjects discussed within this section titled "Technical Proposal" must be included. They represent the criteria against which the proposal will be evaluated.

#### Independence

The proposer shall provide an affirmative statement that is independent of the City of Menlo Park as defined by generally accepted auditing standards and the U.S. General Accounting Office' Government Auditing Standards (1994).

The proposer shall also provide an affirmative statement that it is independent of the component units of the City of Menlo Park as defined by those same standards. The proposer should also list and describe the proposer's (or proposed subcontractors') professional relationships involving the City of Menlo Park or any of its component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

#### License to Practice in California

The proposer shall provide an affirmative statement that it and all assigned key professional staff are properly licensed to practice in the State of California.

#### Qualifications & Experience

The proposer shall state the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number of the staff to be so employed on a part-time basis.

If the proposer is a joint venture, consortium, or uses subcontractors, the qualifications of each such firm shall be separately identified, and the firm that is to serve as the principal auditor shall be noted, if applicable.

The proposer is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review a specific government engagements.

The proposer shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.



Partner, Supervisory, and Staff Qualifications

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists, who would be assigned to the engagement. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. Provide information regarding the number, qualifications, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm. These personnel may also be changed for other reasons with the express prior written permission of the City of Menlo Park. Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of the City of Menlo Park, which retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

Should any firm submitting a proposal consider subcontracting portions of the engagement, that fact must be clearly identified in the proposal along with the name of the proposed subcontractors. Following the award of the audit contract, no additional subcontracting will be allowed without the prior written consent of the City of Menlo Park.

Similar Engagements

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last three (3) years that are similar to the engagement described in this RFP. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Provide a current list of not more than five (5) similar engagement clients, including their agency names, addresses, contact persons, and phone numbers.

Specific Audit Approach

The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this RFP. In developing the work plan, reference shall be made to such sources of information as the City of Menlo Park's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- Proposed segmentation of the engagement.
- Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- Sample size and the extent to which statistical sampling is to be used in the engagement.
- Type and extent of analytical procedures to be used in the engagement.
- Approach to be taken to gain and document an understanding of the City of Menlo Park's internal control structure.
- Approach to be taken in determining laws and regulations that will be subject to audit test work.
- Approach to be taken in drawing audit samples for purposes of tests of compliance.

#### Relevant Accounting Issues

The proposal shall identify and describe recent changes in accounting principles and pronouncements and their impact on the presentation, scope, and disclosure of the City's financial report (including, but not restricted to, GASB 34, etc.). Special consideration will be given to proposers providing CPE training and client updates/analyses on current and upcoming pronouncements.

#### Prepared By Client (PBC) List

The proposal shall include a list of standard client-prepared audit schedules the firm anticipates City staff to provide.

#### Audit Schedule

The proposal shall include a schedule for the first year only of this audit engagement. At a minimum, proposers will assign dates to each of the tasks identified below:

- *Entrance Conference*—The purpose of this meeting will be to discuss any prior audit problems and the work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for workspace and other needs of the auditor.
- *Audit Plan*—The auditor shall provide both a detailed audit plan and a list of all schedules to be prepared by the City.
- *Field Work*—Include specific goals or milestones to be achieved.
- *Progress Conference*—The purpose of this meeting will be to summarize the results of the preliminary tests of the key internal controls and to discuss a written report of items of concern or other matters to be tested.
- *Field Work*—Include remaining tasks and follow-up tasks.
- *Exit Conference*—The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.

- *Draft Reports*—The auditor shall have drafts of the audit reports and recommendations to management available for City review.
- *Final Reports*—List target dates for each of the following:
  - Photo-Ready CAFR
  - Management Letter Comments
  - Single Audit Report
  - Report on the Gann Limit Calculation
  - Belle Haven Child Development Center Report
  - Measure A Report
  - Senior Center Report
  - Article III Transportation Report

Proposals should also indicate the most appropriate manner, timing and conditions of communications with the City’s Finance/Audit Committee (for public meetings) and the City’s Finance/Audit Council subcommittee (for confidential matters).

### **Sealed Cost Proposal**

The sealed dollar cost proposal shall contain all pricing information relative to performing the audit engagement for each of the contract years as described below. The total all-inclusive maximum price to be proposed is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost proposal. Such costs shall not be included in the proposal.

### Total All-Inclusive Maximum Price

The first page of the sealed dollar cost proposal shall include the following:

- Name of Firm.
- Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal, and authorized to sign a contract with the City.
- A total all-inclusive maximum price for the 2014, 2015, 2016, and 2017 engagement years.
- Optional extension pricing for the 2018 and 2019 engagement years.

### Maximum Fee and Hourly Rates

The second page of the sealed dollar cost bid shall include a schedule of the maximum fee and estimated hours for services, presented in the format provided in the attachment (Appendix C), supporting the total all-inclusive maximum price for each year.

### **Rates for Additional Professional Services**

If it should become necessary for City of Menlo Park to request the auditor to render any additional services to either supplement the services requested in this RFQ or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between City of Menlo Park and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

### Manner of Payment

Progress payments will be made on the basis of pro-rated work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. Payment for the final billed amount (or at least 10% of maximum fee) will be withheld pending delivery of the firm's final reports. Invoices for separate reports should be sufficiently detailed or segregated to facilitate the charging of costs to the programs being audited.

### Oral Interviews

Vendors selected as the finalists will be subject to an oral interview. Such interviews may be conducted either via telephone or in person, at the City's request. These interviews will provide firms the opportunity to clarify their proposals to ensure thorough and mutual understanding. Additionally, the winning firm may be required to attend a City Council meeting. All expenses incurred by proposers for participating in such interviews and City Council meetings will be the responsibility of the proposer.

### **Evaluation**

Proposals will be evaluated by City staff, which will submit their recommendation to the City Council for final approval. The evaluators will use a point formula during the review process to score proposals. Each evaluator will first score each technical proposal by each of the criteria described below. The individual scores will then be combined to arrive at a composite technical score for each firm.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

### Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their qualifications and proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements
  - a. The audit firm is independent and licensed to practice in California
  - b. The firm has no conflict of interest or impairment to independence with regard to any other work performed by the firm for the City of Menlo Park and related entities
  - c. The firm adheres to the instructions in this request for qualifications and proposal on preparing and submitting the proposal
  - d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
2. Technical Qualifications:
  - a. Expertise and Experience
    - (1) The firm's past experience and performance on comparable government engagements
    - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
  - b. Audit Approach
    - (1) Adequacy of proposed staffing plan for various segments of the engagement
    - (2) Adequacy of sampling techniques
    - (3) Adequacy of analytical procedures
3. Price:

Cost will not be the primary factor in the selection of an audit firm.

## **Obligations**

The successful proposer will be required to enter into a written agreement with City in which the proposer will undertake certain obligations. These obligations include but are not limited to the following:

- Inclusion of Proposal - The proposal submitted in response to this RFP will be incorporated as part of the final contract with the selected firm.
- Indemnification and Insurance - The successful proposer shall indemnify and hold the City and its officers, agents, employees, and assigns harmless from any liability imposed for injury whether arising before or after completion of work hereunder or in any manner directly or indirectly caused, occasioned, or contributed to, or claims to be caused, occasioned, or contributed to, in whole or in part, by reason of any act or omission, including strict liability or negligence of vendor, or of anyone acting under vendor's direction or control or on its behalf, in connection with, or incident to, or arising out of the performance of the contract. The successful proposer shall maintain and shall require of all its subcontractors to maintain Comprehensive General Liability Insurance with limits of not less than one million dollars (\$1,000,000) per accident.
- Withdrawal - A proposal may be withdrawn, without obligation, by an authorized representative of the proposer in writing at any time prior to the scheduled Closing Date.
- Rights to Materials - All responses, inquiries, and correspondence relating to this RFP and all reports, charts, displays, schedules, exhibits, and other documentation produced by the proposer that are submitted as part of the proposal and not withdrawn prior to the scheduled Closing Date shall, upon receipt by the City, become property of the City. The City reserves the right to retain all proposals submitted and use any idea in any proposal regardless of whether that proposal is ultimately selected for award.
- Rejection of Proposals - The City reserves the right to reject any or all proposals or any part of each proposal; to waive any irregularity in any proposal and to determine which, in its sole judgment, best meets the City's needs to receive an award after successful contract negotiations. No vendor may withdraw its proposal for a period of ninety (90) days after the opening thereof. For any products or services not included in the initial contract award, vendor agrees to hold prices as proposed for one year following the initial award unless mutually agreed otherwise in the negotiated final contract.
- Disclosure of Proposal Information - After award, all written proposals are open to public inspection. The City assumes no responsibility for the confidentiality of information offered in a proposal. All proposals are public records subject to public disclosure pursuant to the provisions of the California Public Records Act (Government Code §6250 et seq.). The RFP is intended to be worded in a manner so as not to elicit proprietary information. If proprietary information is submitted as part of the proposal, such information must be labeled proprietary and be accompanied with a request that the information is to be returned by the City to the submitter. Any proposal submitted with a blanket statement or limitation that

- would prohibit or limit such public inspection shall be considered non-responsive and shall be rejected.
- **Governing Jurisdiction** - The contract entered into by the successful firm and the City shall be interpreted, construed, and given effect in all respects according to the laws of the State of California.

Award Conditions

The successful proposer shall enter into a standard City agreement. Vendor shall obtain any and all licenses and permits as may be required by any other governing entity. Further, vendor shall comply with all pertinent local, State, and Federal laws and regulations, including those that address discrimination.

## APPENDIX A: PROPOSER GUARANTEE

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The proposer certifies it can and will provide and make available, as a minimum, all services set forth in this RFP under the section titled “Services Required.”

Signature of Official: \_\_\_\_\_

Name (typed): \_\_\_\_\_

Title: \_\_\_\_\_

Firm: \_\_\_\_\_

Date: \_\_\_\_\_



## APPENDIX B: PROPOSER WARRANTIES

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- A. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents in conjunction with the services to be provided. Coverage limits shall be \$1,000,000 or more, per occurrences without reduction for claims paid during the policy period. The carrier should be duly insured and authorized to issue similar insurance policies for this nature in the State of California.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Menlo Park.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: \_\_\_\_\_

Name (typed): \_\_\_\_\_

Title: \_\_\_\_\_

Firm: \_\_\_\_\_

Date: \_\_\_\_\_

## APPENDIX C: FORMAT OF SEALED COST PROPOSAL

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The maximum fees and estimated hours for the audit of the City of Menlo Park should be provided in the following format for fiscal years ended June 30, 2014, 2015 and 2016. The fees should be inclusive of any out of pocket expenses incurred by the audit firm:

Description of Services	Estimated Hours	Year ending June 30, 2014	Year ending June 30, 2015	Year ending June 30, 2016
1. Audit of City, including GANN limit review and management letter		\$	\$	\$
2. Comprehensive Annual Financial Report preparation with compliance to GASB 34 and other relevant GASB statements				
3. Audit and basic financial statement preparation for Belle Haven Child Development Center component unit				
4. Single Audit of Federal Grants				
5 Report on Measure A Funds				
6. Report on Senior Center				
7. Report on Article III Transportation Funds				
Not to Exceed Maximum Fee (including expenses)				

Hourly rates of the firm's employees should be provided by the firm for services which may be requested outside the scope of the audits as follows:

<u>Classification</u>	<u>Hourly Rate</u>
Partners	\$
Managers	
Supervisory Staff	
Professional Staff	
Clerical Staff	
Other (Specify)	
Total	<hr/>

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## PUBLIC WORKS DEPARTMENT

Council Meeting Date: March 18, 2014  
Staff Report #: 14-046

Agenda Item #: D-4

**CONSENT CALENDAR:**            **Approve the Letter of Support for Senate Bill 1345  
(Water Legislation)**

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### RECOMMENDATION

Staff recommends that the City Council approve the letter of support for Senate Bill 1345 (Water Legislation).

### BACKGROUND

The Bay Area Water Supply & Conservation Agency (BAWSCA) represents Menlo Park and other wholesale agencies that purchase water wholesale from the San Francisco Public Utilities Commission (SFPUC). The Menlo Park Municipal Water District purchases 100% of its water from SFPUC and distributes that water to approximately 14,000 residents and businesses.

San Francisco's Water System Improvement Program (WSIP) consists of 47 capital improvement projects to rebuild and restore the San Francisco Regional Water System. To date, according to SFPUC, 25 of the 47 projects in its capital improvement program are complete, while the remaining 22 projects are incomplete.

On February 21, 2014, Senate Bill 1345 was introduced in the Senate by the Natural Resources and Water Committee, chaired by Senator Fran Pavley. In 2002, Assembly Bill 1823, the Wholesale Regional Water System Security and Reliability Act, was signed and provides a process to ensure that the San Francisco Bay Area regional water system is rebuilt as soon as possible. The Senate Bill 1345 would extend the repeal date of the act from January 1, 2015 to January 1, 2022.

### ANALYSIS

BAWSCA is working with state legislators to extend the sunset provision of current state law. As this bill is a Committee Omnibus bill that may be subject to further amendments to address other, non-related issues, our letter clarifies support for the bill "as currently written."

Oversight by the California Department of Public Health, the California Seismic Safety Commission, and the Joint Legislative Audit Committee has been very valuable for

Menlo Park and other BAWSCA member agencies. Extending this oversight is essential to ensuring water users that the San Francisco Regional Water System will be reliable in the future.

Senator Pavley has asked BAWSCA to provide support for this bill. BAWSCA will be submitting a letter, and they have asked Menlo Park and the other member agencies to also provide support letters to Senator Pavley's office. BAWSCA has requested we provide them with our support letter by March 31<sup>st</sup>. The attached letter is recommended approval for the Mayor to sign in support of Senate Bill 1345.

### **IMPACT ON CITY RESOURCES**

There is no impact on City resources.

### **POLICY ISSUES**

The submission of the letter of support for Senate Bill 1345 is consistent with General Plan Goal 1-H to promote the development and maintenance of adequate public and quasi-public facilities and services to meet the needs of Menlo Park's residents, business, workers and visitors.

### **ENVIRONMENTAL REVIEW**

No environmental review is 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**

- A. Letter of Support for Senate Bill 1345
- B. Statement by BAWSCA CEO/General Manager, March 11, 2014

Report prepared by:  
*Pam Lowe, P.E.*  
*Associate Civil Engineer*



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*Public Works Department*

March 19, 2014

The Hon. Fran Pavley, Senator  
Chair, Natural Resources and Water Committee  
California State Senate  
State Capitol, Room 4035  
Sacramento, CA 95814

**Subject: Letter of Support for Senate Bill 1345 as Currently Written**

Dear Senator Pavley,

The Menlo Park Municipal Water District purchases 100% of its water supply from the San Francisco Public Utilities Commission, and distributes that water to approximately 14,000 residents and businesses. Our water customers (including businesses such as Facebook, SLAC National Acceleration Laboratory, and SRI International) are dependent on us to provide them with a reliant water supply every single day.

We support Senate Bill 1345, introduced on February 21, 2014, by your Committee on Natural Resources and Water, as it would “extend the repeal date of the act from January 1, 2015 to January 1, 2022.”

This important extension would preserve the provision of existing state law for state oversight of the City and County of San Francisco’s capital improvement program to restore and improve the San Francisco Regional Water System. This program is of great importance for the health, safety and economic well-being of Menlo Park as we depend on the water provided by the regional system for all of our needs.

We urge the Committee on Natural Resources and Water to act favorably on this bill and we hope that the California Senate will do so as well.

Sincerely,

Ray Mueller  
Mayor

701 Laurel Street - Menlo Park, CA 94025  
Phone: (650) 330-6740 - Fax: (650) 327-5497

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**Statement by Nicole Sandkulla, CEO/General Manager  
March 11, 2014**

**State Oversight of the \$4.6 Billion Program to Rebuild the San Francisco Regional  
(Hetch Hetchy) Water System Must Be Extended to Protect Water Users**

Unexpected, unstable soil conditions have caused at least a four-year delay to finish rebuilding Calaveras Dam, a critical part of the water system, which supplies water to 1.7 million residents, over 30,000 businesses, and thousands of community organizations in Alameda, San Mateo, and Santa Clara counties, and customers in San Francisco. Over two-thirds of the system's water customers are in the three counties outside of San Francisco, and they pay two-thirds of the cost of the system. BAWSCA represents their interests.

In the late 1990's, engineering studies revealed that this regional water system was seismically unsafe and could collapse following a major earthquake, cause a long-term water outage, and create a human and economic catastrophe for the region and the State.

In 2002, the California legislature passed AB 1823, the Wholesale Regional Water System Security and Reliability Act, requiring San Francisco to rebuild the unsafe system to protect the health, safety and economic well being of its customers. Among other provisions, the law established state oversight of the \$4.6 billion program by the California Department of Public Health (formerly called the Department of Health Services), the California Seismic Safety Commission, and the Joint Legislative Audit Committee.

AB 1823 mandated that the legislation be inoperative and terminated by a so-called "sunset provision." In 2008, when San Francisco estimated that only 20 percent of the projects would be completed by 2010, the Legislature amended the sunset provision to extend State oversight through January 1, 2015. San Francisco supported that bill [AB2437 (Ruskin – 2008)].

Now, with the Calaveras Dam construction delay and other project delays, the program will not be completed by the current sunset date. BAWSCA, on behalf of the water users that rely on the water system, has requested that state oversight of the program be extended once more until 2022. San Francisco supports the bill.

New legislation, therefore, is needed to extend the State's oversight until the rebuilding of Calaveras Dam and other remaining projects are completed. In the event that project schedules are further adjusted during the next five years, State oversight should continue until 2022.

The Senate Natural Resources and Water Committee introduced a committee bill, SB 1345, on February 21, 2014 to provide this essential extension of state oversight of the program.

We urge the Legislature to consider and act on this recommendation promptly to protect residents, businesses, and community agencies throughout the region.

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**CITY COUNCIL  
SPECIAL MEETING **DRAFT** MINUTES**

Tuesday, February 25, 2014  
6:00 P.M.  
701 Laurel Street, Menlo Park, CA 94025  
City Council Chambers

Mayor Mueller called the Study Session to order at 6:03 p.m. with Councilmembers Mueller, Carlton, Cline and Ohtaki present. Councilmember Keith arrived at 6:05 p.m.

**6:00 P.M. STUDY SESSION**

**SS1.** Overview of Economic Development Strategic Plan Update and Study Session  
([Staff report #14-035](#)) ([presentation](#))

Economic Development Manager Jim Cogan introduced the item and Ron Golem of Bay Area Economics (BAE) who made a presentation.

Public Comment:

- Clem Moloney spoke regarding budget implications of economic development and stated the Specific Plan is carefully developed and is a solid blueprint for smart growth in Menlo Park
- Jim Lewis encouraged potential economic links with Menlo Park's sister city Galway, Ireland ([handout](#))
- Fran Dehn spoke regarding challenges to maintaining and attracting businesses to Menlo Park
- Elias Blawie spoke regarding non-tax generating businesses
- Doug Marks spoke in support of pursuing the downtown specific plan to bring jobs and people to Menlo Park so that downtown businesses may flourish
- John Tarlton spoke regarding the M-2 zone and improving economic sustainability
- Rob Fischer spoke regarding streamlining of the planning and permitting process

Staff responded to Council questions and discussion ensued regarding strategies, next steps and deliverables, attracting businesses the community wants, generating and diversifying sales tax, and streamlining the permitting process.

Mayor Mueller noted that he is in favor of a quarterly round table to discuss economic development issues instead of a Small Business Commission.

**SS2.** Provide direction on proposed City Hall improvements ([Staff report #14-030](#)) ([presentation](#))  
Staff presentation by Assistant Public Works Director Ruben Nino

Staff responded to Council questions and discussion ensued regarding cost benefit and cost structure, construction schedules and potential impact on City operations.

The Council asked staff for additional cost and design information before granting authorization to proceed.

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

Mayor Mueller called the Regular Meeting to order at 8:40 p.m. with all members present.

Mayor Mueller led the pledge of allegiance.

## **ANNOUNCEMENTS**

Mayor Mueller introduced Liz Becker of Congresswoman Jackie Speier's office.

### **A. PRESENTATIONS AND PROCLAMATIONS**

**A1.** Proclamation recognizing Menlo Park employee ([proclamation](#))

Mayor Mueller presented a proclamation to City Attorney Bill McClure for 30 years of dedicated service.

### **B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS - None**

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

- Gool Rukh Vakil spoke regarding a past police incident she was involved in

### **D. CONSENT CALENDAR**

**D1.** Adopt a resolution approving a water service priority policy for the Menlo Park Municipal Water District ([Staff report #14-029](#))

**D2.** Approve the Parks and Recreation Commission 2-Year Work Plan Goals for Years 2014-2016 ([Staff report #14-032](#))

**D3.** Affirm the guiding principles for the 2014-15 budget process ([Staff report #14-033](#))

**D4.** Accept minutes for the Council meetings of January 27 and February 11, 2014 ([Attachment](#))

In response to Mayor Pro Tem Carlton on Item 2, *Approve the Parks and Recreation Commission 2-Year Work Plan Goals for Years 2014-2016*, Assistant Community Services Director stated that staff will come back with a presentation on cost recovery.

Mayor Mueller and Councilmember Keith requested Item D3, *Affirm the guiding principles for the 2014-15 budget process*, be pulled for further discussion.

**ACTION:** Motion and second (Keith/Otahki) to approve Items D1 and D2 on the Consent Calendar passes unanimously.

**ACTION:** Motion and second (Ohtaki/Keith) to approve Item D4 on the Consent Calendar passes 4-0-1 (Cline abstains).

Mayor Mueller and Councilmember Keith commented that Item D3 did not include goals regarding community or quality of life.

**ACTION:** Motion and second (Keith/Carlton) to approve Item D3 with the addition of a City operating principle regarding improving quality of life passes unanimously.

### **E. PUBLIC HEARINGS – None**

### **F. REGULAR BUSINESS**

**F1.** Authorize staff to issue the Request for Proposal (RFP) for consultant services for the General Plan Update and M-2 Area Zoning Update ([Staff report #14-031](#))

Staff presentation by Community Development Manager Justin Murphy ([presentation](#))

**ACTION:** Motion and second (Cline/Keith) to authorize staff to issue the Request for Proposal (RFP) for consultant services for the General Plan Update and M-2 Area Zoning Update passes unanimously.

**F2.** Adopt the 2014 City Council Goals ([Staff report #14-034](#))  
Staff presentation by City Manager Alex McIntyre

**ACTION:** Motion and second (Carlton/Cline) to adopt the 2014 City Council Goals with the following amendment passes unanimously:

- Goal #6 – Delete from the goal title “including the Belle Haven neighborhood”
- Goal #8 – Include as part of the goal public “relations”
- Goal #9 – Include as part of the goal “efficiency and cost effectiveness”

**G. CITY MANAGER’S REPORT – None**

**H. WRITTEN COMMUNICATION – None**

**I. INFORMATIONAL ITEMS – None**

**J. COUNCILMEMBER REPORTS**

Councilmember Ohtaki stated that Assemblymember Rich Gordon is introducing Assembly Bill 1690 proposing a change to Housing Element law to allow mixed use. Councilmember Ohtaki requested a letter of support.

**K. PUBLIC COMMENT**

There was no public comment.

**L. ADJOURNMENT** at 10:16 p.m.

Pamela Aguilar  
City Clerk



**CITY COUNCIL  
SPECIAL AND REGULAR MEETING  
DRAFT MINUTES**

**Tuesday, March 4, 2014  
5:45 P.M.  
701 Laurel Street, Menlo Park, CA 94025  
City Council Chambers**

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**5:45 P.M. CLOSED SESSION**

Mayor Mueller called the Closed Session to order at 5:50 p.m. with all members present.

**Public Comment on these items will be taken prior to adjourning to Closed Session**

There was no public comment.

**CL1.** Closed Session pursuant to Government Code Section §54957 to conference with labor negotiators regarding labor negotiations with the Police Officers Association (POA) and Service Employees International Union (SEIU)

Attendees: Alex McIntyre, City Manager, Starla Jerome-Robinson, Assistant City Manager, Bill McClure, City Attorney, Gina Donnelly, Human Resources Director, Drew Corbett, Finance Director, and Charles Sakai, Labor Attorney

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

Mayor Mueller called the Regular Session to order at 7:26 p.m. with all members present.

Mayor Mueller led the pledge of allegiance.

**REPORT FROM CLOSED SESSION**

There was no reportable action from the Closed Session.

**ANNOUNCEMENTS**

Mayor Mueller announced that tonight's meeting will be adjourned in memory of Frank Carney.

**A. PRESENTATIONS AND PROCLAMATIONS**

**A1.** Proclamation recognizing Carolyn Hoskins  
Mayor Mueller presented the proclamation. ([proclamation](#))

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

**B1.** Bike Commission quarterly report on the status of their 2 Year Work Plan  
Commissioner Chairperson Greg Klingsporn gave a verbal report.

**B2.** Transportation Commission quarterly report on the status of their 2 Year Work Plan  
Commission Chairperson Bianca Walser gave a verbal report.

**C. PUBLIC COMMENT #1**

- Philip Mazzara spoke regarding the potential merger of the Bicycle and Transportation Commissions.

## D. CONSENT CALENDAR

- D1. Adopt a resolution supporting the City's Shuttle Program and for the recently submitted application for Measure A Shuttle Program Funding ([Staff report #14-038](#))
- D2. Authorize the City Manager to execute a construction agreement with SC Builders, Inc. and Facebook, Inc. for tenant improvements at the property located at 871A and 871 B Hamilton Avenue (Neighborhood Service Center and police substation) ([Staff report #14-040](#))

Mayor Pro Tem Carlton requested Item D1, *Adopt a resolution supporting the City's Shuttle Program and for the recently submitted application for Measure A Shuttle Program Funding*, be pulled from the Consent Calendar for further discussion.

**ACTION:** Motion and second (Cline/Carlton) to approve Item D2 on the Consent Calendar passes unanimously.

Staff responded to Mayor Pro Tem Carlton's questions regarding bus route wait times and emissions concerns and to Councilmember Ohtaki's question regarding enhanced advertising of the Shuttle Program.

**ACTION:** Motion and second (Cline /Ohtaki) to adopt **Resolution 6188** supporting the City's Shuttle Program and for the recently submitted application for Measure A Shuttle Program Funding passes unanimously.

## E. PUBLIC HEARINGS

- E1. Appeal to the City Council of the Planning Commission's decision on the property located at 1015 Atkinson Lane

The appellant has withdrawn the appeal. There will be no public hearing on this item.

- E2. Consider request for a Conditional Development Permit amendment and heritage tree removal permits for the demolition of an existing recreation building, the construction of a new recreation building and leasing office, façade improvements to the existing apartment buildings, and landscaping located at 350 Sharon Park Drive ([Staff report #14-037](#))

At the Project Applicant's request, this item is continued to a later date. There will be no public hearing on this item at this time.

## F. REGULAR BUSINESS

- F1. Approve an agreement between the City of Menlo Park and Facebook to fund a Police Officer for a three-year term with a two-year option for Facebook, and adding an additional full time Police Officer position to the department for the duration of the agreement ([Staff report #14-039](#))

Police Chief Bob Jonsen introduced the item. Commander Dave Bertini gave a brief presentation. Carla Gray of Facebook was present.

Staff responded to Council questions regarding benchmarks of success, a community-wide emergency response plan, funding, increasing the annual "cap" amount, and the officer's work shift.

**ACTION:** Motion and second (Ohtaki/Carlton) to approve an agreement between the City of Menlo Park and Facebook to fund a Police Officer for a three-year term with a two-year option for Facebook, adding an additional full time Police Officer position to the department for the

duration of the agreement and, if Facebook amends the agreement to raise the annual cap to \$220k, authorize the City Manager to execute the amended agreement passes unanimously

**F2.** Accept the 2013-14 Mid-Year Financial Summary and approve recommended changes to the expenditure appropriation and revenue forecast ([Staff report #14-036](#))  
Staff presentation by Finance Director Drew Corbett. ([presentation](#))

**ACTION:** Motion and second (Cline/Ohtaki) to accept the 2013-14 Mid-Year Financial Summary and approve recommended changes to the expenditure appropriation and revenue forecast passes unanimously.

**G. CITY MANAGER'S REPORT – None**

**H. WRITTEN COMMUNICATION – None**

**I. INFORMATIONAL ITEMS – None**

**J. COUNCILMEMBER REPORTS**

Councilmember Keith gave an update regarding the water board permit and the Dumbarton Rail loan of \$91M.

**K. PUBLIC COMMENT #2**

There was no public comment.

**L. ADJOURNMENTS**

Mayor Mueller adjourned the meeting at 8:50 p.m. in memory of former Environmental Quality Commissioner Frank Carney.

Francis (Frank) J. Carney died on February 17, 2014, following a brief illness. Frank was born October 26, 1940, in Queens, New York.

A graduate of Iona College in 1962, he served six years in the Navy. He worked as a probation officer and Family Court mediator for San Mateo County.

A long-term resident of Menlo Park, Frank was actively involved in many community projects. He served on the Environmental Quality Commission from 1998-2006.

He is survived by his spouse, Margaret; sons, Patrick (Juliette) and Kevin (Anne); and four grandchildren.

Pamela Aguilar  
City Clerk





## OFFICE OF THE CITY MANAGER

Council Meeting Date: March 18, 2014  
Staff Report #: 14-048

Agenda Item #: F-1

**REGULAR BUSINESS:**                    **Approve an Appropriation of \$150,000 and Authorize the City Manager to Execute Agreements, Not to Exceed a Total of \$150,000, with Consultants to Provide Professional Analyses of the Potential Impacts Related to the Proposed Ballot Initiative which would Amend the Menlo Park El Camino Real/Downtown Specific Plan**

### RECOMMENDATION

Staff recommends that the City Council approve an appropriation of \$150,000 and authorize the City Manager to execute agreements, not to exceed a total of \$150,000, with various consultants to provide professional and objective analyses of the potential impacts related to the proposed Ballot Initiative, which would amend the Menlo Park El Camino Real/Downtown Specific Plan.

### BACKGROUND

#### **Vision Plan and Specific Plan Development**

Between 2007 and 2012, the City conducted an extensive long-range planning project for the El Camino Real corridor and the Downtown area. The commencement of this project represented a reaction to a number of high-visibility vacant parcels and several requests for development-specific General Plan and Zoning Ordinance Amendments, resulting in the desire for an approach that would instead be comprehensive, long-term, and community-focused. The planning process acknowledged from the beginning that Menlo Park is a community with diverse and deeply-held opinions regarding development, but proposed that a deliberate and transparent process would provide the best option for a positive outcome.

#### Phase I

The project started with a visioning project (Phase I: 2007-2008) to identify the core values and goals of the community and to define the structure of the second phase of planning. The culmination of the first phase of work was the City Council's unanimous acceptance of the Vision Plan in July 2008. The Vision Plan established 12 overarching goals for the project area, which served as the foundation for the subsequent Specific Plan.

## Phase II

The Specific Plan process (Phase II: 2009-2012) was an approximately \$1.69 million planning project informed by review of an Environmental Impact Report (EIR) and Fiscal Impact Analysis (FIA). The Specific Plan had as a key objective the establishment of a comprehensive, action-oriented set of rules, which would establish much greater clarity and specificity with regard to development, with both respect to rights as well as requirements.

Both the Vision Plan and Specific Plan benefited from extensive community involvement, with significant attendance at workshops and related events, as well as regular public review by a diverse Oversight and Outreach Committee. In total, the Vision Plan and/or Specific Plan were an highly publicized and agendized topic of discussion at over 90 public meetings over five years, including at least 28 City Council sessions and 18 Planning Commission sessions.

Both the Planning Commission and City Council elected to significantly expand their respective reviews of the Draft Specific Plan in Summer-Fall 2011, in order to provide clear direction on improvements and refinements to the Plan. Among other topics, Floor Area Ratio (FAR) thresholds (and associated development feasibility), land use regulations, and building height and massing requirements were publicly discussed in detail during this and other phases. The impact of such standards and guidelines on key opportunity parcels were a particular area of focus throughout the Specific Plan process, and were subject to advanced visualization techniques (photomontages, massing models, and artistic renderings) in order to clearly relay what buildings could look like.

During the review of the Draft Specific Plan, the City Council (acting on the Planning Commission's recommendation) specifically lowered overall building height by one full story, lowered the façade heights by one full story, and directed changes to the upper floor controls for several of the Plan areas, in order to proactively address potential concerns with bulk and visual character. After those and other changes were made, the Specific Plan process culminated with the City Council's unanimous approval of the Plan and related actions in June 2012, following a unanimous recommendation for approval from the Planning Commission.

Full information on the Vision and Specific Plan projects (including staff reports, meeting video, environmental and fiscal review documents, analysis memos, and workshop presentations and summaries) is available on the City's web site at: <http://www.menlopark.org/specificplan>.

### **Ongoing Review and Refinement**

The Specific Plan itself includes a requirement for ongoing review, first occurring after one year and then at two-year intervals. However, even before the one year review the City Council chose to respond to community concerns regarding one large development proposal.

## 500 El Camino Real Proposal

In November 2012, Stanford University submitted an initial application for redevelopment of its parcels addressed 300-550 El Camino Real (known collectively as "500 El Camino Real") with a mixed-use project primarily consisting of office (including a portion that could be general office or medical/dental office) and residential uses, which was intended to be consistent with the Specific Plan. These parcels, totaling 8.43 acres, were considered priority opportunity sites during both the Vision Plan and Specific Plan projects. The Planning Commission conducted a study session for this project on January 28, 2013, which provided an opportunity for the Commission and the public to become more familiar with the proposal and to identify potential questions and concerns. At this meeting and in written comments before and since, members of the public have expressed serious concerns and/or categorical opposition to the proposal. While the applicant was considering revisions to the project in response to the study session feedback, the City Council requested the opportunity to discuss the proposal at its April 16, 2013 meeting.

The staff report for this meeting described a range of options that the Council could pursue, including minor or major revisions to the Specific Plan itself, as well as consideration of a moratorium. At the April 16 meeting, the City Council formed its 500 El Camino Subcommittee consisting of Council Members Carlton and Keith, charged with:

- Providing a framework for discussing the issues related to the 500 El Camino Real project;
- Facilitating the productive communication of information between neighborhood representatives and the applicant, regarding project refinement that balanced the needs of the applicant and those of the greater Menlo Park community prior to the submittal of a revised project proposal; and
- Assisting with developing a timeline for review of the Specific Plan.

The Subcommittee met 19 times with: neighborhood representatives, the Silicon Valley Bicycle Coalition, representatives from environmental groups, representatives from Stanford University and City staff. The Subcommittee completed its work with a final report that was presented to and accepted by the full Council on August 27, 2013. The Subcommittee's final report established the following requirements for a revised proposed project submittal from Stanford:

- Stanford will eliminate all medical office. All office will be general office;
- Stanford will make a substantial contribution to the cost of design and construction of a pedestrian-bike undercrossing at Middle Avenue. The amount will be negotiated/determined through the project approval process with the goal of ensuring there will be sufficient funding to construct the undercrossing in a timely manner;
- Stanford will participate in a City working group regarding the design of the Middle Avenue plaza, undercrossing and vehicular access to the site; and
- Stanford will fund a neighborhood cut through traffic study as scoped by the City

## One Year Review

The one year review was completed in the fall of 2013, after five Planning Commission public hearings and one City Council public hearing. The City Council carefully reviewed 12 Planning Commission recommendations, and ultimately directed that a number of revisions to the Specific Plan be pursued; in particular, a new limit will be added on the amount of medical office space that could be developed in any one project. Staff is currently preparing the formal revisions, including required environmental review.

## **Notice of Intent to Circulate Petition**

On February 19, 2014, the City received a notice of intent to place an initiative on the ballot for voter consideration that would substantially modify the El Camino Real/Downtown Specific Plan, submitted by two residents (Attachment A). Pursuant to state law regarding local ballot initiatives, the City has prepared and released the title and summary of the proposed measure (Attachment B).

The proponents of the initiative will have 180 days to collect signatures following receipt of the ballot title and summary. They must gather at least 10% of registered voter signatures for a regular election or 15% for a special election. There are 17,803 registered voters in the City of Menlo Park according to the County Elections Office. Signature validation is performed by the San Mateo County Elections Office.

## **ANALYSIS**

In addition to the requirements regarding ballot initiatives that the City has already complied with, California Elections Code Section 9212 allows the City Council to “refer the proposed initiative measure to any city agency or agencies for a report on any or all of the [impacts]” of the proposed initiative. The recommended impacts are specifically listed as possible impacts that might be studied in connection with a ballot initiative, however the City Council has the discretion to review “[a]ny other matters” it deems necessary. The Elections Code also requires that “[t]he report shall be presented to the legislative body within the time prescribed by the legislative body, but no later than 30 days after the elections official certifies to the legislative body the sufficiency of the petition.” Due to the likely time constraints of the ballot initiative process, staff recommends that the City Council take the recommended action to begin the preparation of the ballot initiative impacts report. While this report is not a requirement of the Elections Code, staff feels that it is appropriate, because the approved Specific Plan represents 5 years of community input and compromise and any modifications to the Plan should receive a scrutiny sufficient to honor the community’s significant investment of time and public funds.

## **Report on Potential Impacts**

Staff would explore retaining independent consultant(s) for each of the following general scopes of work to obtain independent subject matter expertise. Detailed scopes will be drafted and submitted to the City Council via the City Council Digest. Since timing is likely going to be critical, it is important to have these scopes completed and to the

consultants as soon as possible. The consultants will be asked to examine what effect, if any, in comparison to the Specific Plan, the proposed ballot initiative may have on the following:

### Land Use Policy Consistency

The proposed ballot initiative would modify the City's approval process for projects with in the Specific Plan by requiring voter approval for certain large projects. It would also change the definition of open space.

### Fiscal Impact

Two separate fiscal impact analyses, as well as independent peer reviews, were completed as part of the Specific Plan review process. The proposed ballot initiative would modify the development allowed by the Specific Plan and potential resulting fiscal benefit to the City as well as the special districts. Some of those special districts are listed below:

- Menlo Park Fire District
- Menlo Park City Elementary School District
- Sequoia High School District
- San Francisquito Creek Flood Zone 2
- San Mateo County Office of Education

### Housing Impact

By modifying the open space requirements in a way that could affect building envelopes and associated development feasibility, the proposed ballot initiative may impact the number of possible housing units within the Specific Plan area, which is a key component of the City's recently approved Housing Element.

### Infrastructure Impacts

The Specific Plan envisioned capital improvements that would be linked to development. The consultant will be asked whether the proposed ballot initiative may impact the ability of private development to support those improvements.

### Use of Vacant and Underutilized Land and Retention of Business and Employment

The consultant will be asked whether the proposed ballot initiative may impact the viability of private development projects that would redevelop key opportunity sites on El Camino Real. They may also be asked whether the number of other underutilized and vacant properties within the Plan area may be impacted. In addition, the initiative could impact the community's ability to attract and retain business and employment.

## **IMPACT ON CITY RESOURCES**

Staff anticipates the cost of each study to not exceed \$50,000. Given the timeliness and turnaround needed, the City might find itself paying a premium for expedited studies. Where we can, staff will attempt to use the same consultant for more than one scope in order to achieve an economy of scale. The proposed action requires the appropriation of \$150,000 as well as staff resources for management of consultant contracts. In addition, staff will need to provide consultants with information and support that may require reprioritizing other workload. At this time, it is not known who the consultants would be.

## **POLICY ISSUES**

The preparation of objective information on potential impacts of the proposed ballot initiative would not represent a change in policy direction.

## **ENVIRONMENTAL REVIEW**

Ballot Initiatives are exempt from CEQA, but the reports will analyze potential impacts on the detailed environmental review that was completed for the Specific Plan.

## **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. Notice of Intent to Circulate Petition
- B. Initiative Title and Summary

Report prepared by:  
*Alex D. McIntyre*  
*City Manager*

RECEIVED

FEB 19 2014

City Clerk's Office  
City of Menlo Park

February 19, 2014

Pamela Aguilar, City Clerk  
City of Menlo Park

Dear Ms. Aguilar,

We hereby submit and request the preparation of a ballot title and summary for the enclosed voter initiative measure titled the El Camino Real/ Downtown Specific Plan Area Livable, Walkable Community Development Standards Act.

Also enclosed is the required Notice of Intent to Circulate Petition signed by me as the measure's proponent, and the required \$200 deposit. It is our understanding the \$200 deposit will be refunded if, within one year, the sufficiency of the petition is certified.

If there are any questions, please contact me at 415-641-1985 or at [mike@lanza.net](mailto:mike@lanza.net).

Thank you for your assistance,

A handwritten signature in black ink, consisting of a stylized 'M' followed by a horizontal line that curves slightly upwards at the end.

Mike Lanza

## NOTICE OF INTENT TO CIRCULATE PETITION

Notice is hereby given by the persons whose names appear hereon of their intention to circulate the petition within the City of Menlo Park for the purpose of amending the City's General Plan and El Camino Real/Downtown Specific Plan to promote the revitalization of the El Camino Real corridor and downtown by encouraging livable and walkable development of a vibrant mix of uses while improving safe connectivity for families on foot and on bikes, enhancing and ensuring adequate public space, and promoting healthy living and sustainability. A statement of the reasons of the proposed action as contemplated in the petition is as follows:

- Achieving the vision of the original public vision for the El Camino Real/Downtown area, which was developed through a 6 year community engagement process costing approximately \$1.7 million.
- Promoting projects in the El Camino Real corridor and Downtown that emphasize mixed-use development at a human scale and neighborhood retail, while protecting residents from harmful effects of excessive development.
- Changing the Plan's definition of open space so that only spaces at ground floor level (e.g., not upper level balconies or decks) count toward a development project's minimum open space requirements. This will help to encourage ground level public plazas, gardens and walkways and distinguish, separate and provide greater visual relief from the mass of adjacent structures.
- Defining and limiting uses constituting "Office Space" in the El Camino Real/Downtown area to no more than 100,000 square feet per individual proposed development project, or 240,820 square feet in total (the maximum amount conceptually disclosed and analyzed in the 2012 Specific Plan EIR), to ensure that such uses are not approved to the exclusion of a healthy balance of neighborhood-serving retail, restaurants, hotels, businesses, and housing near transit.
- Adopting controls requiring voter approval of any proposal to allow new Office Space in the Specific Plan area to exceed 240,820 square feet, or to allow all combined new non-residential development in the Specific Plan area to exceed 474,000 square feet.



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Mike Lanza  
226 Yale Road  
Menlo Park, CA 94025



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Patti Fry  
1045 Wallea Drive  
Menlo Park, CA 94025



**INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS**

The city attorney has prepared the following title and summary of the chief purpose and points of the proposed measure:

*[Title and summary prepared by the city attorney to be reproduced here, once provided by the City Attorney, per Elections Code section 9203]*

**THE PEOPLE OF THE CITY OF MENLO PARK DO ORDAIN AS FOLLOWS:**

**Section 1. TITLE.**

- 1.1. This initiative measure shall be known and cited as the “El Camino Real/Downtown Specific Plan Area Livable, Walkable Community Development Standards Act.”

**Section 2. PLANNING POLICY DOCUMENTS COVERED.**

- 2.1. This initiative measure enacts certain development definitions and standards within the City of Menlo Park General Plan and the Menlo Park El Camino Real/Downtown Specific Plan (“ECR Specific Plan”).
- 2.2. In this initiative measure the above two documents are referred to collectively as the “Planning Policy Documents.”
- 2.3. Within 30 days of this measure’s effective date, the City shall cause the entire text of this measure to be incorporated into the electronic version of each of the Planning Policy Documents posted at the City’s website, and all subsequently distributed electronic or printed copies of the Planning Policy Documents, which incorporation shall appear immediately following the table of contents of each such document.

**Section 3. ECR SPECIFIC PLAN AREA VOTER-ADOPTED DEVELOPMENT DEFINITIONS AND STANDARDS.**

- 3.1. **ECR SPECIFIC PLAN AREA DEFINED.** When referring to the “ECR Specific Plan Area,” this initiative measure is referring to the bounded area within the Vision Plan Area Map located at Page 2, Figure I, of the El Camino Real/Downtown Vision Plan, accepted by the Menlo Park city Council on July 15, 2008, which is attached as Exhibit 1 to this measure and hereby adopted by the voters as an integral part of this initiative measure.

**3.2. OPEN SPACE DEFINITIONS AND STANDARDS; ABOVE GROUND LEVEL OPEN SPACE EXCLUDED FROM CALCULATIONS OF MINIMUM OPEN SPACE REQUIREMENTS FOR DEVELOPMENT PROJECTS WITHIN THE ECR SPECIFIC PLAN AREA.**

- 3.2.1. As adopted on July 12, 2012, the ECR Specific Plan's Appendix includes the following definition of "Open Space": "The portion of the building site that is open, unobstructed and unoccupied, and otherwise preserved from development, and used for public or private use, including plazas, parks, walkways, landscaping, patios and balconies. It is inclusive of Common Outdoor Open Space, Private Open Space and Public Open Space as defined in this glossary. It is typically located at ground level, though it includes open space atop a podium, if provided, and upper story balconies. Open space is also land that is essentially unimproved and devoted to the conservation of natural resources." The foregoing definition is hereby amended, restated and adopted by the voters to instead read: "The portion of the building site that is open, unobstructed and unoccupied, and otherwise preserved from development, and used for public or private use, including plazas, parks, walkways, landscaping, patios, balconies, and roof decks. It is inclusive of Common Outdoor Open Space, Private Open Space and Public Open Space as defined in this glossary. Open space up to 4 feet in height associated with ground floor level development or atop a podium up to 4 feet high, if provided, shall count toward the minimum open space requirement for proposed development. Open space greater than 4 feet in height, whether associated with upper story balconies, patios or roof decks, or atop a podium, if provided, shall not count toward the minimum open space requirement for proposed development. Open space is also land that is essentially unimproved and devoted to the conservation of natural resources."
- 3.2.2. As adopted on July 12, 2012, the ECR Specific Plan's Appendix includes the following definition of "Private Open Space": "An area connected or immediately adjacent to a dwelling unit. The space can be a balcony, porch, ground or above grade patio or roof deck used exclusively by the occupants of the dwelling unit and their guests." The foregoing definition is hereby adopted by the voters.
- 3.2.3. As adopted on July 12, 2012, the ECR Specific Plan's Appendix includes the following definition of "Common Outdoor Open Space": "Usable outdoor space commonly accessible to all residents and users of the building for the purpose of passive or

active recreation.” The foregoing definition is hereby adopted by the voters.

- 3.2.4. As adopted on July 12, 2012, ECR Specific Plan Standard E.3.6.01 states: “Residential developments or Mixed Use developments with residential use shall have a minimum of 100 square feet of open space per unit created as common open space or a minimum of 80 square feet of open space per unit created as private open space, where private open space shall have a minimum dimension of 6 feet by 6 feet. In case of a mix of private and common open space, such common open space shall be provided at a ratio equal to 1.25 square feet for each one square foot of private open space that is not provided.” The foregoing standard is hereby adopted by the voters.
- 3.2.5. As adopted on July 12, 2012, ECR Specific Plan Standard E.3.6.02 states: “Residential open space (whether in common or private areas) and accessible open space above parking podiums up to 16 feet high shall count towards the minimum open space requirement for the development.” The foregoing Standard is hereby amended, restated and adopted by the voters to instead read: “Ground floor open space up to 4 feet high (whether in common or private areas) and accessible open space above parking podiums up to 4 feet high shall count towards the minimum open space requirement for the development. Open space exceeding 4 feet in height (regardless of whether in common or private areas or associated with podiums) shall not count towards the minimum open space requirement for the development.”
- 3.2.6. After this measure becomes effective, Tables E6, E7, E8, E9, E10, E11, E12, E13, E14, E15, in the ECR Specific Plan, which, as adopted on July 12, 2012, state that “residential open space, whether in common or private areas, shall count toward the minimum open space requirement for the development” are each hereby amended, restated and adopted by the voters to instead read at the places where the foregoing statement appears: “only ground floor level residential open space in common or private areas up to 4 feet high and accessible open space above parking podiums up to 4 feet high shall count toward the minimum open space requirement for the development; residential open space in common or private areas exceeding 4 feet in height and open space above parking podiums exceeding 4 feet in height shall not.”

**3.3. OFFICE SPACE DEFINED; MAXIMUM OFFICE SPACE ALLOWED FOR INDIVIDUAL OR PHASED DEVELOPMENT PROJECTS WITHIN THE ECR SPECIFIC PLAN AREA.**

- 3.3.1. As adopted on July 12, 2012, the ECR Specific Plan's Appendix includes the following Commercial Use Classification for "Offices, Business and Professional": "Offices of firms or organizations providing professional, executive, management, or administrative services, such as accounting, advertising, architectural, computer software design, engineering, graphic design, insurance, interior design, investment, and legal offices. This classification excludes hospitals, banks, and savings and loan associations." The foregoing Commercial Use Classification is hereby adopted by the voters.
- 3.3.2. As adopted on July 12, 2012, the ECR Specific Plan's Appendix includes the following Commercial Use Classification for "Offices, Medical and Dental": "Offices for a physician, dentist, or chiropractor, including medical/dental laboratories incidental to the medical office use. This classification excludes medical marijuana dispensing facilities, as defined in the California Health and Safety Code." The foregoing Commercial Use Classification is hereby adopted by the voters.
- 3.3.3. As adopted on July 12, 2012, the ECR Specific Plan's Appendix includes the following Commercial Use Classification for "Banks and Other Financial Institutions": "Financial institutions providing retail banking services. This classification includes only those institutions engaged in the on-site circulation of money, including credit unions." The foregoing Commercial Use Classification is hereby adopted by the voters.
- 3.3.4. The foregoing, voter-adopted Commercial Use Classifications are hereby collectively referred to in this measure as "Office Space."
- 3.3.5. After this measure becomes effective, the maximum amount of Office Space that any individual development project proposal within the ECR Specific Plan area may contain is 100,000 square feet. No City elected or appointed official or body, agency, staff member or officer may take, or permit to be taken, any action to permit any individual development project proposal located within the ECR Specific Plan area that would exceed the foregoing limit.
- 3.3.6. For purposes of this provision, all phases of a multi-phased project proposal shall be collectively considered an individual project.

- 3.3.7. The foregoing limitation is in addition to applicable Floor Area Ratio (FAR) limitations, including Public Benefit Bonuses, that may apply to a proposed development project.
- 3.3.8. Any authorization, permit, entitlement or other approval issued for a proposed development project by the City after the effective date of this measure is limited by the foregoing provisions, and any claimed “vested right” to develop under any such authorization, permit, entitlement or other approval shall be and is conditioned on the foregoing 100,000 square foot limitation on Office Space, whether or not such condition is expressly called out or stated in the authorization, permit, entitlement or other approval.

**3.4. ECR SPECIFIC PLAN AREA MAXIMUM TOTAL NON-RESIDENTIAL AND OFFICE SPACE DEVELOPMENT ALLOWED.**

- 3.4.1. This Section 3.4 of this measure hereby incorporates the voter adopted Commercial Use Classifications and definition of “Office Space” stated within Section 3.3 above.
- 3.4.2. The Final Environmental Impact Report (EIR) for the ECR Specific Plan, as certified by the City on June 5, 2012, at page 3-11, states that it conceptually analyzes net, new development of 240,820 square feet of Commercial Space. After this measure becomes effective, the maximum square footage of all net, new Office Space that may be approved, entitled, permitted or otherwise authorized by the City in the aggregate within the ECR Specific Plan Area after the ECR Specific Plan’s adoption on July 12, 2012 shall not exceed the 240,820 square feet of Commercial Space disclosed and analyzed in the ECR Specific Plan EIR.
- 3.4.3. As adopted on July 12, 2012, the ECR Specific Plan at page G16, states as follows:

“The Specific Plan establishes the maximum allowable net new development as follows:

- Residential uses: 680 units; and
- Non-residential uses, including retail, office and hotel: 474,000 Square Feet.

The Specific Plan divides the maximum allowable development between residential and non-residential uses as shown, recognizing the particular impacts from

residential development (e.g., on schools and parks) while otherwise allowing market forces to determine the final combination of development types over time.

The Planning Division shall at all times maintain a publicly available record of:

- The total amount of allowable residential units and non-residential square footage under the Specific Plan, as provided above;
- The total number of residential units and nonresidential square footage for which entitlements and building permits have been granted;
- The total number of residential units and nonresidential square footage removed due to building demolition; and
- The total allowable number of residential units and non-residential square footage remaining available.”

The foregoing passage of the Specific Plan is hereby amended, restated and adopted by the voters to instead read as follows:

“The Specific Plan establishes the maximum allowable net new development as follows:

- Residential uses: 680 units; and
- Non-residential uses, including retail, office and hotel: 474,000 Square Feet, with uses qualifying as Office Space under Section 3.3, above, constituting no more than 240,820 Square Feet.

The Specific Plan divides the maximum allowable development between residential and non-residential uses as shown, recognizing the particular impacts from residential development (e.g., on schools and parks) while otherwise allowing market forces to determine the final combination of development types over time, subject to the Square Footage limitations stated above.

The Planning Division shall at all times maintain a publicly available record of:

- The total amount of allowable residential units, non-residential square footage, and Office Space square footage allowed under the Specific Plan, as provided above;
- The total number of residential units for which any vesting entitlement or building permit has been granted after the ECR Specific Plan's adoption on July 12, 2012;
- The total nonresidential square footage for which any vesting entitlement or building permit has been granted after the ECR Specific Plan's adoption on July 12, 2012;
- The total Office Space square footage for which any vesting entitlement or building permit has been granted after the ECR Specific Plan's adoption on July 12, 2012;
- The total number of unconstructed residential units, nonresidential square footage, or Office Space square footage for which any vesting entitlement or building permit has been issued after the ECR Specific Plan's adoption on July 12, 2012, but that have subsequently been credited back toward the calculation due to the irrevocable expiration, abandonment, rescission or invalidation of such vesting entitlement or building permit prior to construction;
- The total number of residential units, nonresidential square footage, or Office Space square footage that have been credited back toward the net calculation due to building demolition completed after the ECR Specific Plan's adoption on July 12, 2012; and
- The total allowable number of residential units, non-residential square footage, and Office Space square footage remaining available.

For purposes of the foregoing provisions ‘vesting entitlement’ means any ministerial or discretionary action, decision, agreement, approval or other affirmative action of any City elected or appointed official or body, agency, staff member or officer (including, but not limited to, the adoption of a development agreement or approval of a vesting tentative map), that confers a vested right upon the developer to proceed with the development project.”

- 3.4.4. As adopted on July 12, 2012, The ECR Specific Plan, at page G16, states: “Any development proposal that would result in either more residences or more commercial development than permitted by the Specific Plan would be required to apply for an amendment to the Specific Plan and complete the necessary environmental review.” The foregoing passage of the Specific Plan is hereby amended, restated and adopted by the voters to instead read as follows: “Any development proposal that would result in more net, new residential units, non-residential square footage (474,000 square feet maximum) or Office Space square footage (240,820 square feet maximum) than permitted by the Specific Plan as restated and amended at Section 3.4.3, above, would be required to apply for an amendment to the Specific Plan and complete the necessary environmental review. Voter approval shall not be required to amend the Specific Plan to increase the number of net, new residential units allowed beyond the limit stated in this measure. Voter approval shall be required to increase the amount of net, new non-residential or Office Space square footage allowed beyond the limits stated in this measure.”
- 3.4.5. The foregoing limitations are in addition to applicable Floor Area Ratio (FAR) limitations, including Public Benefit Bonuses, that may apply to a proposed development project.
- 3.4.6. Any authorization, permit, entitlement or other approval issued for a proposed development project by the City after the effective date of this measure is limited by the foregoing provisions, and any claimed “vested right” to develop under any such authorization, permit, entitlement or other approval shall be and is conditioned on the foregoing aggregate limits on net, new residential, non-residential and Office Space development, whether or not such condition is expressly called out or stated in the authorization, permit, entitlement or other approval.



**Section 4. NO AMENDMENTS OR REPEAL WITHOUT VOTER APPROVAL.**

- 4.1. Except for as provided at Section 3.4.4 above regarding the City's ability to approve without voter ratification an amendment to the Specific Plan to accommodate development proposals that would call for an increase in the allowable number of residential units under the Specific Plan, the voter-adopted development standards and definitions set forth in Section 3, above, may be repealed or amended only by a majority vote of the electorate of the City of Menlo Park voting "YES" on a ballot measure proposing such repeal or amendment at a regular or special election. The entire text of the proposed definition or standard to be repealed, or the amendment proposed to any such definition or standard, shall be included in the sample ballot materials mailed to registered voters prior to any such election.
- 4.2. Consistent with the Planning and Zoning Law and applicable case law, the City shall not adopt any other new provisions or amendments to the Policy Planning Documents that would be inconsistent with or frustrate the implementation of the voter-adopted development standards and definitions set forth in Section 3, above, absent voter approval of a conforming amendment to those voter-adopted provisions.

**Section 5. PRIORITY.**

- 5.1. After this measure becomes effective, its provision shall prevail over and supersede all provisions of the municipal code, ordinances, resolutions, and administrative policies of the City of Menlo Park which are inferior to the Planning Policy Documents and in conflict with any provisions of this measure.

**Section 6. SEVERABILITY.**

- 6.1. In the event a final judgment of a court of proper jurisdiction determines that any provision, phrase or word of this initiative measure, or a particular application of any such provision, phrase or word, is invalid or unenforceable pursuant to state or federal law, the invalid or unenforceable provision, phrase, word or particular application shall be severed from the remainder of this measure, and the remaining portions of this measure shall remain in full force and effect without the invalid or unenforceable provision, phrase, word or particular application.

**Section 7. CONFLICT WITH OTHER BALLOT MEASURES.**

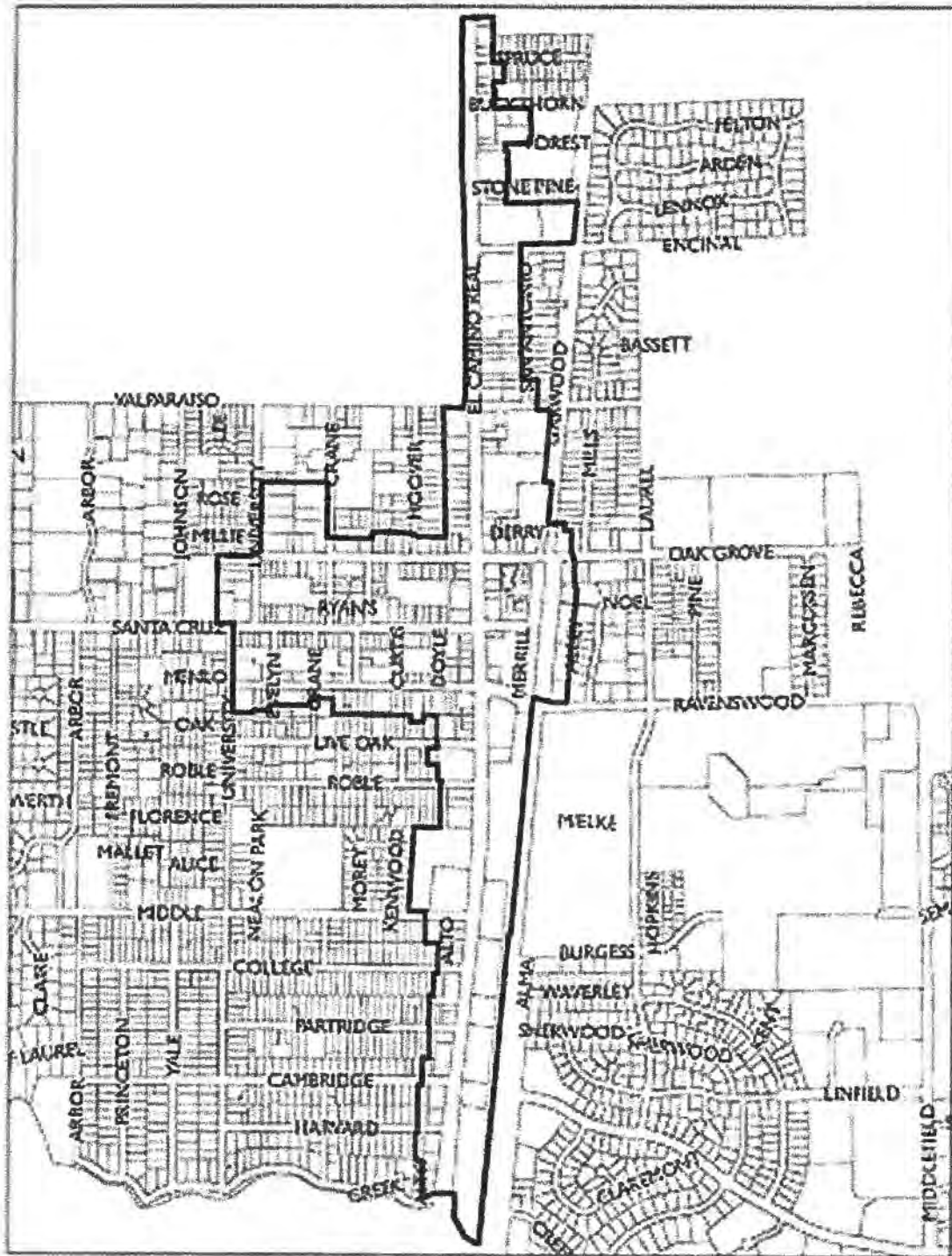
- 7.1. In the event that any other ballot measure is proposed for voter approval on the same election ballot as this initiative measure, and that other measure contains provisions which deal with the same or similar subjects, it is the intent of the voters in adopting this measure that this measure shall prevail over any such other ballot measure in its entirety to the extent that this measure is approved and receives a greater number of votes for approval than the other measure. In such case, the other measure is null and void and no provision of the other measure shall become effective.

**Section 8. EXEMPTION FOR CERTAIN PROJECTS.**

- 8.1. To the extent any particular development project or other ongoing activity has, prior to the effective date of this measure, obtained a legally valid, vested right under state or local law to proceed in a manner inconsistent with one or more of the voter-adopted development definitions and standards at Section 3 of this measure, the specific, inconsistent definitions and standards shall not be interpreted as applying to or affecting the project or activity. If other definitions or standards in Section 3 are not inconsistent with such vested rights, those other definitions or standards shall continue to apply to the project or activity. Projects or activities that may, themselves, be exempt from Section 3.4 of this measure by virtue of the foregoing provision, shall, to the extent the building permit for the project post-dates the ECR Specific Plan's adoption on July 12, 2012, still be counted toward the calculation of net, new amount of pre-existing approved residential units, non-residential square footage or Office Space square footage within the ECR Specific Plan area called for by Section 3.4.3, above, when assessing whether the City may approve, entitle, permit or otherwise authorize a different project or proposal to proceed under Section 3.4 of this measure.
- 8.2. To the extent that one or more of the development definitions and standards in Section 3 of this measure, if applied to any particular land use or development project or proposal would, under state or federal law, be beyond the initiative powers of the City's voters under the California Constitution, the specific, inconsistent definitions and standards shall not be interpreted as applying to that particular project or proposal. If other definitions or standards in Section 3, as applied to any such project or proposal, would not be beyond the initiative powers of the City's voters under the California Constitution, those definitions or standards shall continue to apply to the project or proposal. Projects or activities that may, themselves, be exempt from Section 3.4 of this measure by virtue of the foregoing provision, shall, to the extent the building permit for the project post-dates the ECR Specific Plan's adoption on July 12, 2012, still be counted toward the calculation of net, new amount of pre-existing

approved residential units, non-residential square footage or Office Space square footage within the ECR Specific Plan area called for by Section 3.4.3, above, when assessing whether the City may approve, entitle, permit or otherwise authorize a different project or proposal to proceed under Section 3.4 of this measure.

**EXHIBIT 1**  
**ECR Specific Plan Area**



## Ballot Title and Summary Prepared Pursuant to Elections Code Section 9203

**AN INITIATIVE MEASURE PROPOSING AMENDMENTS TO THE CITY OF MENLO PARK GENERAL PLAN AND MENLO PARK 2012 EL CAMINO REAL/DOWNTOWN SPECIFIC PLAN LIMITING OFFICE DEVELOPMENT, MODIFYING OPEN SPACE REQUIREMENTS, AND REQUIRING VOTER APPROVAL FOR NEW NON-RESIDENTIAL PROJECTS THAT EXCEED SPECIFIED DEVELOPMENT LIMITS**

The initiative measure proposed by this petition (“measure”) would amend the City of Menlo Park General Plan and Menlo Park El Camino Real/Downtown Specific Plan (“ECR/Downtown Specific Plan”) adopted by the Menlo Park City Council on July 12, 2012 by imposing more restrictive development standards in the area of the City governed by the ECR/Downtown Specific Plan than currently imposed.

The measure includes revised definitions and standards for open space requiring that only open space areas that do not exceed four (4) feet in height shall be calculated for meeting the minimum open space requirements. The measure mandates that office space in any individual development not exceed 100,000 square feet, caps the total net, new office space approved after July 12, 2012 at 240,820 square feet and retains the overall cap of 474,000 square feet for all net, new non-residential development in the ECR/Downtown Specific Plan area. The measure also would adopt specified definitions and standards in the current ECR/Downtown Specific Plan relating to open space and office space.

Under the measure, the City Council cannot amend the definitions and development standards set forth in the measure as these provisions can be amended only with voter approval. In addition, voter approval is required to exceed the office space and non-residential square footage limits. Voter approval would not be required to exceed the 680 residential unit limit.

The measure exempts projects with vested rights to build that were obtained before the effective date of the measure from any conflicting definitions or standards set forth in the measure, but such projects would count against the square footage limits imposed by the measure if such projects received a building permit after the adoption of the ECR/Downtown Specific Plan on July 12, 2012.

The proposed measure includes a severability clause so that if portions of the measure are deemed invalid, the remaining portions would remain in effect. A priority clause states that this measure would prevail over all conflicting City ordinances, resolutions and administrative policies. A conflicts provision provides that any competing measures on the same ballot as this measure are null and void if this measure receives more votes.

The proposed measure requires approval by a majority of the voters in Menlo Park voting on the measure to become effective.

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## PUBLIC WORKS DEPARTMENT

**Council Meeting Date: March 18, 2014**  
**Staff Report #: 14-044**

**Agenda Item #: F-2**

**REGULAR BUSINESS:**                    **Provide General Direction on the 5-Year Capital Improvement Plan Including Capital and Other Projects to be Included in the City Manager's Proposed 2014-15 Budget**

### RECOMMENDATION

Staff recommends that Council provide general direction on the 5-year Capital Improvement Plan including capital and other projects funded in fiscal year 2014-15, (Attachment A), and approve the general direction included in the 5-Year Capital Improvement Plan.

### BACKGROUND

A 5-Year Capital Improvement Plan (CIP) provides a useful long-term planning tool, increasing clarity regarding project status by distinguishing between funded projects, proposed projects, planned projects and unfunded projects. An additional purpose of the CIP is to ensure resources are optimally prioritized in each fiscal year. The CIP is intended to incorporate the City's investments in infrastructure development and maintenance (i.e. capital improvements), with comprehensive planning and other significant capital expenditures adding to, or strategically investing in, the City's asset inventory. Studies and capital expenditures less than \$25,000 are included in the operating budget instead of the CIP.

The 2014-15 CIP process started in September 2013 when departments submitted potential projects to a cross-departmental staff team (CIP Team) for review, analysis and prioritization. Commissions received the draft CIP in late November and were asked to gather and provide community input on the plan at their December and January meetings. Each Commission reviewed the 5-year plan and provided comments. Comments from the Commissions are included in Attachment C. Overall, Commissions supported the proposed Plan and had some input which included suggestions for reassigning projects from the unfunded list to the active list, accelerating projects, adding new and/or eliminating projects and updating some project descriptions. The CIP team evaluated the Commission comments. Due to the Council's priorities, lack of staffing or funding sources to implement the changes proposed by the Commissions, projects generally made adding all projects suggested not possible at this time.

## **ANALYSIS**

This report provides Council with the proposed CIP for 2014-19 which includes various time frame changes, project description updates, and the removal of some projects from the list of those previously recommended for funding. Some new projects have also been added to the interim years and the final year of the 5-year CIP (Attachment B). This year, the proposed CIP was also reorganized in a format that is easier for the reader to follow. As was the process last year, staff seeks direction identifying the projects to be included in the upcoming fiscal year's Budget. Both the 5-Year CIP for fiscal years 2014-15 through 2018-19 and the City Manager's proposed budget for fiscal year 2014-15 will be presented to the Council in May for approval and adoption.

Proposed changes to the previous year's Plan came from staff analysis of each project using established criteria, including: public health and safety risk exposure, protection of infrastructure and cultural heritage, economic development and redevelopment, impacts on operating budgets, external requirements (such as State mandates), population served, community/Commission support and more. Attachment B includes revisions to the previous Plan. Projects not ranked high enough according to these criteria are recorded in the ongoing index of unfunded projects included as Appendix C of the CIP report.

This 5-year CIP includes 30 projects recommended for implementation in FY 2014-15 and 51 additional projects for implementation in future years. Last year's CIP included 25 projects recommended for implementation in FY 2013-14 and 53 additional projects recommended for implementation in future fiscal years. Several of the proposed projects in this CIP address ongoing infrastructure or facility maintenance needs and are programmed on an annual, bi-annual or other periodic basis. Examples include street resurfacing and sidewalk repair.

### ***Challenges to the 5-Year CIP***

*Staffing and other resources limit ability to implement projects:* The proposed 5-year CIP was developed with constraints for available funding. Projects were not recommended unless they had an identifiable and realistic source of funding (except technology upgrades that do not have a dedicated funding source as discussed below). However, due to the need to commit significant staff resources to major City facility projects in 2010-11 and 2011-12, the 5-year CIP was not adequately constrained by available staff resources to implement the projects. The new unbudgeted City Buildings constructed in 2010-11 and 2011-12 created a back log that has continued to impact the current and planned projects. In Fiscal Year 2013-14, the Engineering CIP group experienced two vacancies. These positions worked directly with CIP projects; therefore, it affected the timing of several projects in the plan. Some projects were shifted to a subsequent year, competing with other needed projects for staff resources. In addition, the dissolution of the Redevelopment Agency (RDA) resulted in the elimination of a vacant Senior Engineer position which was funded by the RDA. Staff has attempted to avoid scheduling capital projects without first ensuring that adequate



staff resources are available to provide construction oversight and administrative management of the project.

### **2014-15 Capital Spending**

In accordance with Council's direction on the CIP for the 2014-15 fiscal year, staff will include funding for infrastructure maintenance and develop line item budget detail for all projects approved for the first fiscal year of the 5-year CIP (Attachment A). The 5-year CIP contains the listing of the 31 projects staff is recommending for inclusion in the 2014-15 budget, reflected Appendix C, as replicated below.

Table – New Capital Projects Summary FY 2014-15

<b>New Capital Projects</b>	<b>FY 2014-15 Budget</b>	<b>5-Year Total Budget</b>
Administration Building Carpet Replacement	400,000	400,000
Bay Levee Project	140,000	320,000
Belle Haven Child Development Center Flooring Replacement	50,000	50,000
Belle Haven Pool Analysis and Audit	100,000	100,000
Chrysler Pump Station Improvements	350,000	350,000
Downtown Parking Utility Underground	400,000	4,550,000
Downtown Streetscape Improvement Project (Specific Plan)	80,000	470,000
El Camino Real/Ravenswood NB Right Turn Lane Design and Construction	1,020,000	1,020,000
Fire Plans and Equipment Replacement at Council Chambers, Onetta Harris Community Center and Library	60,000	60,000
Heritage Tree Ordinance Program Evaluation	50,000	50,000
High Speed Rail Coordination	50,000	200,000
Implement Strategic Plan to Improve Public Area Trash and Recycling Citywide	65,000	65,000
Library Landscaping	300,000	300,000
Library Space Needs Study	130,000	130,000
Overnight Parking App	70,000	70,000
Playground Equipment Assessment	30,000	30,000
Pope/Chaucer Bridge Replacement	60,000	60,000
Radio Infrastructure Replacement	26,000	126,000
Re-roof Reservoir 2	300,000	300,000
Retractable Lights Installation at Gymnasium, Gymnastics and Family Recreation Centers	150,000	150,000

Sand Hill Road Signal Interconnect	1,495,000	1,495,000
Urban Water Management Plan	100,000	100,000
Water Rate Study	50,000	50,000
Water System Master Plan	500,000	500,000
Willow Oaks Dog Park Renovation	50,000	300,000
Willow Place Bridge Abutment Repairs	60,000	310,000
<b>SUB TOTAL</b>	<b>6,086,000</b>	<b>11,556,000</b>

<b>Maintenance of Current Infrastructure</b>	<b>FY 2014-15 Budget</b>	<b>5-Year Total Budget</b>
City Buildings (Minor)	325,000	1,675,000
Park Improvements (Minor)	150,000	790,000
Sidewalk Repair Program	300,000	1,500,000
Storm Drain Improvements	110,000	580,000
<b>SUB TOTAL</b>	<b>885,000</b>	<b>4,545,000</b>

The listing does not include current projects that are fully funded in this or a previous year's budget and are continuing into 2014-15. Rather, the list shows only new projects and current projects that require an additional funding appropriation. Included for 2014-15 are 27 new capital projects for a total of \$6,086,000.

Also included for the 2014-15 fiscal year are four projects, many of which are on-going from year-to-year, pertaining to the maintenance of current infrastructure. These projects total \$885,000 in the current fiscal year, which is lower than the previous year due to the shift forward of street resurfacing cycle that includes design in even years and construction in odd years. The average annual funding for infrastructure maintenance over the entire five year period covered by the CIP from all funding sources is approximately \$3.7 million per year.

***Update of Current Capital Improvement Projects***

Included as Appendix A of Attachment A is an overall summary table and status report of funded projects that are currently active and projects that have been completed since the last update in March 2013 and those that will start later. In addition, a project composite of current projects and overview can be found in Appendix A of Attachment A.

***Changes to the Plan Since Release of the Draft CIP***

- The Overnight Parking App description was revised to describe associated updates to the administrative procedures and the ordinance to reflect this new

permitting functionality. In addition, the Ordinance would be updated to include the new R-4-S zoning district to the list of other residential districts, and potentially include a prohibition of overnight parking in the M-2 and M-3 zoning districts to prevent parking of tractor trailers.

- Staff has included additional funding (\$300,000) for the Sand Hill Re-roof Reservoir 2 project. During the design of the project, staff and roof manufacturer representative inspected the underside of the roof and it was determined the roof joist hangers showed significant signs of rusting. In order to replace the hangers it is necessary to remove the underlayment of the roof which was not part of the original project. Additional funding will be supported by the water capital fund.
- Two project requests from the Commissions were added to the non-funded category. The Undergrounding Overhead Lines and the Innovation Transportation Solutions.
- Appendix A –Overview Schedule of Previously Funded Projects has also been revised to reflect current workloads and show the different phases of each project.
- The Portable Concert Stage Trailer was removed from the plan in year 2014-15 and was funded this fiscal year (2013-14). The project cost increased from \$52,500 to \$75,000.

Staff recommends that the Council provide direction on the projects on Appendix C of the 5-Year CIP (Attachment A) so that the development of the 2014-15 budget can proceed with an accurate distribution of personnel costs between programs, projects and funds.

## **IMPACT ON CITY RESOURCES**

The purpose of early review and approval by the City Council of the 2014-15 Capital Improvement Projects is to enable the distribution of staff hours and other resources that will be dedicated to capital projects in the development of the City Manager's proposed budget for the 2014-15 fiscal year.

Ultimately, the choices that the City Council makes about service levels and projects will determine where City resources are budgeted.

## **POLICY ISSUES**

Council to provide approval of the proposed capital projects to be included in the 2014-15 budget in the context of the 5-year CIP. The proposed budget will then better reflect the Council's priorities for meeting the City's capital needs. This portion of the budgeting process, leading to Council adoption in June, represents no changes in City policy.

## **ENVIRONMENTAL REVIEW**

Environmental review is not required of the 5-year CIP or the projects listed for the 2014-15 fiscal year. Certain projects, however, may be subject to environmental review before they are implemented.

## **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. Five-Year Capital Improvement Plan
- B. Revisions to the Previous Year's CIP
- C. Commission Input Memorandum

Report prepared by:  
*Charles Taylor*  
*Director of Public Works*

CITY OF MENLO PARK

FIVE-YEAR

CAPITAL IMPROVEMENT PLAN

FY 2014-19



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## INTRODUCTION

This 5-year Capital Improvement Plan (CIP) for the City of Menlo Park is the community's plan for short and long-range development, maintenance, improvement and acquisition of infrastructure assets to benefit the City's residents, businesses, property owners and visitors. It provides a linkage between the City's General Plan, various master planning documents and budget, and provides a means for planning, scheduling and implementing capital and comprehensive planning projects over the next 5 years (through FY 2018/19).

This is the fifth year of the new CIP, which provides a long-term approach for prioritizing and selecting new projects in the City. Although the plan document is updated annually, it allows the reader to review projects planned over the full 5-year timeframe, and provides an overview of works in progress. The CIP is intended to incorporate the City's investments in infrastructure development and maintenance (i.e. capital improvements) with other significant capital expenditures that add to or strategically invest in the City's inventory of assets. Studies and capital expenditures of less than \$25,000 are not included in the CIP.

### *Procedures for Developing Five-Year Capital Improvement Plan*

The procedures for developing the five-year CIP aim to enhance the City's forecasting, project evaluation and community engagement processes by creating a resource "toolbox" to be used throughout the decision-making process. It is not intended to limit the City's ability to adjust its programs, services and planned projects as unexpected needs, opportunities or impacts arise. With this in mind, the Council, City Manager, CIP Committee and other participants will need to observe these procedures and draw upon a variety of resources in order to effectively update and administer the plan.

### *Procedures for Submitting and Amending Projects*

Department managers initiate requests for new projects or purchases, and modifications to or reprioritization of existing projects. Initiating requests are accomplished by sending completed request form(s) and supporting information to the City Manager within the timeframes established by the Finance Department for annual budget preparation.

Request forms include estimated costs, benefits, risks associated with not completing the project/purchase, funding source(s), availability of funds, estimated timeframe for completing the project/purchase, and any anticipated impacts to previously approved projects.

### *Evaluation and Preliminary Ranking by Committee*

The CIP Committee performs the initial evaluation and ranking of proposed projects. Committee members consist of the City Manager or his/her designee; the Directors of Community Development, Community Services, Finance and Public Works; the Maintenance and Engineering Division Managers and any other staff, as designated by the City Manager. The Committee meets as needed, but not less than once each calendar year.

The Committee furnishes copies of its preliminary project rankings to all Department Managers prior to review by City Commissions and approval by the City Council.

### *Community Input*

Annual updating of the City's 5-year CIP is an integral part of the budget process. Early development of the CIP provides time for adequate review by the City's various commissions prior to Council consideration and incorporation into the annual budget. The draft CIP is posted to the City's website to encourage public input during this review process. The public also has opportunities to comment on the plan through the review processes of the various commissions and during the public hearing held prior to the adoption of the plan by the City Council.

### *Prioritization Criteria*

Projects are prioritized in accordance with evaluation criteria which include, but are not limited to, the following:

- Public Health and Safety/Risk Exposure
- Protection of Infrastructure
- Economic Development
- Impacts on Operating Budgets
- External Requirements
- Population Served
- Community/Commission Support
- Relationship to Adopted Plans
- Cost/Benefit
- Availability of Financing
- Capacity to Deliver/Impacts to Other Projects

Projects that are not ranked high enough to be prioritized for this 5-year plan are recorded in an ongoing index of non-funded projects attached to the CIP. Indexing extends back a minimum of 4 years from the current fiscal year.

### *Funding Plans for Five-Year CIP*

Once each year, the Council adopts an updated 5-year CIP that includes all prioritized short and long-term projects. Each year, the proposed CIP is published for public review prior to a Public Hearing where the City Council will receive public comments and discuss the plan. Following the Public Hearing the City Council will modify and/or adopt the CIP.

### *Project Development and Selection Process*

The projects proposed in this 5-Year CIP were derived from a variety of sources, including but not limited to, recommendations from the City's Infrastructure Management Study (2007), Master Plans, City Council Goals, Regulatory Obligations, the Climate Action Plan (2009), and the 2009-2014



Redevelopment Implementation Plan (2009). Projects were analyzed and ranked by Department Heads and staff during the development of the draft plan.

Although not typically included as capital improvements, studies estimated to cost over \$25,000 are included in the CIP. Capital expenditures amounting to less than \$25,000 are not included in the CIP. Budget information relating to studies and capital expenditures of less than \$25,000 are included in the City Manager's Recommended Operating Budget, utilizing appropriate operating funds.

This 5-Year CIP includes 30 new projects recommended for implementation commencing in FY 2014/15 and 51 additional projects recommended for funding in future fiscal years. Other proposed projects that are not currently recommended are incorporated into the index of non-funded projects in Appendix E. The index also includes projects for which grant funding is being sought but has not yet been awarded.

### *Proposed Projects*

Several of the proposed projects in this CIP address ongoing infrastructure or facility maintenance needs and are programmed on an annual, bi-annual or periodic basis. Examples include street resurfacing and the sidewalk repair program.

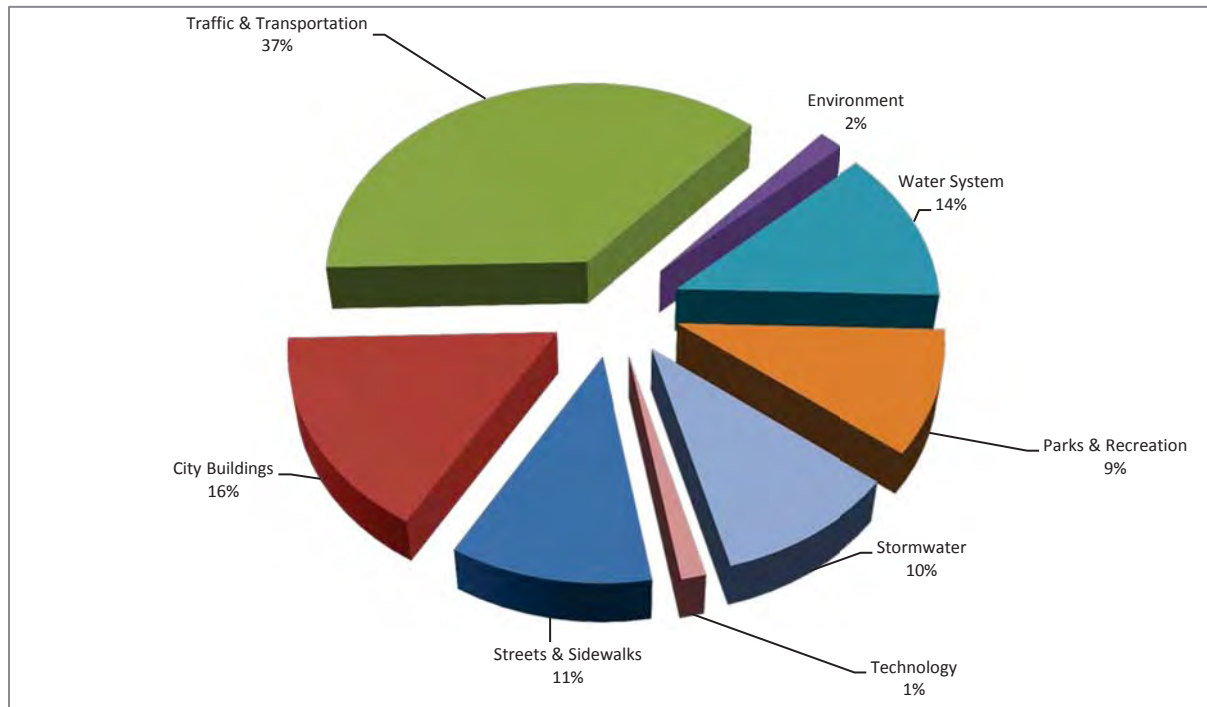
New capital projects and projects involving maintenance of current infrastructure are listed in Appendix B. Proposed projects for FY 2014/15 are listed and described in detail in Appendix C. Projects approved in prior fiscal years that have not yet been completed are listed in Appendix A.

Table 1 lists total funding levels for project categories proposed for FY 2014/15 with corresponding percentages of the total funding. Figure 1 graphically presents the percentages of total funding for each category.

**Table 1 - Proposed Project Funding Levels for FY 2014/15 by Category**

<b>Project Category</b>	<b>FY 2014/15 Funding</b>	<b>Percent of Total CIP FY 2014/15</b>
Streets & Sidewalks	780,000	11%
City Buildings	1,115,000	16%
Traffic & Transportation	2,565,000	37%
Environment	115,000	2%
Water System	950,000	14%
Parks & Recreation	630,000	9%
Stormwater	720,000	10%
Technology	96,000	1%
<b>TOTALS</b>	<b>\$6,971,000</b>	<b>100.00%</b>

**Figure 1 – FY 2014/15 Proposed Projects by Category**



### *Project Funding Sources*

The proposed FY 2014-19 CIP coordinates physical improvements with financial planning, allowing maximum benefits from available funding sources. The Plan relies on funding from various sources, largely retained in the Capital and Special Revenue funds, with uses that are usually restricted for specific purposes. Although an annual transfer from the General Fund to the City's General CIP Fund (currently \$2.5 million) is part of the City's operating budget, this funding is intended solely for maintaining *existing* infrastructure in its current condition. The restricted funding sources shown in Table 2 on the following page comprise the City's major project funding sources.

### *General Plan Consistency*

The FY 2014/15 projects listed in this Five-Year CIP will be presented to the Planning Commission during a Public Hearing prior to forwarding the plan to the City Council. The Planning Commission must review the CIP in order to adopt a finding that it is consistent with the City's General Plan.

### *Environmental Review*

The development of this 5-year plan is not a project, as defined in the California Environmental Quality Act (CEQA), and an environmental review is not required for its adoption. Individual projects listed herein may be subject to CEQA. Environmental reviews will be conducted at the appropriate times during implementation of those projects.

Table 2 – Funding Sources

Funding Sources	Uses	Primary Source Of Funds
Bedwell/Bayfront Park Maintenance/Operations	Park maintenance	Interest earned on sinking fund.
Construction Impact Fee	Street resurfacing	Fee charged for property development based on construction value
Downtown Parking Permit	Parking lot maintenance and improvements	Annual and daily fees from permits issued to merchants for employee and customer parking
General CIP Fund	Capital Projects	Funding for on-going maintenance of current infrastructure is provided annually by the General Fund
Highway Users Tax	Street resurfacing, sidewalks	State Gasoline Taxes
Library Bond Fund (1990)	Library capital improvements	Bond issuance proceeds and interest earned
Bedwell/Bayfront Park Landfill	Landfill post-closure maintenance and repairs	Surcharge on solid waste collection fees paid by customers
Measure A	Street resurfacing, bicycle lanes, Safe Routes to Schools	½ cent Countywide sales tax
Measure T Bond	Recreation facilities, park improvements	2006 and 2009 bond proceeds and accumulated interest
Recreation In-lieu Fee	Recreation facilities, park and streetscape improvements	Fee charged for residential property development based on number of units and market value of land
Public Library Fund	Library projects and programs.	State grants
Sidewalk Assessment	Sidewalk repairs	Annual property tax assessment, per parcel
Solid Waste Service Fund	Solid Waste Management and Recycling Programs and Projects	Solid waste rates charged to residential and commercial accounts
Storm Drainage Connection Fees	Storm drainage capacity improvements	Fee charged for property development per lot, per unit, or per square foot of impervious area
Transportation Impact Fee (replaces Traffic Impact Fee)	Intersection improvements, sidewalks, traffic signals, traffic calming, bicycle circulation, transit systems	Fee charged for property development at per unit or per square foot rates
Water Fund – Capital	Water distribution and storage	Surcharge per unit of water sold

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# Appendix A

## Overview Schedule of Previously Funded Projects

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Public Works Department  
Projects Approved in Prior Years

Project Name	2013												2014											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>City Buildings</b>																								
City Administration Space Remodel																								
Facility Energy Retrofit																								
Retractable Lights Installation at Gymnastics																								
Administration Building Emergency Generator																								
City Buildings (Minor) 2013-14																								
Council Chambers Audio/Video, Mics and Voting Equipment																								
Water Conservations Upgrade for City Facilities																								
Automated Library Materials Return Area Renovation																								
<b>Comprehensive Planning Projects</b>																								
Housing Element																								
General Plan Update (M-2 Plan)																								
<b>Environmental</b>																								
Energy Efficiency/Renewable Energy Program for Residential and Commercial Sector Master Plan																								
Bedwell Bayfront Park Gas Collection System improvements study and Conceptual Design																								
Sustainable/Green Building Standards																								
<b>Parks &amp; Recreation</b>																								
Gas Flare at Bedwell Bayfront																								
Park Improvements (Minor) 2013-14																								
Preliminary Design of Restroom Facilities at Jack Lyle Memorial Park and Willows Oaks Park																								
Library Landscaping																								
<b>Stormwater</b>																								
Atherton Channel Flood Abatement																								
Pope/Chaucer Bridge Replacement																								
Bay Levee Design Project																								
Middlefield Road Storm Drain																								
Chrysler Pump Station Improvements																								
Storm Drain Improvements 2012-13																								
Storm Drain Improvements 2013-14																								
Willow Place Bridge Abutments																								
Storm Drain Fee Study																								

**LEGEND**

- Planing/Study Phase
- Design Phase
- Construction Phase
- On Hold

**Public Works Department  
Projects Approved in Prior Years**

Project Name	2013												2014																							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec												
<b>Streets &amp; Sidewalks</b>																																				
Sidewalk Repair Program 2012-13	[Red]												Completed																							
Street Resurfacing Design 2012-13	[Red]						Completed																													
El Camino Tree Planting	[Purple]												[Red]																							
Santa Cruz Avenue Sidewalk Preliminary Design Phase	[Blue]																																			
Santa Cruz Avenue Sidewalks Improvements Design and Construction	[Yellow]																																			
Sidewalk Repair Program 2013-14													[Blue]						[Purple]						[Red]											
Street Resurfacing Project Construction 2013-14 (FED. AID)													[Blue]						[Purple]						[Red]											
Sand Hill Road Pathway Repair	[Yellow]												On-Hold PG&E																							
Utility Undergrounding Study of City Parking Plazas	[Yellow]												[Blue]																							
Sidewalk Master Plan Implementation	[Yellow]																																			
Parking Plaza 7 Renovation Design and Construction	[Yellow]																																			
<b>Technology</b>																																				
City Website Upgrade													[Purple]																							
Improved Infrastructure for the Delivery of Electronics Library Services-Study Website													[Blue]						On-Hold (TBD)																	
Radio Infrastructure Replacement and Antenna	[Yellow]						[Blue]																													
Technology Master Plan and Implementation (Permits Scanning, Financial System)													[Yellow]												On-Hold (TBD)											
<b>Transportation</b>																																				
Sand Hill Road/Branner Signal Mast Arm Construction	[Red]												Completed																							
Oak Grove/Merrill Intersection Lighted Crosswalk	[Purple]												[Red]																							
Willow Road Signal Interconnect	[Yellow]						[Blue]																													
El Camino Real/Ravenswood NB Right Turn Lane													[Blue]																							
El Camino Real Lane Reconfiguration Alternatives Study													[Blue]																							
High Speed Rail Coordination	[Blue] On-Going																																			
VA/Willow Road Traffic Signal Project	[Purple]												[Red]																							
Willow 101 Interchange	[Purple]																																			
Willow Road Improvements at Newbridge and Bayfront Expressway	[Purple]																																			
Safe Routes to Encinal School Plan Implementation	[Yellow]												[Blue]																							
<b>Water</b>																																				
Emergency Water Supply	[Blue]																																			
Sharon Heights Pump Station Design and Construction	[Red]																																			
Water Main Replacement Design and Construction Project 2012-13	[Purple]												[Red]																							
Reservoirs #1 and #2 Mixers	[Yellow]																																			
Reservoir Re-roofing													[Purple]																							

**LEGEND**

- Planning/Study Phase
- Design Phase
- Construction Phase
- On Hold

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# Appendix B

## Capital Improvement Plan Summary

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## 5 YEAR PLAN SUMMARY

Category	Funding Source	Budget	Projected				TOTAL
		2014-15	2015-16	2016-17	2017-18	2018-19	

Streets & Sidewalks							
Civic Center Sidewalk Replacement and Irrigation System Upgrades	General Fund	-	-	400,000	-	-	400,000
Downtown Parking Utility Underground	General Fund/Rule 20A	400,000	4,150,000	-	-	-	4,550,000
Downtown Streetscape Improvement Project (Specific Plan)	General Fund	80,000	115,000	165,000	110,000	-	470,000
El Camino Real Median and Side Trees Irrigation System Upgrade	General Fund	-	85,000	-	-	-	85,000
Parking Plaza 7 Renovations	Downtown Pkg	-	-	-	-	200,000	200,000
Sand Hill Road Pathway Repair	General Fund	-	250,000	-	-	-	250,000
Sidewalk Repair Program	General Fund/Sidewalk Assessment	300,000	300,000	300,000	300,000	300,000	1,500,000
Street Resurfacing	GF and others	-	230,000	6,770,000	250,000	6,770,000	14,020,000
<b>TOTAL</b>		<b>780,000</b>	<b>5,130,000</b>	<b>7,635,000</b>	<b>660,000</b>	<b>7,270,000</b>	<b>21,475,000</b>

City Buildings							
Administration Building Carpet Replacement	General Fund	400,000	-	-	-	-	400,000
Administration Building Conference Room Furniture Replacement	General Fund	-	-	-	-	200,000	200,000
Belle Haven Child Development Center Flooring Replacement	General Fund	50,000	-	-	-	-	50,000
Belle Haven Youth Center Improvements	General Fund	-	-	-	150,000	-	150,000
City Buildings (Minor)	General Fund	325,000	325,000	325,000	350,000	350,000	1,675,000
Fire Plans and Equipment Replacement at Council Chambers, Onetta Harris Community Center and Library	General Fund	60,000	-	-	-	-	60,000
Kitchen Upgrade at Onetta Harris Community Center	General Fund	-	-	-	-	30,000	30,000
Library Furniture Replacement	General Fund	-	-	-	450,000	-	450,000
Library Space Needs Study	Library/General Fund	130,000	-	-	-	-	130,000
Main Library Interior Wall Fabric Replacement	General Fund	-	150,000	-	-	-	150,000
Menlo Children's Center Carpet Replacement	General Fund	-	-	-	60,000	-	60,000
Police Department Space Use Study	General Fund	-	-	40,000	-	-	40,000
Police Front Office Counter Remodel/Security Upgrade	General Fund	-	70,000	-	-	-	70,000
Retractable Lights Installation at Gymnasium, Gymnastics and Family Recreation Centers	General Fund	150,000	-	-	-	-	150,000
<b>TOTAL</b>		<b>1,115,000</b>	<b>545,000</b>	<b>365,000</b>	<b>1,010,000</b>	<b>580,000</b>	<b>3,615,000</b>



Category	Funding Source	Budget	Projected				TOTAL
		2014-15	2015-16	2016-17	2017-18	2018-19	

Traffic & Transportation							
Alma/Ravenswood Pedestrian/Bike Study	Measure A	-	100,000	-	-	-	100,000
Caltrain Bike/Ped Undercrossing Design	TIF	-	-	-	500,000	-	500,000
El Camino Real/Ravenswood NB Right Turn Lane Design and Construction	TIF	1,020,000	-	-	-	-	1,020,000
Florence/Marsh and Bay/Marsh Signal Modification	Measure A	-	345,000	-	-	-	345,000
High Speed Rail Coordination	General Fund	50,000	50,000	50,000	50,000	-	200,000
Laurel Street/Ravenswood Signal Modification	TIF	-	195,000	-	-	-	195,000
Middlefield Road at Ravenswood Avenue Intersection Reconfiguration Study	Measure A	-	-	50,000	-	-	50,000
Middlefield Road at Willow Road Intersection Reconfiguration Study	Measure A	-	-	-	-	65,000	65,000
Pedestrian/Bicycle Master Plan Update	General Fund	-	-	-	-	250,000	250,000
Sand Hill Road Improvements (Addison/Wesley to I-280)	Measure A	-	-	TBD	-	-	TBD
Sand Hill Road Signal Interconnect	TIF/TA Grant	1,495,000	-	-	-	-	1,495,000
Sand Hill Road Signal Modification Project	TIF	-	-	-	250,000	-	250,000
Signal Interconnect Study	Measure A	-	-	-	-	50,000	50,000
<b>TOTAL</b>		<b>2,565,000</b>	<b>690,000</b>	<b>100,000</b>	<b>800,000</b>	<b>365,000</b>	<b>4,520,000</b>

Environment							
Alternative Transportation Social Marketing Program	Measure A	-	60,000	-	-	-	60,000
Bedwell Bayfront Park Gas Collection System Repair	Bedwell Landfill	-	-	-	100,000	-	100,000
Bedwell Bayfront Park Leachate Collection System Replacement	Bedwell Landfill	-	-	1,000,000	-	-	1,000,000
Bike Sharing Program Cost Benefit Study	Measure A	-	-	60,000	-	-	60,000
City Car Sharing Program Study	Measure A	-	-	-	50,000	-	50,000
Community Zero Waste Policy Draft	Solid Waste	-	50,000	-	-	-	50,000
Heritage Tree Ordinance Program Evaluation	General Fund	50,000	-	-	-	-	50,000
Implement Strategic Plan to Improve Public Area Trash and Recycling Citywide	Solid Waste	65,000	-	-	-	-	65,000
Installation of Electric Plug In Recharging Stations Cost Benefit Analysis and Plan	General Fund	-	30,000	-	-	-	30,000
Requirement for Pharmacy to Take back Pharmaceuticals Draft Ordinance	Solid Waste	-	25,000	-	-	-	25,000
Strategic Plan to Increase Local Food Production through Social Marketing, Education, and Community Garden Programs	General Fund	-	-	-	-	60,000	60,000
<b>TOTAL</b>		<b>115,000</b>	<b>165,000</b>	<b>1,060,000</b>	<b>150,000</b>	<b>60,000</b>	<b>1,550,000</b>

## 5 YEAR PLAN SUMMARY

Category	Funding Source	Budget	Projected				TOTAL
		2014-15	2015-16	2016-17	2017-18	2018-19	

Water System							
Automated Water Meter Reading	Water	-	-	120,000	1,200,000	1,200,000	2,520,000
Emergency Water Supply Project (2nd Well)	Water	-	-	-	-	TBD	TBD
Reroof Reservoir #2	Water	300,000	-	-	-	-	300,000
Urban Water Management Plan	Water	100,000	-	-	-	-	100,000
Water Main Replacements	Water	-	-	300,000	2,200,000	-	2,500,000
Water Rate Study	Water	50,000	-	-	-	-	50,000
Water System Master Plan	Water	500,000	-	-	-	-	500,000
<b>TOTAL</b>		<b>950,000</b>	<b>-</b>	<b>420,000</b>	<b>3,400,000</b>	<b>1,200,000</b>	<b>5,970,000</b>

Parks & Recreation							
Bedwell Bayfront Park Electrical Panel Upgrade	Bedwell Landfill	-	100,000	-	-	-	100,000
Belle Haven Pool Analysis and Audit	Rec in Lieu	100,000	-	-	-	-	100,000
Belle Haven Pool Deck Lighting	Rec in Lieu	-	30,000	-	-	-	30,000
Belle Haven Youth Center Playground Replacement	Rec in Lieu	-	TBD	-	-	-	-
Burgess Pool Deck Repairs	General Fund	-	-	135,000	-	-	135,000
Burgess Sports Field	General Fund	-	-	-	-	250,000	250,000
Jack Lyle Park Restrooms - Construction	Rec in Lieu	-	40,000	200,000	-	-	240,000
Jack Lyle Park Sports Field Sod Replacement	General Fund	-	100,000	-	-	-	100,000
La Entrada Baseball Field Renovation	General Fund	-	-	-	170,000	-	170,000
Library Landscaping	General Fund	300,000	-	-	-	-	300,000
Measure T Funds Evaluation/Project Ranking	Measure T	-	125,000	-	-	-	125,000
Nealon Park Sports Field Irrigation System	General Fund	-	-	-	-	50,000	50,000
Park Improvements (Minor)	General Fund	150,000	150,000	150,000	170,000	170,000	790,000
Park Pathways Repairs	General Fund	-	-	200,000	-	-	200,000
Playground Equipment Assessment & Replacement	Rec in Lieu	30,000	TBD	-	TBD	-	30,000
Relocation of Dog Park at Nealon Park	Rec in Lieu	-	-	-	25,000	125,000	150,000
Tennis Court Electronic Key Upgrade	General Fund	-	100,000	-	-	-	100,000
Willow Oaks Dog Park Renovation	Rec in Lieu	50,000	250,000	-	-	-	300,000
<b>TOTAL</b>		<b>630,000</b>	<b>895,000</b>	<b>685,000</b>	<b>365,000</b>	<b>595,000</b>	<b>3,170,000</b>

Category	Funding Source	Budget	Projected				TOTAL
		2014-15	2015-16	2016-17	2017-18	2018-19	

Stormwater							
Bay Levee Project	General Fund	140,000	90,000	90,000	-	-	320,000
Chrysler Pump Station Improvements	General Fund	350,000	-	-	-	-	350,000
Corporation Yard Storage Cover	General Fund	-	-	300,000	-	-	300,000
Pope/Chaucer Bridge Replacement	General Fund	60,000	-	-	-	-	60,000
Storm Drain Improvements	General Fund	110,000	115,000	115,000	120,000	120,000	580,000
Trash Capture Device Installation	General Fund	-	60,000	-	-	-	60,000
Willow Place Bridge Abutment Repairs	General Fund	60,000	250,000	-	-	-	310,000
<b>TOTAL</b>		<b>720,000</b>	<b>515,000</b>	<b>505,000</b>	<b>120,000</b>	<b>120,000</b>	<b>1,980,000</b>

Technology							
Overnight Parking App	General Fund	70,000	-	-	-	-	70,000
Radio Infrastructure Replacement	General Fund	26,000	100,000	-	-	-	126,000
Technology Master Plan and Implementation	General Fund	-	TBD	TBD	TBD	TBD	TBD
<b>TOTAL</b>		<b>96,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196,000</b>

<b>FISCAL YEAR TOTALS</b>		<b>6,971,000</b>	<b>8,040,000</b>	<b>10,770,000</b>	<b>6,505,000</b>	<b>10,190,000</b>	<b>42,476,000</b>
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# Appendix C

## Funded Projects for FY 2014/15

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## Funded Capital Projects Summary FY 2014/15

New Capital Projects	FY 2014/15 Budget	5-Year Total Budget
<b>Streets &amp; Sidewalks</b>		
Downtown Parking Utility Underground	400,000	4,550,000
Downtown Streetscape Improvement Project (Specific Plan)	80,000	470,000
Sidewalk Repair Program	300,000	1,500,000
<b>City Buildings</b>		
Administration Building Carpet Replacement	400,000	400,000
Belle Haven Child Development Center Flooring Replacement	50,000	50,000
City Buildings (Minor)	325,000	1,675,000
Fire Plans and Equipment Replacement at Council Chambers, Onetta Harris Community Center and Library	60,000	60,000
Library Space Needs Study	130,000	130,000
Retractable Lights Installation at Gymnasium, Gymnastics and Family Recreation Centers	150,000	150,000
<b>Traffic &amp; Transportation</b>		
El Camino Real/Ravenswood NB Right Turn Lane Design and Construction	1,020,000	1,020,000
High Speed Rail Coordination	50,000	200,000
Sand Hill Road Signal Interconnect	1,495,000	1,495,000
<b>Environment</b>		
Heritage Tree Ordinance Program Evaluation	50,000	50,000
Implement Strategic Plan to Improve Public Area Trash and Recycling Citywide	65,000	65,000
<b>Water System</b>		
Reroof Reservoir #2	300,000	300,000
Urban Water Management Plan	100,000	100,000
Water Rate Study	50,000	50,000
Water System Master Plan	500,000	500,000
<b>Parks &amp; Recreation</b>		
Belle Haven Pool Analysis and Audit	100,000	100,000
Library Landscaping	300,000	300,000
Park Improvements (Minor)	150,000	790,000
Playground Equipment Assessment & Replacement	30,000	30,000
Willow Oaks Dog Park Renovation	50,000	300,000
<b>Stormwater</b>		
Bay Levee Project	140,000	320,000
Chrysler Pump Station Improvements	350,000	350,000
Pope/Chaucer Bridge Replacement	60,000	60,000
Storm Drain Improvements	110,000	580,000
Willow Place Bridge Abutment Repairs	60,000	310,000
<b>Technology</b>		
Overnight Parking App	70,000	70,000
Radio Infrastructure Replacement	26,000	126,000
Technology Master Plan and Implementation	0	TBD

## STREETS & SIDEWALKS

### Downtown Parking Utility Underground

A project study was initiated in FY 2008/09 to investigate the use of Rule 20A funding for undergrounding utilities in the downtown parking plazas, and through recent communication with PG&E, it has been confirmed that this can be done. As a result, the City will begin the process of creating an underground utility district in the downtown area, then design and construction can begin.



FUNDING SOURCE	2014/15	2015/16	2017/18	2016/17	2018/19	TOTAL
General Fund – CIP/Rule 20A Funding	400,000	2,350,000	-	-	-	2,750,000
Downtown Parking Permits/Rule 20A Funding	-	1,800,000	-	-	-	1,800,000
<b>Sub-total</b>	<b>400,000</b>	<b>4,150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,550,000</b>

### Downtown Streetscape Improvement Project (Specific Plan)

The project will consist of planning and implementation of improvements in the downtown area per the Specific Plan considering the Chestnut Paseo and Santa Cruz Avenue Sidewalk and the development of new streetscape plans. The project will be comprised of four components which will consist of meeting with Downtown businesses and customers for an early implementation of a pilot sidewalk widening project. The second component will include development of the pilot plans for implementation of other elements of the specific plan. The third component will be the implementation of the pilot plan and the fourth component will be development of a master plan for the downtown area.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund - CIP	80,000	115,000	165,000	110,000	-	470,000
<b>Sub-total</b>	<b>80,000</b>	<b>115,000</b>	<b>165,000</b>	<b>110,000</b>	<b>-</b>	<b>470,000</b>

Funded Projects for FY 2014/15

## STREETS & SIDEWALKS

### Sidewalk Repair Program

This ongoing project consists of removing hazardous sidewalk offsets and replacing sidewalk sections that have been damaged by City tree roots in order to eliminate trip hazards.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund - CIP	120,000	120,000	120,000	120,000	120,000	600,000
Sidewalk Assessment	180,000	180,000	180,000	180,000	180,000	900,000
<b>Sub-total</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>1,500,000</b>



## CITY BUILDINGS

### Administration Building Carpet Replacement

This project will replace the carpet of the administration building. The carpets were installed as part of the administration building remodel in 1998. Areas of the carpet are showing wear and have permanent stains.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund - CIP	400,000	-	-	-	-	400,000
<b>Sub-total</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>

### Belle Haven Child Development Center Flooring Replacement

The project consists of replacing the carpet and vinyl floors in the Child Development Center. The existing has worn out.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund - CIP	50,000	-	-	-	-	50,000
<b>Sub-total</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>

Funded Projects for FY 2014/15



## CITY BUILDINGS

### City Buildings (Minor)

This ongoing project was established in Fiscal Year 2004-05. Projects programmed on an annual basis include minor improvements that extend the useful life of systems and equipment in City Buildings.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund – CIP	325,000	325,000	325,000	350,000	350,000	1,675,000
<b>Sub-total</b>	<b>325,000</b>	<b>325,000</b>	<b>325,000</b>	<b>350,000</b>	<b>350,000</b>	<b>1,675,000</b>

### Fire Plans and Equipment Replacement at Council Chambers, Onetta Harris Community Center and Library

The project consists of replacing the fire panels, alarms, strobe lights, pull alarms and associated equipment in the Council Chambers, Library and Onetta Harris Community Center. The existing systems are becoming outdated and starting to trigger false alarms.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund - CIP	60,000	-	-	-	-	60,000
<b>Sub-total</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>

## CITY BUILDINGS

### Library Space Needs Study

The Menlo Park Library Foundation (MPLF) proposes to fund a space needs assessment for the main library in FY 14-15 to determine how the building can be modified and updated to best accommodate changes to library services for the next twenty years. The goal will be to use the existing space to create greater flexibility, capacity and efficiency. There may also be a need to expand parts of the building to accommodate programs, such as those for children and teens, that have grown substantially. The library needs increased connectivity and spaces for quiet study and group work. The main library, originally constructed in 1957, was expanded in 1968 and 1992, and has internal load bearing walls and substructures that complicate internal remodeling. The MPLF has begun exploratory work with an architectural firm that has a track record in remodeling/repurposing libraries. Their approximate fee for the project is estimated to be about \$90,000. The Foundation Board has approved a grant of up to \$90,000.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund - CIP/ Library Foundation Grant	130,000	-	-	-	-	130,000
<b>Sub-total</b>	<b>130,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,000</b>

### Retractable Lights Installation at Gymnasium, Gymnastics and Family Recreation Centers

The replacement process for the numerous lights at the Arrillaga Family Gym and Arrillaga Family Gymnastics Center poses a concern for the long-term maintenance of the facility due to the high replacement costs and the repairs potential impact to programs. Installing retractable lights in both facilities will allow staff to maintain the facility in the most efficient manner, keep repair costs low, and minimize or eliminate time needed to close the facility.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund - CIP	150,000	-	-	-	-	150,000
<b>Sub-total</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,000</b>

Funded Projects for FY 2014/15

## TRAFFIC & TRANSPORTATION

### El Camino Real/Ravenswood NB Right Turn Lane Design and Construction

This project will design conversion of the existing North Bound Right Turn Lane to the third North Bound through Lane and adding a NB Right Turn Lane.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
Transportation Impact Fee	1,020,000	-	-	-	-	1,020,000
<b>Sub-total</b>	<b>1,020,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,020,000</b>

### High Speed Rail Coordination

The California High Speed Rail Bay Area to Central Valley route is being planned along the existing Caltrain tracks through the City of Menlo Park. This project involves City staff coordination with the Peninsula Cities Coalition, neighboring jurisdictions, the High Speed Rail Authority and elected officials to protect the City's interests during the planning and implementation stages of the California High Speed Rail project. Funding will be used for technical expertise and consulting support.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund - CIP	50,000	50,000	50,000	50,000	-	200,000
<b>Sub-total</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>200,000</b>

Funded Projects for FY 2014/15

## TRAFFIC & TRANSPORTATION

### Sand Hill Road Signal Interconnect

The project seeks to improve capacity, safety and traffic control throughout our roadway network through the use of coordinated traffic signal systems. This study will review the Cities existing and planned traffic signal system for potential interconnect opportunities and highlight best practices, hardware and software for creating efficient multimodal systems.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
TIF/TA Grant	1,495,000	-	-	-	-	1,495,000
<b>Sub-total</b>	<b>1,495,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,495,000</b>

## ENVIRONMENT

### Heritage Tree Ordinance Program Evaluation

In the Summer of 2012, the Environmental Quality Commission (EQC) provided recommendations to staff and city council regarding updating and modifying the City's Heritage Tree Ordinance. This study would review the EQC's recommendation, analyze program's effectiveness and processes, and prepare revisions for the City Council to consider for adoption.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund - CIP	50,000	-	-	-	-	50,000
<b>Sub-total</b>	<b>50,000</b>	-	-	-	-	<b>50,000</b>

### Implement Strategic Plan to Improve Public Area Trash and Recycling Citywide

The City of Menlo Park is currently in the process of implementing its 2009 National Pollutant Discharge Elimination System (NPDES) Permit. This Permit is issued by the San Francisco Bay Regional Water Quality Control Board (SFRWQCB). Section C.10 of this Permit identifies trash/litter as a priority pollutant and requires that the City adopt stringent and escalating control measures to reduce the amount of trash entering the storm drain system by 40% by July 1, 2014, 70% by 2017, and 100% by 2022. This project is one of various trash reduction measures needed to meet this mandate, and would reduce litter through improved public area trash and recycling container management through bin replacement, better labeling of containers, and increased service/maintenance. This project does not impact General Funds, and will be funded through the garbage service fund.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
Solid Waste Service Fund	65,000	-	-	-	-	65,000
<b>Sub-total</b>	<b>65,000</b>	-	-	-	-	<b>65,000</b>

Funded Projects for FY 2014/15



## WATER SYSTEM

### Reroof Reservoir #2

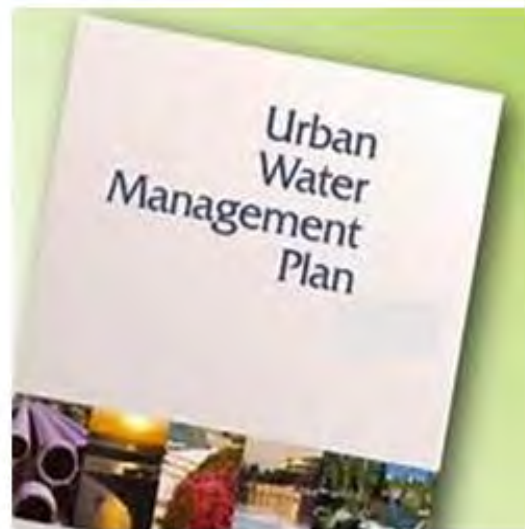
During the design of the project, staff and the roof manufacturer representative inspected the underside of the roof and it was determined the roof joist hangers showed significant signs of rusting. In order to replace the hangers it is necessary to remove the underlayment of the roof which was not part of the original project. Additional funding will be supported by the water capital fund.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
Water Fund- Capital	300,000	-	-	-	-	300,000
<b>Sub-total</b>	<b>300,000</b>	-	-	-	-	<b>300,000</b>

### Urban Water Management Plan

This project will prepare an Urban Water Management Plan that is due to the State in the year 2015. This is a State requirement every 5 years. Having this plan in place makes the City eligible for grants. The plan is only for the City's Municipal Water District.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
Water Fund- Capital	100,000	-	-	-	-	100,000
<b>Sub-total</b>	<b>100,000</b>	-	-	-	-	<b>100,000</b>

Funded Projects for FY 2014/15

## WATER SYSTEM

### Water Rate Study

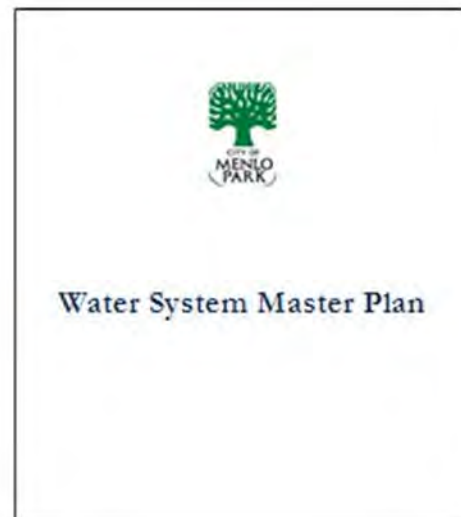
The existing 5 year water rates approved by the City Council will end in June 2015. This study will analyze the operating water budget and make new recommendations for proposed water rates for City Council approval.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
Water Fund- Capital	50,000	-	-	-	-	50,000
<b>Sub-total</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>

### Water System Master Plan

The Water Master Plan needs to be updated to be consistent with the new housing element, create a water model to evaluate major development projects and establish fair share cost for water system distribution upgrades, water rate study, inventory of aging infrastructure to establish a 5, 10, and 20 year CIP program and project priorities.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
Water Fund- Capital	500,000	-	-	-	-	500,000
<b>Sub-total</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,000</b>

Funded Projects for FY 2014/15

# PARKS & RECREATION

## Belle Haven Pool Analysis and Audit

This project would involve an analysis of the current and future use of the Belle Haven Pool. The study would include a review of the pump house and pool for ADA and current building code requirements in order to maximize the pool use. The Belle Haven Pool has traditionally been a seasonal pool only operating during the summer months. In FY 12-13, the City's pool operator expanded programming and pool usage to make the Belle Haven Pool a year-round operation. Since April 2013, the Belle Haven Pool has seen increased demand and usage as a result of the expanded programming. The current pool infrastructure is not likely to support the long term impacts of a year round operation and it is recommended that a comprehensive audit be conducted to determine the current and future needs of the pool.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
Rec in Lieu Fund	100,000	-	-	-	-	100,000
<b>Sub-total</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>

## Library Landscaping

The project consists of replacing the landscaping and irrigation system around the library. The existing landscaping and irrigation system is in need of major upgrades and a portion of the system is over thirty years old.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund -CIP	300,000	-	-	-	-	300,000
<b>Sub-total</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>

Funded Projects for FY 2014/15



## PARKS & RECREATION

### Park Improvements (Minor)

The project addresses minor improvements to parks, such as repairing fences, irrigation systems, play equipment, resodding portions of fields and adding sand and fiber to play equipment.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund-CIP	150,000	150,000	150,000	170,000	170,000	790,000
<b>Sub-total</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>170,000</b>	<b>170,000</b>	<b>790,000</b>

### Playground Equipment Assessment & Replacement

This is a new program that would begin to replace portions of play equipment that is not meeting current regulations and to replace equipment that needs upgrading.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
Rec in Lieu Fund	30,000	-	-	-	-	30,000
<b>Sub-total</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>

Funded Projects for FY 2014/15

## PARKS & RECREATION

### Willow Oaks Dog Pak Renovation

This project will include a scoping and design phase in FY 2013/14, then construction in FY 2014/15 of upgrades and replacement at the Willow Oaks Dog Park.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
Rec in Lieu Fund	50,000	250,000	-	-	-	300,000
<b>Sub-total</b>	<b>50,000</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>

## STORMWATER

### Bay Levee Project

A project team was selected, and project will start this year with Environmental Analysis, and Design. The Project's purposes are to provide evaluation, feasibility, alternatives analysis, design, and environmental documentation for coastal levee improvements that will improve flood protection, restore the ecosystem, and provide recreational opportunities within the project reach. The specific objectives of the Project include: 1) protect properties and infrastructure in the coastal floodplain within East Palo Alto and the City of Menlo Park between San Francisquito Creek and the Redwood City border resulting from a 100-year tide, including projected Sea Level Rise; 2) enhance habitat along the Project reach, particularly habitat for threatened and endangered species; 3) enhance recreational uses; and 4) minimize operational and maintenance requirements.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund – CIP	140,000	90,000	90,000	-	-	320,000
<b>Sub-total</b>	<b>140,000</b>	<b>90,000</b>	<b>90,000</b>	<b>-</b>	<b>-</b>	<b>320,000</b>

### Chrysler Pump Station Improvements

Improvements will include design and construction of upgrades to the aging equipment (may consist of pumps, motors, electrical system, heaters, fans, flap gates, generator).



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund – CIP	350,000	-	-	-	-	350,000
<b>Sub-total</b>	<b>350,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350,000</b>

Funded Projects for FY 2014/15

## STORMWATER

### Pope/Chaucer Bridge Replacement

The Santa Clara Valley Water District (SCVWD), a member agency of the SFCJPA, will replace the existing Pope/Chaucer Street Bridge crossing at San Francisquito Creek. The new bridge will be designed and constructed to accommodate a 1% (100-year) flow event under the bridge and prevent future flooding of the areas surrounding the creek. The project is part of the overall SFCJPA goal to provide 100-year flood capacity in the creek. Funding for this project is for staff assistance during the design phase.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund – CIP	60,000	-	-	-	-	60,000
<b>Sub-total</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>

### Storm Drain Improvements

This ongoing project will implement improvements that were identified in the Storm Drain Master Plan.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund – CIP	110,000	115,000	115,000	120,000	120,000	580,000
<b>Sub-total</b>	<b>110,000</b>	<b>115,000</b>	<b>115,000</b>	<b>120,000</b>	<b>120,000</b>	<b>580,000</b>

Funded Projects for FY 2014/15



## STORMWATER

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### Willow Place Bridge Abutments Repairs

This project will repair damages to the bridge abutment from the December 2012 storm event. Initial Study of repairs were completed, and need to move project forward to design and construction.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund – CIP	60,000	250,000	-	-	-	310,000
<b>Sub-total</b>	<b>60,000</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310,000</b>

# TECHNOLOGY

## Overnight Parking App

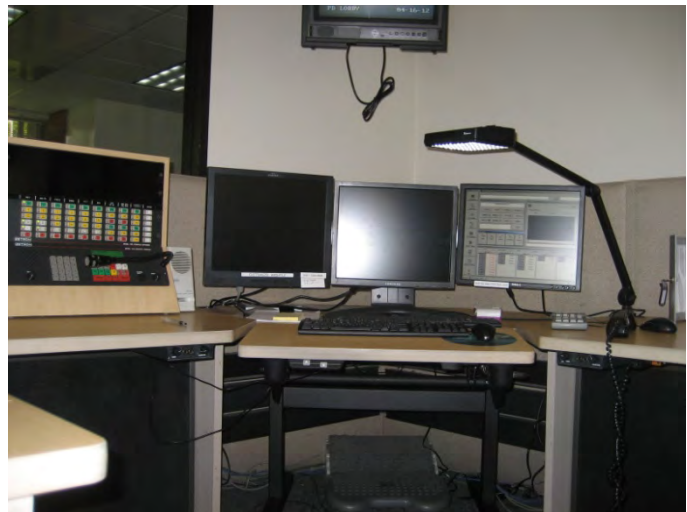
This project would create a software program to allow a resident to apply, pay, and print an overnight parking permit from the internet. This would provide a convenience for residents to go online, pay and print the permit from home late at night and place the permit on their dashboard so they do not receive a ticket overnight. The remainder of the project would involve an update to the administrative procedures and the ordinance to reflect this new permitting functionality. In addition, the Ordinance would be updated to include the new R-4-S zoning district to the list of other residential districts, and potentially include a prohibition of overnight parking in the M-2 and M-3 zoning districts to prevent parking of tractor trailers.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund – CIP	70,000	-	-	-	-	70,000
<b>Sub-total</b>	<b>70,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,000</b>

## Radio Infrastructure Replacement

The Dispatch Center utilizes an extensive network of radio equipment which has a useful lifespan of 10 to 15 years. If equipment is not replaced it can malfunction, leading to a loss of communication with police officers in the field. This would lead to an enhanced level of risk to officers and a decrease in service to the community. A multi-year Replacement Schedule was created in 2010 by the County which stipulates equipment to be replaced based on lifespan. All costs to install include labor.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund – CIP	26,000	100,000	-	-	-	126,000
<b>Sub-total</b>	<b>26,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,000</b>

Funded Projects for FY 2014/15

## TECHNOLOGY

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### Technology Master Plan and Implementation

This project would provide an assessment of the existing technology tools in use within the organization currently, evaluate the need for replacement, and development recommendation as to the best type of replacement in priority order. This work would be done in together with a consultant, and a representative City Committee to enable a knowledgeable evaluation that would assist the City to avoid disruption caused by failures to the aging systems in use throughout the City. This project would be followed by requests to purchase or upgrade the existing systems.



FUNDING SOURCE	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
General Fund – CIP	0	TBD	TBD	TBD	TBD	TBD
<b>Sub-total</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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# Appendix D

**Projects Proposed for  
FY 2015/16 through FY 2018/19**

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## STREETS & SIDEWALKS

Civic Center Sidewalk Replacement and Irrigation System Upgrades	2016-17	<p>Many areas of the Civic Center sidewalk network have been damaged by tree roots and vehicular traffic, resulting in extensive cracking and uplifts; all of which create tripping hazards to the pedestrians that use the park daily. The proposed project would replace the sidewalk network north of Burgess Field, between the Recreation Center, Administration Building, Council Chambers and Library. Sidewalks would be replaced using thicker paving sections with reinforcing bars where necessary.</p> <p>The existing irrigation around the Civic Center is a patch work due to numerous building replacement/remodel projects have cut into the existing system. This project will upgrade the irrigation system and reduce the number of controllers. The new controllers will be connected to the City's weather station making it more water efficient.</p>
El Camino Real Median and Side Trees Irrigation System Upgrade	2015-16	<p>This project will replace the existing irrigation controllers on El Camino Real with a Rain Master Evolution II central irrigation system, which will improve water savings and reduce maintenance costs. The Rain Master irrigation system allows staff to control the system remotely and the system could automatically shut off at times of rain or breaks in the irrigation system.</p>
Parking Plaza 7 Renovation	2018-19	<p>This project consists of construction of needed improvements at Parking Plaza 7 including landscaping, lighting, storm drainage and asphalt pavement rehabilitation. Work will be coordinated with Downtown Parking Utility Underground Project.</p>
Sand Hill Road Pathway Repair	2015-16	<p>This project will involve the design and installation of repairs and improvements to the asphalt concrete path along Sand Hill Road.</p>
Street Resurfacing	2015-16	<p>This ongoing project will include the detailed design and selection of streets to be resurfaced throughout the City during Fiscal Year 2013-14. This project will utilize the City's Pavement Management System (PMS) to assess the condition of existing streets and assist in the selection process.</p>

## CITY BUILDINGS

Administration Building Conference Room Furniture Replacement	2018-19	The existing chairs and tables in the administration building were purchased in 1999 and have started to break down. The project would replace the chairs and tables in the conference rooms and public areas.
Belle Haven Youth Center Improvements	2017-18	The project consists of replacing the floor, ceiling, cabinets and repainting the interior of the Belle Haven Youth Center. The existing interior has worn out.
Kitchen Upgrade at Onetta Harris Community Center	2018-19	The kitchen at the Community Center is used every weekend for rentals. The current kitchen is outdated and does not meet the needs for current renters. The renovation should include new counter tops, cabinets, sink, etc. The Onetta Harris Community Center has seen a significant increase in weekend rentals over the past two years. A renovation of the multi-purpose room kitchen will better meet renter's needs as well as be attractive for potential renters in the future. In addition, with the increase in week day classes, a renovated kitchen may provide the opportunity for increased usage during the week in the form of cooking-related classes.
Library Furniture Replacement	2017-18	The existing furniture in the Library is over 20 years old. The chairs and tables need consistent repairs due the heavy use of the Library. Also, the existing furniture fabric is difficult to clean and remove odors. The project will replace furniture that will make it easier to maintain.
Main Library Interior Wall Fabric Replacement	2015-16	The project will replace the interior wall fabric of the main library. The interior wall finishes of the Library are starting to get worn and the seams are beginning to separate. This was installed in 1991.
Menlo Children's Center Carpet Replacement	2017-18	The project will replace the carpet of the Menlo Children's Center. Due to the extensive use of the facility and the wear and tear of the facility, the carpets will need to be replaced. The existing carpets were installed when the building was remodeled in 2006.
Police Department Space Use Study	2015-16	With the impending reorganization of the police department, a space use study is necessary for the police department main floor (basement of City Hall). There is a great deal of wasted office and storage space that may be utilized more efficiently.
Police Front Office Counter Remodel Security Upgrade	2016-17	Security at the front counter of the police department has been a concern for police records personnel for many years. In 2012, the Belcher report, which was an organizational and operation review of the police department, recommended higher security for the front lobby/counter area along with the perimeter of the entire police department. This project would be a reconstruction of the front counter in the PD lobby and would place ballistic glass between the public and staff. The PD has met with the structural engineer and architect who designed and was the project manager for the renovation of the Redwood City Police Department front lobby. The scope of this work would be similar.

Projects Proposed for FY 2015/16 through FY 2018/19

## TRAFFIC & TRANSPORTATION

Alma/Ravenswood Pedestrian/Bike Study	2015-16	This project will evaluate alternative improvements to improve pedestrian and bicycle circulation at Alma Street and Ravenswood Avenue.
Caltrain Bike/Pedestrian Undercrossing Design	2017-18	This project will design bike and pedestrian undercrossing envisioned under the Caltrain tracks between Ravenswood Avenue and Cambridge Avenue. A study and conceptual designs for an undercrossing were completed as part of the Caltrain Bike/Pedestrian project approved in FY 2007/08. Completion of the planning phase was suspended pending completion of the El Camino Real/Downtown Specific Plan and the High Speed Rail preliminary design.
Florence/Marsh and Bay/Marsh Signal Modification	2015-16	This project will improve the level of service and pedestrian safety at intersections and upgrade non-standard traffic signal equipment to comply with MUTCD standards.
Laurel Street/Ravenswood Avenue Signal Modification	2015-16	This project will enhance traffic safety and upgrade non-standard traffic signal equipment to comply with the MUTCD standards.
Middlefield Road at Ravenswood Avenue Intersection Reconfiguration Study	2015-16	This project will consist of a feasibility study to reconfigure the intersection of Middlefield Road at Ravenswood Avenue to remove the southwest pork-chop island and modify the free eastbound right turn lane and to open the recently constructed Menlo Atherton High School driveway for traffic. These improvements could potentially facilitate bicycle safety through the intersection and relieve traffic congestion at the intersection of Middlefield Road with Ringwood Avenue. Funding was identified for this study as mitigation for the 1300 El Camino Real Development if it proceeds forward, otherwise Measure A funds would be utilized.
Middlefield Road at Willow Road Intersection Reconfiguration Study	2018-19	This project will consist of a feasibility study of reconfiguring the intersection of Middlefield Road at Willow Road to remove the southeast corner and northeast corner pork-chop islands. The improvements could potentially improve bicycle and pedestrian safety at the intersection.
Pedestrian/Bicycle Master Plan Update	2018-19	The current Comprehensive Bicycle Development Plan was completed in January of 2005 and lacks current bicycle treatments to include; green bike lanes and sharrows. Additionally, the existing plan has limited treatments for pedestrians and lacks the City's approved Complete Streets initiatives. This project seeks to update the existing plan to include current treatments and serve as a baseline for Complete Streets treatments.
Sand Hill Road Improvements (Addison/Wesley to I280)	2016-17	This project will implement traffic improvements that will be approved in conjunction with the Sand Hill Road between Addison/Wesley and I-280 Traffic Study.
Sand Hill Road Signal Modification Project	2016-17	This project will upgrade the non-standard traffic and pedestrian signal equipment at Sand Hill/Saga Lane and Sand Hill/Sharon Park Drive to comply with MUTCD standard.

## TRAFFIC & TRANSPORTATION

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Signal Interconnect Study	2018-19	The Traffic Division seeks to improve capacity, safety and traffic control throughout our roadway network through the use of coordinated traffic signal systems. This study will review the Cities existing and planned traffic signal system for potential interconnect opportunities and highlight best practices, hardware and software for creating efficient multimodal systems.
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## ENVIRONMENT

Alternative Transportation Social Marketing Program	2015-16	This project was identified in the Climate Action Plan's five year strategy approved by Council in July 2011. This project would develop a social marketing plan and program to alter behavior and perceptions about alternative transportation in Menlo Park. Social marketing is used to uncover community barriers and uses targeted messaging and incentive programs to alter perceptions about walking, biking, or taking public transit.
Bedwell Bayfront Park Gas Collection System Repair	2017-18	This project will address repairs that may be needed as part of routine maintenance to the gas collection system serving the former landfill at Bedwell Bayfront Park. Improvements that could increase methane capture will be implemented, reducing greenhouse gas emissions. This project will be scoped in more detail following completion of the Gas Collection System Improvements Study and Conceptual Design project.
Bedwell Bayfront Leachate Collection System Replacement	2016-17	This project will involve repairs and upgrades to the existing leachate collection system that the City is required to maintain at the former landfill site at Bedwell Bayfront Park.
Bike Sharing Program Cost Benefit Study	2016-17	Part of the Climate Action Plan's five year strategy approved by Council in July 2011. This project would study the program's cost and benefit's for reducing greenhouse gas emissions and its suitability for Menlo Park. 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.
City Car Sharing	2017-18	Part of the Climate Action Plan's five year strategy approved by Council in July 2011. This project would study the program's cost and benefits for reducing greenhouse gas emissions and its suitability for Menlo Park. Many cities (San Francisco, Berkeley, and Portland) have implemented a car sharing program.
Community Zero Waste Policy Draft	2015-16	This project was identified in the Climate Action Plan's five year strategy approved by Council in July 2011. Landfilled waste emits methane that is twenty time more potent than carbon dioxide emissions that contribute to climate change. A zero waste policy would provide a road map for the city to follow to reduce landfilled waste through less waste generation and recycling. This project would include community engagement and a draft policy for the City Council to consider.
Installation of Electric Plug In Recharging Stations Cost Benefit Analysis and Plan	2015-16	Part of the Climate Action Plan's five year strategy approved by Council in July 2011 to consider installing recharging electric vehicles (EV) and plug in hybrid electric vehicles (PHEV) in public parking facilities. The City can also encourage or require larger local businesses and multi-unit housing projects to install charging stations. The 2009 Climate Action Plan estimated that installing 30 recharging stations would reduce an estimated 7,000 metric tons of greenhouse gas emissions. This study would explore various options for the city to consider. The study will also evaluate charging a minimal fee for recharging vehicles.

## ENVIRONMENT

Requirement for Pharmacy to take back Pharmaceuticals Draft Ordinance	2015-16	The community has very limited options for disposing pharmaceuticals. One drop box location is located in Menlo Park that the City maintains with a contractor. A required take back program would increase disposal options for residents and avoid potentially disposing of these chemical in a landfill or sewer system. Menlo Park could model an ordinance after Alameda County that has adopted an ordinance that requires pharmacies to take back pharmaceuticals. This project would include drafting an ordinance for city council to consider adopting and the community engagement involved in preparing the ordinance for adoption.
Strategic Plan to Increase Local Food Production through Social Marketing, Education, and Community Garden Programs	2018-19	Part of the Climate Action Plan's five year strategy approved by Council in 2012 to be considered in 2017-2018. Develop a strategic plan that would increase local food production through education and/or social marketing programs, partnering with nonprofits, promoting locally grown and or organic food production and development of community gardens, school gardens, planting vegetables and/or fruit trees in city parks and/or other public easements, and promotion of 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 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.

## WATER SYSTEMS

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Automated Water Meter Reading	2016-17	This project will involve selecting appropriate technology then installing the initial phase of automated meter reading infrastructure for the Menlo Park Municipal Water District.
Emergency Water Supply	2018-19	This project will involve the first phase of construction of up to three emergency standby wells to provide a secondary water supply to the Menlo Park Municipal Water District's eastern service area. An emergency water supply would be needed in the event of an outage of the SFPUC Hetch Hetchy system. Final project costs will vary depending on land acquisitions costs and the final depth and size of the wells.
Water Main Replacements	2016-17	This recurring project involves replacement and improvements to the Menlo Park Municipal Water District's distribution system. The locations of work are determined through maintenance records and as needed to support other major capital projects such as the emergency water supply project.

## PARKS & RECREATION

Bedwell Bayfront Electrical Panel Repair	2015-16	Bedwell Bayfront Park is Menlo Park's largest park, and its only open space on the Bay. The Bedwell-Bayfront Park on-site restrooms are in need of repair, a temporary portable facility is currently available when the restrooms are in non-working order. We've had on-going problems with the sewer line and toilets, sinks, and flooring are in need of upgrades. The scope of the project will include electrical panel replacement, toilet replacement and sewer connection replacement to improve capacity and efficiency.
Belle Haven Pool Deck Lighting	2015-16	This project involves the installation of pool deck lighting for the Belle Haven Pool. Prior to 2013, the Belle Haven Pool was operated seasonally during the summer months. Since the pool operation expansion in April 2013, the Belle Haven Pool has been operating 7 days a week which includes youth after school programming, a youth swim team, a youth water polo program that caters to youths 14 and under, a swim school that teaches water-babies to youths as well as adults with between 115-250 people depending on season and convenient lap swim that is available during the day and evening.
Belle Haven Youth Center Playground Replacement	2015-16	The Belle Haven Youth Center is located in the Belle Haven Neighborhood as part of the Onetta Harris, Senior Center and Belle Haven Pool campus. The Belle Haven After School and Camp Menlo Programs operate at the Youth Center facility. The Belle Haven Youth Center Playground is outdated and doesn't meet current playground and ADA standards for similar play structures. It is recommended that the playground be redesigned to meet current playground standards and the renovation completed in the earliest time frame that funding and capacity will allow given the playground's current disrepair.
Burgess Pool Deck Repairs	2016-17	Pool chemicals are corrosive and erode the cement pool decks making the pool age significantly, impacting aesthetics, and increasing the risk of safety issues from slips and trips. This project would coat the entire 11,600 feet of pool deck surface with protective coating similar to what was used at Belle Haven Pool in 2011. This would ensure a longer life for the decks and avoid the need to replace the cement which would be a significantly higher cost.
Burgess Sport Field	2018-19	The project consists of replacing the existing turf, cleaning the drains and leveling the field. In addition remove a portion of the baseball field infield to increase the turf area to allow a large sports field. The existing field is 15 years old and typical sports field last ten years.
Jack Lyle Park Restrooms – Construction	2015-16	This project will involve engaging the neighboring community in developing a conceptual design, then constructing restrooms at Jack Lyle Park.



## PARKS & RECREATION

Jack Lyle Park Sports Field Sod Replacement	2015-16	The project will consist of removing the existing sod, adjusting the irrigation system and installing new sod. The field has had to annually be patched with new sod due to wear which has created irregular grades in the field. The existing field was built in 2002.
La Entrada Baseball Field Renovation	2017-18	The existing La Entrada baseball field has poor drainage and needs new sod. The project will regrade the outfield and install a drainage system and new irrigation systems and new sod.
Measure T Funds Evaluation/Project Ranking	2015-16	This project will consist of community engagement activities to get input from the public in developing priorities for the Measure T fund.
Nealon Park Sports Field Irrigation System	2018-19	The project consists of adding a new water connection to increase the water pressure at Nealon Softball field so that the irrigation system has full coverage.
Park Pathways Replacement	2016-17	The project consists of replacing damaged pathways at Market Place, Nealon, Sharon, and Stanford Hills Parks.
Relocation of Dog Park at Nealon Park	2017-18	This project will consist of re-locating the Nealon Park Dog Park from the baseball field to another area within Nealon Park.
Tennis Court Electronic Key Upgrade	2015-16	The Tennis Court Electronic Key Upgrade would include the installation of electronic access to our five tennis courts sites: La Entrada, Nealon, Burgess, and Kelly Parks. Currently the tennis court system for entry is done through a traditional key lock/core method. Having electronic key access will allow: (1) completely update how tennis users access tennis courts; (2) reuse keycards instead of changing out keys/cores annually; (3) potentially update pricing structure to make it more user friendly (ie. Day, month, biannual, annual use, or charge per use); (4) discontinue use of the cores which are expensive and which are replaced often use to individuals jamming sticks in the locks; (5) keep track of who has accessed courts (and when) in the event of a disturbance; (6) have users always retain their same keycard that can be updated (as opposed to having users return their keys annually and losing expensive keys in the shuffle).

**STORMWATER**

Corporation Yard Storage Cover	2016-17	This project consists of installing a cover over the green waste and garbage collected at the Corporation Yard high enough to drive trucks thru. A best management practice is recommended by the Regional Water Quality Control Board NPDES permit issued to the City to cover green waste and garbage areas so that water does not flow through the debris and then into the storm drain system.
Trash Capture Device Installation	2015-16	This project will install trash capture devices during next round of Municipal Regional Permit to reduce the amount of pollutants going into the Bay in anticipation of heightened trash capture device requirements.

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# Appendix E.1

## Non-Funded Project Requests

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## STREETS &amp; SIDEWALKS

Haven Avenue Security Lighting	Estimated Cost: \$50,000 Source: Staff	The project consists of installing additional street lights along Haven Avenue to improve visibility and security for business along Haven Avenue. Although funded in FY 2011-12, work on this project did not start prior to the dissolution of the RDA.
Kelly Park Sound Wall	Estimated Construction Cost: \$1,300,000 Estimated Design Cost: \$130,000 Source: Staff	The project would install a sound wall approximately 1,000 feet long between Highway 101 and the sports field at Kelly Park. Design of the project would determine the appropriate height, materials, and final location of the sound wall.
Marsh Road Section Median Islands Landscaping	Estimated Cost: \$35,000 Source: Staff	The project will upgrade the landscaping and irrigation system in the median island on Marsh Road between Bohannon Drive and Scott Drive. Marsh Road is a major entrance to the City and the existing landscaping needs to be rejuvenated to fit in with the new landscaping along the commercial properties adjacent to the median islands.
Parking Plaza 3 Renovation Design	Estimated Cost: \$200,000 Source: Staff	This project involves the redesign of Parking Plaza 3 to include safer vehicular access, improved lighting, improved stormwater treatment and rehabilitation of the existing asphalt. This project is part of the standard cycle of parking plaza renovations. This project will be coordinated with the Downtown Specific Plan prior to any improvements to the Parking Plaza.
Parking Management Plan	Estimated Cost: TBD Source: Council	The project will evaluate parking impacts of the Chestnut Paseo and Market Place. This project will establish an advisory task force for downtown parking issues comprised of one council member, one transportation commission member chamber of commerce, business owner and a property owner.
Parking Plaza 8 Renovation	Estimated Cost: \$250,000 Source: Staff	This project consists of design of needed improvements at Parking Plaza 8 including landscaping, lighting, storm drainage and asphalt pavement rehabilitation. Work will be coordinated with Downtown Parking Utility Underground Project.
Sidewalk Master Plan Implementation	Estimated Cost : TBD Source: Staff	This project will involve constructing new sidewalks in areas with priority needs as identified in the Sidewalk Master Plan. Resident surveys will be conducted at high priority locations to assess the level of support prior to selecting specific sites.
Streetscape – Haven Avenue	Estimated Cost: \$550,000 Source: Staff	This project will involve conceptual design, engineering and construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along Haven Avenue.

## STREETS & SIDEWALKS

Streetscape – O’Brien Drive	Estimated Cost: \$525,000 Source: Staff	This project will involve construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along O’Brien Drive. A public outreach process will be conducted to identify needed improvements. Although this project was funded with RDA funds (\$25,000) in FY 2010-11, (\$100,000) in FY 2011-12 and additional funding (\$400,000) was planned for FY 2013-14, work in this project did not start prior to the dissolution of the RDA.
Streetscape – Overall RDA Resurfacing and Improvements	Estimated Cost: \$2,000,000 Source: Staff	This project will involve conceptual design, engineering and construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along various streets throughout the Redevelopment Area.
Streetscape – Pierce Road	Estimated Cost: \$500,000 Source: Staff	This project will involve conceptual design, engineering and construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along Pierce Road.
Underground Overhead Lines	Estimated Cost: TBD Source: Planning Commission	Establish and make an initial deposit for a utility (overhead electric and communication lines) underground fund throughout the City. The project could be considered if a Community Character Element is prepared as part of the General Plan Update.
Streetscape – Willow Road	Estimated Cost: \$330,000 Source: Staff	This project will involve conceptual design, engineering and construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along Willow Road.
Parking Plaza 3 Renovation Design	Estimated Cost: \$200,000 Source: Staff	This project involves the redesign of Parking Plaza 3 to include safer vehicular access, improved lighting, improved stormwater treatment and rehabilitation of the existing asphalt. This project is part of the standard cycle of parking plaza renovations. This project will be coordinated with the Downtown Specific Plan prior to any improvements to the Parking Plaza.
Parking Management Plan	Estimated Cost: TBD Source: Council	The project will evaluate parking impacts of the Chestnut Paseo and Market Place. This project will establish an advisory task force for downtown parking issues comprised of one council member, one transportation commission member chamber of commerce, business owner and a property owner.
Parking Plaza 8 Renovation	Estimated Cost: \$250,000 Source: Staff	This project consists of design of needed improvements at Parking Plaza 8 including landscaping, lighting, storm drainage and asphalt pavement rehabilitation. Work will be coordinated with Downtown Parking Utility Underground Project.

## CITY BUILDINGS

Belle Haven Branch Library Feasibility Study	Estimated Cost: \$95,000 Source: Library Commission	Improving library services to Belle Haven is one of the Library's Commission main Work Plan objectives. The Commission has received consistent community feedback over the last two years about the need for more library services in Belle Haven. The addition of Facebook to the Belle Haven area further indicates that a feasibility study is necessary before the City can move forward with improving library services in the Belle Haven area. This project is consistent with the Library's Commission's Work Plan objectives, as well as with the City's priority on economic development.
Belle Haven Pool House Building Remodel	Estimated Cost: \$400,000 Source: Staff	This project will consist of remodeling the men's and women's shower, bathroom and check-in area. The work will also include replacing plumbing fixtures and remodeling the front façade of the Pool House and relandscaping the front.
City Entry Signage on Willow and Marsh Roads	Estimated Cost: \$200,000 Source: Staff	These arterials are the two primary gateways into Menlo Park from the East Bay. Providing "Welcome to Menlo – Habitat for Innovation" signage identifies the entry point our City, positions the City as a friendly place to be, and furthers the City's brand as a desirable place to live, work and play.
City Gateway Signage	Estimated Cost: \$250,000 Source: City Council	The project will include installing gateway signage at four locations entering Menlo Park. The proposed locations are Sand Hill Road, Bayfront Expressway, and northbound and southbound El Camino Real. The proposed signage would be similar in style to the sign at Laurel Street and Burgess Drive and would include uplights.
Onetta Harris Community Center Installation of Additional Restroom	Estimated Cost: \$200,000 Source: Staff	The current restroom available for renters of the Onetta Harris Community Center multi-purpose room is need of renovation. In addition, the single restroom is inadequate for the current weekend and week night rental business at the community center, which has seen a substantial increase in rentals over the past two years. This proposal includes the renovation of the current restroom and the construction of second restroom which would address current and future rental business needs.

## TRAFFIC & TRANSPORTATION

Bay Road Bike Lane Improvements	Estimated Cost: TBD Source: Bicycle Commission	This project would study the feasibility and implementation of moving the existing bike lane away from the trees on the Atherton side of Bay Road between Ringwood Avenue and Marsh Road. Staff has determined that the roadway width is too narrow to make the requested improvements for this project.
Bay Trail Extension	Estimated Cost: \$1-2 million Source: City Council	This project would provide the connection between existing portions of the Bay Trail located near the salt ponds and the Don Edwards San Francisco Bay National Wildlife Refuge and existing trails in East Palo Alto. Grant funding would be needed to match City or other funds. Improvements would include work to provide a crossing over San Francisco Public Utilities Commission (SFPUC) lands and railroad right of way.
Bicycle Parking Ordinance Feasibility Study	Estimated Cost: \$70,000 Source: Bicycle Commission	This project would investigate the potential to create an ordinance requiring bicycle parking facilities for all new development projects. The study would review similar ordinances from agencies in the Bay Area, assess the impacts to developers, and recommend an appropriate bicycle parking rate per 1000 square foot of new development. This project will be considered with the General Plan update and the M-2 Area Plan.
Bike Safety Event	Estimated Cost: \$18,000 Source: Bicycle Commission	This project would use the Street Smartz public education safety campaign program along with Safe Moves safety education classes to coordinate a bicycle and walking-to-school safety event. This project would work in conjunction with the Safe Routes to School programs for Encinal, Laurel, and Oak Knoll Elementary Schools.
Emergency Traffic Signal Equipment Stock	Estimated Cost: TBD Source: Staff	The Traffic Division currently contracts out all traffic signal, streetlights and roadway safety component maintenance and emergency repair services. However, this contract cover repairs on an as needed basis and does not provide for the allocation of immediate replacement equipment. This has proven to create a lag in repairing critical traffic signal and street lighting facilities which may pose as a risk to the health and safety of our citizens in the event of an emergency. The project seeks to provide a limited stock of critical equipment for the immediate repair of City facilities in the event of unexpected damage or failure.
Downtown Parking Structures - A Feasibility Study	Estimated Cost: \$200,000 Source: Transportation Commission	Conduct a cost, site, circulation, feasibility and construction study of installing one or more parking structures on City parking plazas 1, 2, or 3. Also determined an in lieu parking fee structure as defined in the El Camino Real/Downtown Specific Plan.

## TRAFFIC & TRANSPORTATION

Dumbarton Transit Station	Estimated Cost: \$1,000,000 Source: Staff	Funding will be used to add amenities to the planned transit station. The City Council has indicated a preference for the transit station location on the Southwest corner of Willow Road and Hamilton Avenue. Funding is contingent on the expansion of transit systems serving the area and may consist of a new rail station or bus terminal.
Highway 84/Willow Bike/Ped Underpass Connections	Estimated Cost: \$900,000 Source: Staff	This project would involve using the existing, but closed, tunnel beneath Highway 84 at Willow Road for a bicycle/pedestrian undercrossing as described in the Menlo Park Comprehensive Bicycle Master Plan.
Innovation Transportation Solutions	Estimated Cost: TBD Source: Planning Commission	Investigate a people mover system or other innovative technology for east/west connectivity, safe routes to schools, and crossing El Camino Real. The project will be considered as part of the Circulation Element update of the General Plan.
Installation of Pedestrian Audible Signal on El Camino Real at Santa Cruz Avenue	Estimated Cost: \$20,000 Source: Transportation Commission	This project will install a pedestrian audible signal on El Camino Real at Santa Cruz Avenue. (Caltrans will be upgrading signals along El Camino Real over the next year; this project could be considered at a later date as part of that project.)
Newbridge Street/Willow Road Traffic Circulation Improvements	Estimated Cost: \$100,000 Source: Staff	This project will evaluate the intersection of Newbridge Street and Willow Road for proposed improvements for better traffic circulation at the intersection.
Shuttle Expansion Study	Estimated Cost: \$125,000 Source: Transportation Commission	This study is to identify how the City shuttle services may be expanded to meet the needs and desires of the residents and businesses of Menlo Park. This study would not include specific school bus routes.
Study of Ordinance to Require Bike Parking in City Events	Estimated Cost: \$15,000 Source: Bicycle Commission	This project would investigate the potential to create an ordinance requiring bicycle parking facilities at all outdoor city events (such as block parties, art/wine festivals, 4th of July events, music in the park series, etc.). The city policy would provide bike parking facilities and publicize this option to participants. Outside groups using city or public facilities for public events (e.g. Chamber of Commerce) would also be required to provide these same services. The city ordinance shall have some means of recognizing or rewarding (by city certificate or resolution) those events which provide exceptional bicycle parking service.
Study of Possible Improvements to Menlo Park's Free Shuttle Service	Estimated Cost: \$50,000 Source: Transportation Commission	This is a project to review the shuttle service and what incremental improvements and expansion of scope might be possible and appropriate.



## TRAFFIC & TRANSPORTATION

Study – Shuttle Bus Expansion for Student-School-Busing Use	Estimated Cost: \$95,000 Source: Transportation Commission	This is a study to evaluate and analyze the use of City shuttle buses to pick up and drop off students at their schools, thereby reducing vehicular traffic throughout the City and at school sites in particular. This could be subject to other regulations because of school bus requirements that may not allow City shuttle buses to be used for that purpose.
Transportation Demand Management Ordinance Study	Estimated Cost: \$37,000 Source: Bicycle Commission	This study would analyze the cost/benefit of implementing a Transportation Demand Management Ordinance that applies to all new development. This will be included as part of the General Plan update.
Wayfinding Signage Phase II	Estimated Cost: \$15,000 Source: Bicycle Commission	The first phase of the wayfinding bicycle signage in the Willows neighborhood was completed in 2009. The signs, attached to pre-existing sign posts, point to destinations such as the pedestrian bridge to Palo Alto, downtown, and Burgess Park. This is the next phase to this project as indicated in the bicycle development plan. This will include another neighborhood, an east/west cross-city route, and/or routes to schools.
Willow Oaks Park Path Realignment	Estimated Cost: \$18,000 Source: Bicycle Commission	This project would study the entrance to Willow Oaks Park at Elm Street to add a bike path adjacent to the driveway to East Palo Alto High School.
Willow Road Bike Lane Study	Estimated Cost: \$70,000 Source: Bicycle Commission	This project would study the area on Willow Road between O'Keefe and Bay Road to assess what would be needed to install bike lanes in both directions. (The 101/ Willow Road interchange is currently in the environmental review stage.)

## ENVIRONMENT

Canopy Tree-Planting and Education Project	<p>Estimated Cost: \$55,000</p> <p>Source: Environmental Quality Commission &amp; Green Ribbon Citizens Committee</p>	<p>Under contract with the City, Canopy, a local non-profit organization, would recruit and train volunteers to plant up to 100 trees along streets and in parks. Planting locations and trees will be provided by the City. Canopy will also conduct a public education program about urban forestry, including tree steward workshops, presentations to neighborhood groups, a tree walk, and printed and website information. Canopy will also advise the City on reforestation grant opportunities. Canopy has carried out similar programs with the cities of Palo Alto and East Palo Alto (<a href="http://www.canopy.org">www.canopy.org</a>). The project was recommended by the Environmental Quality Commission again for FY 2011/12, but was not included in the projects listed for that year due to the volume of projects currently listed and the labor intensive nature of this project.</p>
Energy Upgrades of Home Remodels – Pilot Program	<p>Estimated Cost: \$110,000</p> <p>Source: Staff</p>	<p>This pilot program would provide free comprehensive home energy audits up to \$500 in energy rebates to 100 Menlo Park residents who are significantly remodeling their homes. The program targets homeowners who are already thinking of home improvements and may be more inclined to make significant energy upgrades also. The goal is to reduce greenhouse gas emissions through residential energy conservation. This project is a high ranking measure in the Climate Action Plan.</p>
Suburban Park Streetlight Conversion	<p>Estimated Cost: \$100,000</p> <p>Source: Staff</p>	<p>Take streetlights in the Suburban Park area off the high-voltage PG&amp;E system and convert to low-voltage parallel-wiring system.</p>

## WATER SYSTEMS

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See Appendix E.2

## PARKS & RECREATION

Bedwell Bayfront Park Master Plan	Estimated Cost: TBD Source: Staff	The Master Plan will provide a long-term vision and general development guide for the park and its facilities. The plan will describe how to best protect park resources, provide quality visitor experiences, manage visitor use, and will serve as a blueprint for future park development. The purpose of the Master Plan is to improve the quality of life for the residents of Menlo Park through enhancing the quality of the park and open space system. A task force may be used to gain more extensive citizen input.
Belle Haven Pool House Remodel	Estimated Cost: \$500,000 Source: Staff	The project consists of redesigning the interior showers, locker and lobby areas and refinishing the floors and walls. The Belle Haven Pool House shower, locker room and lobby are over 40 years old. Most of the equipment is original and staff has had to retrofit the showers due to the shower equipment has been discontinued.
Burgess Baby Pool Analysis/Preliminary Design	Estimated Cost: \$200,000 Source: Staff	The demand for more recreational pool space has been a need for many years since the major pool redesign in 2006. This project would evaluate the utility of the current baby pool to allow for a wide range of ages and more space of open recreation swimming time. Currently, the baby pool is only 1' 6" in depth, open May through September, and for only toddlers and their parents. The proposed project would evaluate the current capacity of the baby pool, investigate if an environmental analysis is required and look into a zero entry pool that increases to 3 ½ depth. This would allow for a broader range of ages up to grade school more space to enjoy and reduce the demand of the instructional pool.
Burgess Park Irrigation Well Evaluation	Estimated Cost: \$40,000 Source: Staff	The project consists of hiring a consultant to evaluate whether building an irrigation well for Burgess Park would be cost effective on the long term based upon the continued increase in water rates.
Burgess Pool Locker Room Expansion Design	Estimated Cost: \$250,000 Source: Council and Parks & Recreation Commission	Since this project was suggested in 2010 the locker rooms at the pool have undergone renovation that allows accommodation of more people at one time. Additionally, locker rooms and changing rooms that have been added to the new Gymnastics Center, easily accessible and adjacent to the Pool, negate the need for a more expensive renovation project of the pool locker rooms at this time. Staff recommends this project be removed from the CIP.
Flood County Park	Estimated Cost: TBD Source: City Council	This project would potentially involve the City obtaining a joint use agreement to improve and maintain sports fields at Flood Park, installing playing field improvements and operating it as a City park in order to increase playing field availability.

## PARKS & RECREATION

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Willow Oaks Park Restrooms	Estimated Cost: \$240,000 Source: Parks and Recreation Commission	This project would involve the neighboring community in developing a conceptual design, then constructing restrooms at Willow Oaks Park.
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## COMPREHENSIVE PLANNING PROJECT & STUDIES

CEQA and FIA Guidelines	Estimated Cost: \$45,000 Source: City Council	This project involves the adoption of guidelines for the City's implementation of the California Environmental Quality Act (CEQA) and the City's preparation of Fiscal Impact Analysis (FIA). The project would involve an update of the City's Transportation Impact Analysis (TIA) Guidelines while maintaining consistency with the current General Plan policies regarding the level of service (LOS) at intersections while encouraging alternative modes of transportation.
Comprehensive Zoning Ordinance Update	Estimated Cost: \$1,500,000 Source: Staff	The last comprehensive update of the Zoning Ordinance occurred in 1967. Over the last 45 years, there have been 103 distinct amendments. The Zoning Ordinance is not user friendly and includes many inconsistencies and ambiguities which make it challenging for staff, let alone the public to use. An update of the Zoning Ordinance would be a key tool for implementing the vision, goals and policies of an updated General Plan. An update of the single-family residential zoning standards and review process would be included in this project.
Single Family Residential Design Guidelines	Estimated Cost: TBD Source: Planning Commission	This project would involve the creation of residential single-family zoning guidelines to provide a method for encouraging high quality design in new and expanded residences.
Single-Family Residential Zoning Ordinance Amendment	Estimated Cost: TBD Source: Planning Commission	This project would involve changes to residential single-family zoning requirements to create a more predictable and expeditious process for the construction of new and substantially expanded two-stories residences on substandard lots. The changes to the Zoning Ordinance would likely involve additional development requirements in lieu of the discretionary use permit process.

## STORMWATER

Atherton Channel Flood Abatement Construction	Estimated Cost: \$2,000,000 Source: Staff	This project will improve the drainage channel conditions in order to prevent systematic flooding from Atherton Channel that affects businesses along Haven Avenue. The design portion of this project was partially funded (\$200,000) in FY 2010-11 and (\$300,000) in FY 2011-12.
Middlefield Road Storm Drainage Improvements Phase I & II	Estimated Cost: \$2,000,000 Source: Staff	This project involves design of a storm drainage system to address flooding on Middlefield Road from San Francisquito Creek to Ravenswood Avenue.

## TECHNOLOGY

Dark Fiber Installation Pilot Project	<p>Estimated Cost: \$50,000 Source: Staff</p>	<p>Optical fiber is the preferred broadband access medium for companies seeking lab and office space in Silicon Valley. Menlo Business Park and Willow Business Park (soon to be called Menlo Science &amp; Technology Center) already have limited deployment of this highly sought after capability. These funds will enable the City to initiate a planning effort to determine how the existing fiber network can be extended further in the City's industrial sub-areas. Although funded in FY 2011-12, work on this project did not start prior to the dissolution of the RDA.</p>
Library Website Access Improvement	<p>Estimated Cost: \$6,500 Source: Staff</p>	<p>Library users expect to access information quickly, easily and accurately. The current library website provides very limited access to program information and electronic resources. A more graphical, dynamic website would engage all segments of the community and would improve access to non-native English speakers, children and the elderly. It is essential to the Library's mission to create a web portal that more effectively promotes library services and resources. Project would cover start-up costs for a consultant to design and implement a new web portal. Library staff will continue the maintenance of the site as part of regular library outreach to the community. Project was funded in the 2008-09 adopted budget but was deferred via mid-year budget adjustments.</p>



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# Appendix E.2

## Non-Funded Projects from Previously Approved Plans

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**City-wide Storm Drainage Study (2003)****Recommended Improvements*****Projects that do not require new outfalls to San Francisquito Creek or Atherton Channel***

<i>Location</i>	<i>Descriptions</i>	<i>Estimated Cost (2003)</i>
Magnolia Drive/Stanford Court	Flooding occurs in the vicinity of Stanford Court as a result of undersized lines downstream on Magnolia Drive. Upsizing 530 feet of line from 12-inch diameter to 24-inch diameter will improve drainage through an upstream system that has been improved	\$123,000
Spruce Avenue	Flooding occurs at Spruce Avenue. Storm system does not have an inlet at Spruce Avenue with the railroad acting as a barrier to surface flows. Improve requires 250 feet of 24-inch storm drain, and an inlet at Spruce Avenue	80,000
Middlefield Road	A parallel storm drain is proposed along Middlefield Road. The storm drain would connect to a recently constructed 48-inch diameter outfall into San Francisquito Creek. The parallel storm drain is needed to relieve flooding that requires road closures of Middlefield Road, Ravenswood Avenue, and Oak Grove Avenue	4,633,000
Euclid Avenue	A significant drainage area flows to Euclid Avenue with no collection system. It is likely that the flooding could disrupt traffic during a major storm event	288,000
Middle Avenue	Middle Avenue is susceptible to flooding due to undersized facilities to the Creek and upstream flooding that overflows into the drainage area. 1,620 feet of 24-inch diameter line is proposed. <i>Allows the removal of bubble-up storm drain catch basins. Provides backbone for draining Hobart Street, Cotton Street and Hermosa Way</i>	373,000
Oak Grove Avenue	The proposed line relieves flows received along Oak Grove Avenue and discharges to the proposed Middlefield Avenue parallel storm drain	1,699,000
Frontage 101, Menalto Ave to Laurel Ave and Santa Monica Avenue	Proposes 830 feet of 24-inch diameter line to provide backbone for storm drain to Menalto Avenue; and 2,510 feet of 15-inch storm drain to reduce flows at intersections along Menalto Avenue	945,000
Harvard & Cornell	Harvard & Cornell - Proposes addition of valley gutter to eliminate localized ponding	10,000
Bay Laurel Drive Outfall	Connecting drainage system	26,000
Olive Street Outfall	Connecting drainage system	536,000
Arbor Road Outfall	Connecting drainage system	1,524,000
El Camino Real Outfall	Connecting drainage system	1,976,000
Alma Street Outfall	Connecting drainage system	208,000
Middlefield Road Outfall	Connecting drainage system	1,270,000
Highway 101 Outfalls	Connecting drainage system	1,400,000
Euclid Avenue Outfall	Connecting drainage system	275,000

**Non-Funded Project from Previous Approved Plans and Project Request**

**Projects that require new outfalls and increase peak flows to San Francisquito Creek or Atherton Channel Recommended Improvement**

<i>Project</i>	<i>Descriptions</i>	<i>Estimated Cost (2003)</i>
Middle Avenue	Replace and upsize the storm drain line on Arbor Road from the outfall to about 500 feet upstream at a cost of about \$850,000. Replace and upsize the storm drain line on Arbor Road to Middle Avenue for a cost of about \$980,000 and extending the system to Middle Avenue and San Mateo Drive.	2,310,000
Overland Flow	Overflows from the System G system are to System I. There can be a "domino effect," with these overflows continuing to El Camino Real.	900,000
Overland Flow	Overflows from the System I system are to El Camino Real. Currently, a portion of Middle Avenue does not have a storm drain. A storm drain would be provided to collect flows to improve collection into the Priority 1 storm drain line. Lines on Valparaiso Avenue, Santa Cruz Avenue and Arbor Drive are proposed to collect flows and convey flows to the Priority 1 system, thereby reducing the potential for overtopping to the El Camino Real system.	4,458,000
Ponding throughout the City	Improvements to correct nuisance ponding issues and are required throughout the City. The improvements are numerous and are required.	10,211,000
Alto Lane/El Camino Real	All overflows from upstream systems will be toward El Camino Real. It is likely that ponding first occurs on Alto Lane and excess flows are released to a 30-inch storm drain line to the Alma System prior to road closure for typical storm events. A major storm even could result in the closure of El Camino Real.	5,800,000
San Francisquito Creek Joint Powers Authority Improvements		TBD
Atherton Channel Improvement		TBD

## El Camino Real /Downtown Specific Plan (2012)

### Recommended Improvements

<i>Improve Pedestrian/Bicycle Amenities and Overall Street Character – Downtown and Station Area</i>		
<i>Location</i>	<i>Improvement</i>	<i>Cost</i>
Santa Cruz Avenue (University Drive to El Camino Real)	Permanent streetscape improvements, on-street parking modifications, widened sidewalks, curb and gutter, furnishings, trees and landscape; central plaza	TBD
Santa Cruz Avenue (El Camino Real to train station)	Streetscape improvements; new sidewalks and connections across railroad tracks and to Menlo Center Plaza, trees, curb and gutter, furnishings; civic plaza with new surface, furnishings	TBD
El Camino Real	Streetscape improvements; sidewalk widening, street crossings; sidewalk trees, furnishings, landscape, pedestrian and bicycle linkage across railroad tracks at Middle Avenue	TBD
Chestnut Street South	Permanent street conversion to paseo and marketplace; streetscape enhancement	TBD
Chestnut Street North (Santa Cruz Avenue to Oak Grove Avenue)	Permanent pocket park; enhance pathways and crosswalk connections to proposed parking garages; widened and enhance sidewalk - west side leading to pocket park	TBD
Crane Street North (Santa Cruz Avenue to alley)	Permanent pocket park; enhance pathways and crosswalk connections to proposed parking garages; widened and enhance sidewalk - east side leading to pocket park	TBD
Rear of Santa Cruz Avenue Buildings (south side from University Drive to Doyle Street)	Pedestrian linkage; new sidewalk, furnishings, landscaping, modified parking	TBD
Oak Grove (Laurel Street to University Drive)	Street restriping to add bike lane and remove parking lane (north side)	TBD
Alma Street (Oak Grove Avenue to Ravenswood Avenue)	Streetscape improvements; wider sidewalks and connection to train station, trees, curb and gutter, furnishings - east side; modified parking and travel lanes small plaza at Civic Center	TBD
Future Class II/Minimum Class III	University Drive north of Santa Cruz Avenue to Valparaiso Avenue and south of Menlo Avenue to Middle Avenue	TBD
Bicycle Route	Crane street between Valparaiso Avenue and Menlo Avenue	TBD
Bicycle Route	Garwood Way from Encinal Avenue to Oak grove Avenue	TBD
Bicycle Route	Alma Street between Oak Grove Avenue and Ravenswood Avenue	TBD
<i>Improve and “Leverage” Existing Downtown Public Parking Plazas</i>		
Parking Plazas 1, 2 and 3	Two Parking Garage	TBD
Parking Plazas 2 and 3	Pocket Park, new surface, amenities, furnishings, landscape	TBD
Parking Plazas 5	Flex space improvements; new surface, amenities, furnishings, landscape	TBD
Parking Plazas 6	Flex space improvements; new surface, amenities, furnishings, landscape	TBD
Parking Plaza 5 & 6	Enhance surface treatments	TBD
<i>Improve Pedestrian/Bicycle Amenities and Overall Street Character – El Camino Real – and East/West Connectivity</i>		
Railroad tracks at train station	Bike/pedestrian crossing at railroad tracks connecting Santa Cruz Avenue with Alma Street, depending on the final configuration for high speed rail; amenities, landscape	TBD
El Camino Real (north of Oak Grove Avenue and south of Menlo Avenue/Ravenswood Avenue)	Widened sidewalks; street trees; median improvements; furnishings	TBD

Railroad tracks at Middle Avenue (Stanford property)	Bike/pedestrian at railroad tracks connecting El Camino Real with Alma Street, depending on the final configuration for high speed rail; amenities, landscape	TBD
El Camino Real/Stanford Property (at Middle Avenue)	Publicly accessible open space; amenities, landscape	TBD
Bicycle Lanes	El Camino Real north of Encinal Avenue	TBD
Future Class II/Minimum Class III	El Camino Real south of Encinal Avenue to Palo Alto border	TBD
Future Class II/Minimum Class III	Menlo Avenue between University Drive and El Camino Real with additional striping modifications near the EL Camino Real and Menlo Avenue intersection	TBD
Future Class II/Minimum Class III	Westbound Ravenswood Avenue between the railroad tracks and El Camino Real	TBD
Future Class II/Minimum Class III	Middle Avenue between University Drive and El Camino Real with additional striping modifications at the El Camino Real and Middle Avenue intersection	TBD
<b><i>Improve Parking and Signage</i></b>		
Sharrows - Signage	Sharrows, street configuration and safety to supplement pavement markings on Class III facilities. Sharrows are painted street markings that indicate where bicyclist should ride to avoid the “door zone” next to parked vehicles	TBD
Bicycle Parking	New major bicycle parking facilities in the proposed parking garages	TBD
Bicycle Racks	New bicycle racks in the plan area in new pocket parks, on the Chestnut Paseo, and along Santa Cruz Avenue	TBD
Wayfinding Signage	Bicycle way-finding signage in any future downtown signage plan	TBD

## Transportation Impact Fee Study (2009)

### Recommended Improvements

<b><i>Bicycle Improvement Projects</i></b>			
<b><i>Roadway</i></b>	<b><i>From</i></b>	<b><i>To</i></b>	<b><i>Estimated Cost</i></b>
Bay Road	Berkeley Avenue	Willow Road	\$39,900
Middlefield	Willow Road	Palo Alto City Limits	7,000
Sand Hill Road eastbound	Westside of I-280 interchange	Eastside of I-280 interchange	32,900
Independence Connector	Constitution Drive	Marsh Road	120,000
Willow Road Connector	Hamilton	Bayfront Expy.	204,000
Marsh Road	Bay Road	Bayfront Expy.	51,100
Willow Road	Durham Street	Newbridge	37,100
El Camino Real	Encinal	Palo Alto City Limits	12,700
Bayfront Expy. Bicycle/Pedestrian Undercrossing	Eastside Bayfront Expy. at Willow	Westside Bayfront Expy. At Willow	911,629
Caltrain Bicycle/Pedestrian Undercrossing	Eastside Caltrain tracks south of Ravenswood	Westside Caltrain tracks south of Ravenswood	3,646,518
<b><i>Sidewalk Installation Projects</i></b>			
<b><i>Roadway</i></b>	<b><i>Limits</i></b>		<b><i>Estimated Cost</i></b>
Willow Road	Bayfront Expressway to Hamilton Avenue		\$128,250
Hamilton Avenue/Court	Willow Road to end		280,500
O'Brien Drive	Willow Road to University Avenue		2,629,500
Bay Road	Willow Road to Van Buren Avenue		157,500
El Camino Real	Valparaiso Avenue to 500 feet north		75,000
Santa Cruz Avenue	Johnson to Avy Avenue		1,290,000
Santa Cruz Avenue	Avy Avenue to City Limits		630,000
<b><i>Intersection Improvements</i></b>			
<b><i>Intersection</i></b>			<b><i>Estimated Cost</i></b>
University Drive & Santa Cruz Avenue			\$600,000
Laurel Street & Ravenswood Avenue			2,500,000
Middlefield Road & Ravenswood Avenue			1,520,000
Middlefield Road & Willow Road			1,700,000
Bohannon/Florence & Marsh Road			820,000
El Camino Real & Valparaiso/Glenwood			610,000
El Camino Real & Ravenswood Avenue			6,000,000
El Camino Real & Middle Avenue			1,820,000
Newbridge Street & Willow Road			2,100,000
Bayfront Expressway & Willow Road			470,000
Bayfront Expressway & University Avenue			2,500,000
Bayfront Expressway & Chrysler Drive			630,000
Bayfront Expressway & Marsh Road			690,000

**Water System Evaluation Report (2006)**  
**Recommended Improvements**

<i>Description</i>	<i>Estimated Cost</i>
Reservoir and pump Station in Zone 1,4 or 5	TBD
Reservoir and pump Station in Zone 2	TBD
New pipeline supplying water from Zone 3 to lower elevation zones	TBD
New pipeline & pump station supplying water from lower elevation zones to Zone 3	TBD
New booster pump at Avy Ave in Zone 3 (CWC interconnect)	TBD
New parallel pipe from El Camino Real (B4) connections to Ivy Drive (B2, B3) connection to improve fire flow/pressure	TBD
New meter & pump station along Sharon Park Drive	TBD
Different inlet/outlet structures and pipelines at Sand Hill Reservoirs	TBD
Combination of items 3 or 4 and new reservoir at Sand Hill Road	TBD

# Comprehensive Bicycle Development Plan (2005)

## Recommended Bikeway System Improvements

<i>Name</i>	<i>Start</i>	<i>End</i>	<i>Estimated Cost (2005)</i>
<b><i>SHORT-TERM PROJECTS</i></b>			
<b>Class II Bike Lanes</b>			
O'Brien Drive	Willow	University	24,900
<b>Class III Bike Routes</b>			
Altschul Avenue	Avy	Sharon Road	800
Avy Avenue	Orange	Monte Rosa	2,100
Coleman Avenue	Willow	Ringwood	3,300
Hamilton Avenue	Market	Willow Road	4,250
Market Place	Highway 101 Bike/Ped Bridge	Hamilton	500
Monte Rosa Drive	Avy	Sand Hill Road	2,750
Oak Grove Avenue	Middlefield	University	9,000
Ringwood Avenue	Bay	Highway 101 Bike/Ped Bridge	1,250
San Mateo Drive	San Francisquito Creek	Wallea	1,400
San Mateo Drive	Wallea	Valparaiso	1,650
Santa Monica Avenue	Seminary	Coleman	750
Seminary Drive	Santa Monica	Middlefield	3,100
Sharon Road	Altschul	Sharon Park Drive	2,000
Sharon Park Drive	Sharon Road	Sand Hill Road	600
Wallea Drive	San Mateo Drive	San Mateo Drive	2,050
Woodland Avenue	Middlefield	Euclid	6,350
<b><i>Other Bicycle Projects</i></b>			
Wayfinding Signage Program	N/A	N/A	10,000
Short-Term Project Costs			91,000
<b><i>MID-TERM PROJECTS</i></b>			
<b>Class II Bike Lanes</b>			
El Camino	Watkins	Encinal	9,600
Middlefield	Willow	Palo Alto city limit	3,000
<b>Class III Bike Routes</b>			
Arbor	College	Bay Laurel	550
Bay Laurel Drive	Arbor	San Mateo	800
Berkeley Avenue	Coleman	Bay	2,150
College Avenue	University	Arbor	1,000
Constitution Drive	Chilco	Independence	3,350
Encinal Avenue	Garwood	EL Camino Real	1,700
Menlo Avenue	University	El Camino Real	3,500
Merrill Street	Ravenswood	Oak Grove	950
Middle Avenue	Olive	El Camino Real	10,800
Oak Avenue	Olive	Sand Hill	3,250
Oakdell Drive	Santa Cruz	Olive	3,100
Olive Street	Oak	Oakdell	800
Ravenswood Avenue	El Camino Real	Noel	1,800
Santa Cruz Avenue	Orange Avenue	Sand Hill	4,300
University Drive	Valparaiso	College	4,000
Mid-Term Project Costs			85,850

Non-Funded Project from Previous Approved Plans and Project Request



<b><i>LONG-TERM PROJECTS</i></b>			
<b>Class I Bike Lanes</b>			
Independence Connector	Constitution Drive	Marsh Road	55,000
Willow Road Connector	Hamilton	Bayfront Expresswy	93,500
<b>Class II Bike Lanes</b>			
Marsh Road	Bay Road	Bayfront Expressway	21,900
Willow Road	Durham	Newbridge	15,900
<b>Class III Bike Routes</b>			
El Camino Real	Encinal	Palo Alto city limit	12,700
<b>Other Bicycle Projects</b>			
Bayfront Expressway Bicycle/Pedestrian Undercrossing	East side Bayfront Expressway at Willow	West side Bayfront Expressway at Willow	750,000
Caltrain Bicycle/Pedestrian Undercrossing	East side Caltrain tracks south of Ravenswood	West side of Caltrain tracks south of Ravenswood	3,000,000
Long-Term Project Costs			3,949,000
<b>TOTAL SYSTEM COST</b>			
			4,125,850

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# Appendix F

## Summary of Projects sorted by Funding Source

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Funding Source	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
<b>General Fund - CIP</b>						
Available Balance	120,592	9,592	427,592	13,592	1,037,592	
Revenues	2,990,000	4,950,000	2,700,000	2,800,000	2,900,000	
Operating Expenditures and Commitments	20,000	22,000	24,000	26,000	28,000	
<b>Recommended Projects</b>						
Administration Building Carpet Replacement	400,000	-	-	-	-	400,000
Administration Building Conference Room Furniture Replacement	-	-	-	-	200,000	200,000
Bay Levee Project	140,000	90,000	90,000	-	-	320,000
Belle Haven Child Development Center Flooring Replacement	50,000	-	-	-	-	50,000
Belle Haven Youth Center Improvements	-	-	-	150,000	-	150,000
Burgess Pool Deck Repairs	-	-	135,000	-	-	135,000
Burgess Sports Field	-	-	-	-	250,000	250,000
Chrysler Pump Station Improvements	350,000	-	-	-	-	350,000
City Buildings (Minor)	325,000	325,000	325,000	350,000	350,000	1,675,000
Civic Center Sidewalk Replacement and Irrigation System Upgrades	-	-	400,000	-	-	400,000
Corporation Yard Storage Cover	-	-	300,000	-	-	300,000
Downtown Parking Utility Underground <sup>1</sup>	400,000	2,350,000	-	-	-	2,750,000
Downtown Streetscape Improvement Project (Specific Plan)	80,000	115,000	165,000	110,000	-	470,000
El Camino Real Median and Side Trees Irrigation System Upgrade	-	85,000	-	-	-	85,000
Fire Plans and Equipment Replacement at Council Chambers, Onetta Harris Community Cntr and Library	60,000	-	-	-	-	60,000
Heritage Tree Ordinance Program Evaluation	50,000	-	-	-	-	50,000
High Speed Rail Coordination	50,000	50,000	50,000	50,000	-	200,000
Installation of Electric Plug In Recharging Stations Cost Benefit Analysis and Plan	-	30,000	-	-	-	30,000
Jack Lyle Park Sports Field Sod Replacement	-	100,000	-	-	-	100,000
Kitchen Upgrade at Onetta Harris Community Center	-	-	-	-	30,000	30,000

## 5 YEAR PLAN SUMMARY BY FUNDING SOURCE

Funding Source	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
<b>General Fund - CIP - Continued</b>						
La Entrada Baseball Field Renovation	-	-	-	170,000	-	170,000
Library Furniture Replacement	-	-	-	450,000	-	450,000
Library Space Needs Study <sup>2</sup>	130,000	-	-	-	-	130,000
Library Landscaping	300,000	-	-	-	-	300,000
Main Library Interior Wall Fabric Replacement	-	150,000	-	-	-	150,000
Menlo Children's Center Carpet Replacement	-	-	-	60,000	-	60,000
Nealon Park Sports Field Irrigation System	-	-	-	-	50,000	50,000
Overnight Parking App	70,000	-	-	-	-	70,000
Park Improvements (Minor)	150,000	150,000	150,000	170,000	170,000	790,000
Park Pathways Repairs	-	-	200,000	-	-	200,000
Pedestrian/Bicycle Master Plan Update	-	-	-	-	250,000	250,000
Police Department Space Use Study	-	-	40,000	-	-	40,000
Police Front Office Counter Remodel/Security Upgrade	-	70,000	-	-	-	70,000
Pope/Chaucer Bridge Replacement	60,000	-	-	-	-	60,000
Radio Infrastructure Replacement	26,000	100,000	-	-	-	126,000
Retractable Lights Installation at Gymnasium, Gymnastics and Family Recreation Centers	150,000	-	-	-	-	150,000
Sand Hill Road Pathway Repair	-	250,000	-	-	-	250,000
Sidewalk Repair Program	120,000	120,000	120,000	120,000	120,000	600,000
Storm Drain Improvements	110,000	115,000	115,000	120,000	120,000	580,000
Strategic Plan to Increase Local Food Production through Social Marketing, Education, and Community Garden Programs	-	-	-	-	60,000	60,000
Street Resurfacing	-	-	1,000,000	-	2,000,000	3,000,000
Tennis Court Electronic Key Upgrade	-	100,000	-	-	-	100,000
Trash Capture Device Installation	-	60,000	-	-	-	60,000
Willow Place Bridge Abutment Repairs	60,000	250,000	-	-	-	310,000
<b>Total</b>	<b>3,081,000</b>	<b>4,510,000</b>	<b>3,090,000</b>	<b>1,750,000</b>	<b>3,600,000</b>	<b>16,031,000</b>
Ending Fund Balance	9,592	427,592	13,592	1,037,592	309,592	

<sup>1</sup>City to be reimbursed from PG&E with Rule 20A revenues shown in FY 2014-15.

<sup>2</sup>City will receive \$90,000 from the Library Foundation

Funding Source	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
<b>Bedwell Bayfront Park Landfill</b>						
Available Balance	3,212,302	3,617,302	3,912,302	3,287,302	3,542,302	
Revenues	725,000	725,000	725,000	725,000	725,000	
Operating Expenditures and Commitments	320,000	330,000	350,000	370,000	390,000	
<b>Recommended Projects</b>						
Bedwell Bayfront Park Electrical Panel Upgrade	-	100,000	-	-	-	100,000
Bedwell Bayfront Park Gas Collection System Repair	-	-	-	100,000	-	100,000
Bedwell Bayfront Park Leachate Collection System Replacement	-	-	1,000,000	-	-	1,000,000
<b>Total</b>	-	100,000	1,000,000	100,000	-	1,200,000
Ending Fund Balance	3,617,302	3,912,302	3,287,302	3,542,302	3,877,302	

<b>Bedwell Bayfront Park Maintenance</b>						
Available Balance	568,743	454,743	336,743	212,743	84,743	
Revenues	2,000	2,000	-	-	-	
Operating Expenditures and Commitments	116,000	120,000	124,000	128,000	132,000	
<b>Recommended Projects</b>						
	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
Ending Fund Balance	454,743	336,743	212,743	84,743	(47,257)	

<b>Construction Impact Fees</b>						
Available Balance	1,680,254	2,620,254	3,560,254	1,230,254	2,170,254	
Revenues	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Operating Expenditures and Commitments	60,000	60,000	60,000	60,000	60,000	
<b>Recommended Projects</b>						
Street Resurfacing	-	-	3,270,000	-	2,270,000	5,540,000
<b>Total</b>	-	-	3,270,000	-	2,270,000	5,540,000
Ending Fund Balance	2,620,254	3,560,254	1,230,254	2,170,254	840,254	

<b>Downtown Parking Permits</b>						
Available Balance	2,119,647	2,387,647	2,661,647	2,941,647	3,227,647	
Revenues	400,000	2,210,000	420,000	430,000	440,000	
Operating Expenditures and Commitments	132,000	136,000	140,000	144,000	148,000	
<b>Recommended Projects</b>						
Downtown Parking Utility Underground <sup>1</sup>	-	1,800,000	-	-	-	1,800,000
Parking Plaza 7 Renovations	-	-	-	-	200,000	200,000
<b>Total</b>	-	1,800,000	-	-	200,000	2,000,000
Ending Fund Balance	2,387,647	2,661,647	2,941,647	3,227,647	3,319,647	

<sup>1</sup> City to be reimbursed from PG&E with Rule 20A funds revenue shown in FY 2014-15.

## 5 YEAR PLAN SUMMARY BY FUNDING SOURCE

Funding Source	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
<b>Highway Users Tax</b>						
Available Balance	774,165	1,594,165	2,264,165	744,165	1,554,165	
Revenues	820,000	900,000	980,000	1,060,000	1,140,000	
Operating Expenditures and Commitments	-	-	-	-	-	
<b>Recommended Projects</b>						
Street Resurfacing	-	230,000	2,500,000	250,000	2,500,000	5,480,000
<b>Total</b>	-	230,000	2,500,000	250,000	2,500,000	2,980,000
Ending Fund Balance	1,594,165	2,264,165	744,165	1,554,165	194,165	

<b>Measure A</b>						
Available Balance	(356,545)	43,455	(91,545)	138,455	398,455	
Revenues	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	
Operating Expenditures and Commitments	900,000	930,000	960,000	990,000	1,200,000	
<b>Recommended Projects</b>						
Alma/Ravenswood Pedestrian/Bike Study	-	100,000	-	-	-	100,000
Alternative Transportation Social Marketing Program	-	60,000	-	-	-	60,000
Bike Sharing Program Cost Benefit Study	-	-	60,000	-	-	60,000
City Car Sharing Program Study	-	-	-	50,000	-	50,000
Florence/Marsh and Bay/Marsh Signal Modification	-	345,000	-	-	-	345,000
Middlefield Road at Ravenswood Avenue Intersection Reconfiguration Study	-	-	50,000	-	-	50,000
Middlefield Road at Willow Road Intersection Reconfiguration Study	-	-	-	-	65,000	65,000
Sand Hill Road Improvements (Addison/Wesley to I-280)	-	-	TBD	-	-	TBD
Signal Interconnect Study	-	-	-	-	50,000	50,000
<b>Total</b>	-	505,000	110,000	50,000	115,000	780,000
Ending Fund Balance	43,455	(91,545)	138,455	398,455	383,455	

Funding Source	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
<b>Measure T</b>						
Available Balance	156,619	158,619	8,033,619	8,053,619	8,074,619	
Revenues	2,000	8,000,000	20,000	21,000	22,000	
Operating Expenditures and Commitments	-	-	-	-	-	
<b>Recommended Projects</b>						
Measure T Funds Evaluation/Project Ranking	-	125,000	-	-	-	125,000
<b>Total</b>	-	125,000	-	-	-	125,000
Ending Fund Balance	158,619	8,033,619	8,053,619	8,074,619	8,096,619	

<b>Rec-in-Lieu Fund</b>						
Available Balance	1,359,865	1,479,865	1,459,865	1,559,865	1,834,865	
Revenues	300,000	300,000	300,000	300,000	300,000	
Operating Expenditures and Commitments	-	-	-	-	-	
<b>Recommended Projects</b>						
Belle Haven Pool Analysis and Audit	100,000	-	-	-	-	100,000
Belle Haven Pool Deck Lighting	-	30,000	-	-	-	30,000
Belle Haven Youth Center Playground Replacement	-	TBD	-	-	-	-
Playground Equipment Assessment & Replacement	30,000	-	-	-	-	30,000
Relocation of Dog Park at Nealon Park				25,000	125,000	150,000
Willow Oaks Dog Park Renovation	50,000	250,000	-	-	-	300,000
Jack Lyle Park Restrooms - Construction	-	40,000	200,000	-	-	240,000
<b>Total</b>	180,000	320,000	200,000	25,000	125,000	850,000
Ending Fund Balance	1,479,865	1,459,865	1,559,865	1,834,865	2,009,865	

<b>Sidewalk Assessment</b>						
Available Balance	65,089	55,089	50,089	50,089	55,089	
Revenues	190,000	195,000	200,000	205,000	210,000	
Operating Expenditures and Commitments	20,000	20,000	20,000	20,000	20,000	
<b>Recommended Projects</b>						
Sidewalk Repair Program	180,000	180,000	180,000	180,000	180,000	900,000
<b>Total</b>	180,000	180,000	180,000	180,000	180,000	900,000
Ending Fund Balance	55,089	50,089	50,089	55,089	65,089	

## 5 YEAR PLAN SUMMARY BY FUNDING SOURCE

Funding Source	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
<b>Solid Waste Service Fund</b>						
Available Balance	788,870	601,870	443,870	399,870	393,870	
Revenues	250,000	300,000	350,000	400,000	450,000	
Operating Expenditures and Commitments	372,000	383,000	394,000	406,000	418,000	
<b>Recommended Projects</b>						
Requirement for Pharmacy to Take back Pharmaceuticals Draft Ordinance	-	25,000	-	-	-	25,000
Community Zero Waste Policy Draft	-	50,000	-	-	-	50,000
Implement Strategic Plan to Improve Public Area Trash and Recycling Citywide	65,000	-	-	-	-	65,000
<b>Total</b>	65,000	75,000	-	-	-	140,000
Ending Fund Balance	601,870	443,870	399,870	393,870	425,870	

<b>Storm Drainage Fund</b>						
Available Balance	99,366	106,366	113,366	120,366	127,366	
Revenues	7,000	7,000	7,000	7,000	7,000	
Operating Expenditures and Commitments	-	-	-	-	-	
<b>Recommended Projects</b>						
	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
Ending Fund Balance	106,366	113,366	120,366	127,366	134,366	

<b>Transportation Impact Fees</b>						
Available Balance <sup>1</sup>	3,813,226	3,558,226	3,728,226	4,093,226	3,708,226	
Revenues	2,395,000	500,000	500,000	500,000	500,000	
Operating Expenditures and Commitments	135,000	135,000	135,000	135,000	135,000	
<b>Recommended Projects</b>						
Caltrain Bike/Ped Undercrossing Design	-	-	-	500,000	-	500,000
El Camino Real/Ravenswood NB Right Turn Lane Design and Construction	1,020,000	-	-	-	-	1,020,000
Laurel Street/Ravenswood Signal Modification	-	195,000	-	-	-	195,000
Sand Hill Road Signal Interconnect <sup>2</sup>	1,495,000	-	-	-	-	1,495,000
Sand Hill Road Signal Modification Project	-	-	-	250,000	-	250,000
<b>Total</b>	2,515,000	195,000	-	750,000	-	3,460,000
Ending Fund Balance	3,558,226	3,728,226	4,093,226	3,708,226	4,073,226	

<sup>1</sup>The projected Revenue of \$800,000 in FY 2014-15 is a C/CAG grant for the Willow Rd improvements project funded FY 2012-13.

<sup>2</sup>This project is expected to be funded by the San Mateo County Transportation Authority, included in revenues in FY 2014-15.



Funding Source	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
<b>Library Bond Fund</b>						
Available Balance	(22,020)	(22,020)	(22,020)	(22,020)	(22,020)	
Revenues	-	-	-	-	-	
Operating Expenditures and Commitments	-	-	-	-	-	
<b>Recommended Projects</b>						
						-
<b>Total</b>	-	-	-	-	-	-
Ending Fund Balance	(22,020)	(22,020)	(22,020)	(22,020)	(22,020)	

<b>Water Fund - Capital</b>						
Available Balance	1,828,464	1,832,464	2,784,464	3,314,464	862,464	
Revenues	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Operating Expenditures and Commitments	46,000	48,000	50,000	52,000	54,000	
<b>Recommended Projects</b>						
Automated Water Meter Reading	-	-	120,000	1,200,000	1,200,000	2,520,000
Emergency Water Supply Project (2nd Well)	-	-	-	-	TBD	TBD
Reroof Reservoir #2	300,000	-	-	-	-	300,000
Urban Water Management Plan	100,000	-	-	-	-	100,000
Water Main Replacements	-	-	300,000	2,200,000	-	2,500,000
Water Rate Study	50,000	-	-	-	-	50,000
Water System Master Plan	500,000	-	-	-	-	500,000
<b>Total</b>	950,000	-	420,000	3,400,000	1,200,000	5,970,000
Ending Fund Balance	1,832,464	2,784,464	3,314,464	862,464	608,464	

<b>FISCAL YEAR TOTALS</b>	<b>6,971,000</b>	<b>8,040,000</b>	<b>10,770,000</b>	<b>6,505,000</b>	<b>10,190,000</b>	<b>42,476,000</b>
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**REVISIONS TO THE PREVIOUS CIP**

**NEW PROJECTS:** New Projects were added in the interim years of the CIP to meet emerging community needs since the last 5-year plan was adopted in 2013. These include:

- Library Space Needs Study in 2014-15 to determine how the building can be modified and updated to best accommodate changes to library services for the next twenty years (\$130,000).
- Police Department Space Use Study in 2015-16 to utilize wasted office and storage space more efficiently (\$40,000).
- Police Front Office Counter Remodel Security Upgrade in 2016-17 to provide security at the front counter of the Police Department which has been a concern for police records personnel for many years (\$70,000).
- Strategic plan to improve public area trash and recycling citywide in 2014-15 to implement the National Pollutant Discharge Elimination System (NPDES) Permit (\$60,000).
- Water System Master Plan in 2014-15 to provide a long term Capital Improvement program and have consistency with the new housing element (\$500,000).
- Belle Haven Pool Analysis in 2014-15 to analyze its current and future use and review the pump house and pool for Americans with Disabilities Act (ADA) and building code requirements (\$100,000).
- Belle Haven Pool Deck Lighting in 2015-16 to expand the use of the pool during the evening (\$30,000).
- Playground Equipment Assessment & Replacement Study in 2014-15 to assess and gradually replace portions of play equipment that is currently not meeting California Playground Safety regulations (\$30,000).
- Tennis Court Electronic Key Upgrade in 2015-16 to install electronic access to the 5 tennis courts (\$100,000).
- Bay Levee in 2014-15 though 2016-17 to provide staff support in evaluating feasibility, alternative analysis, design, and environmental documentation for coastal levee improvements that will improve flood protection, restore the ecosystem, and provide recreational opportunities within the project reach (\$320,000)
- Pope Street/Chaucer Street Bridge Replacement in 2014-15 - Funding for this project is for staff assistance during the design phase (\$60,000).
- Willow Place Bridge Abutments Repairs in 2014-15 and 2015-16 to repair damages to the bridge abutment from the December 2012 storm event (\$310,000).

**FIFTH YEAR (2018-19)** of the 5 year Plan had no projects in the prior version. 8 projects were added based on identified need and review of the list of unfunded projects. These include:

- Administration Building Conference Room Furniture to replace existing chairs and tables in the administration building were purchased in 1999 and have started to break down (\$200,000).
- Kitchen Upgrade at Onetta Harris Community Center to renovate counter tops, cabinets, and sink to meet the needs of rentals (\$30,000).
- Pedestrian/Bicycle Master Plan Update to update the existing plan to include current treatments and serve as a baseline for complete streets treatments (\$250,000).
- Signal Interconnect Study to improve capacity, safety and traffic control throughout our roadway network through the use of coordinated traffic signal systems (\$50,000).
- Burgess Sport Field to replace the existing turf, clean the drains and level the field (\$250,000).
- Strategic Plan to increase local food production through social marketing, education, and Community Garden Programs (\$65,000).
- Nealon Park Sports Field Irrigation System to add a new water connection to increase the water pressure at Nealon Softball field (\$50,000).
- Emergency Water Supply Project (2<sup>nd</sup> Well) to initiate the first phase of construction of up to three emergency standby wells to provide a secondary water supply to the Menlo Park Municipal Water District's eastern service area (Cost TBD).

**TIME FRAME AND FUNDING CHANGES** Several projects were pushed back to later fiscal years or moved to earlier years from the time frames proposed in the previous CIP. In some projects, funding increased based on new information.

- Downtown Parking Utility Underground the project funding total was split into design phase (\$400,000) for the first year 2014-15 and construction (\$4,150,000) for the second year 2015-16.
- Sand Hill Road Pathway Repair moved from 2014-15 to 2015-16.
- Street Resurfacing Project moved from 2014-15 to 2015-16 in order for engineering staff to complete current projects.
- Administration Building Carpet Replacement moved from 2015-16 to 2014-15 and funding increased from \$200,000 to \$400,000. The cost increase reflects staff's experience with the recarpeting the Police and Library Buildings and current cost of carpet.
- The Retractable Light Installation at Arrillaga Family Gymnasium and Gymnastics Centers project and the Arrillaga Family Recreation Center Light Replacement projects were combined and

moved from 2015-16 and 2017-18 to 2014-15. Total funding decreased from \$332,000 to \$150,000.

- City Buildings (minor) funding increased from \$300,000 to \$325,000 for the first three years, for the fourth and fifth year from \$325,000 to \$350,000.
- Fire Plans and Equipment Replacement at Council Chambers, Onetta Harris Community Center and Library moved from 2017-18 to 2014-15.
- Menlo Children's Carpet Replacement was moved from 2014-15 to 2017-18.
- Alma Street/Ravenswood Avenue Pedestrian/Bike Study moved from 2014-15 to 2015-16 and funding increased from \$60,000 to \$100,000.
- El Camino Real/Ravenswood Avenue NB Right Turn Lane Design and Construction funding decreased by \$130,000 to be utilized this fiscal year for design from \$1,150,000 to \$1,020,000.
- Middlefield Road at Ravenswood Avenue Intersection Reconfiguration Study moved from 2015-16 to 2016-17.
- Middlefield Road at Willow Road Intersection Reconfiguration Study moved from 2016-17 to 2018-19 and funding increased from \$50,000 to \$65,000.
- Sand Hill Road Signal Modification Project moved 2016-17 to 2017-18.
- Alternative Transportation Social Marketing Program moved from 2014-15 to 2015-16.
- Requirement for Pharmacies to take back pharmaceuticals draft Ordinance moved from 2014-15 to 2015-16.
- Automated Meter Reading moved from 2015-16 to 2016-17, total funding for three years increased from \$2,450,000 to \$2,520,000.
- Urban Water Management Plan funding increased from \$70,000 to \$100,000.
- Bedwell Bayfront Park Restroom Repair name changed to Bedwell Bayfront Park Electrical Panel Upgrade to reflect major repair. Funding increased from \$95,000 to \$100,000.
- Burgess Pool Deck Repairs moved from 2014-15 to 2016-17.
- Jack Lyle Park Restroom Construction moved from 2014-15 to 2015-16.
- Jack Lyle Park Sports Field Sod Replacement moved 2014-15 to 2015-16 and funding increased from \$80,000 to \$100,000.

- La Entrada Baseball Field Renovation moved from 2016-17 to 2017-18.
- Park Improvements (minor) funding increased from \$130,000 to \$150,000 for the first three years and for the fourth and fifth year from \$130,000 to \$170,000.
- Bedwell Bayfront Park Leachate Collection System Replacement moved from 2014-15 to 2016-17 and funding increased from \$900,000 to \$1,000,000.
- Bedwell Bayfront Park Gas Collection System Repair moved 2014-15 to 2017-18.
- Overnight Parking Application moved from 2016-17 to 2014-15.
- Parking Plaza 7 Renovations moved from 2017-18 to 2018-19.

**PROJECTS ELIMINATED, MOVED TO OPERATING BUDGET OR ADDED TO NON-FUNDED CATEGORY:** Due to limited funding or alternative funding availability, CIP Engineering staffing levels and more pressing community needs, a few projects have been removed from the plan.

- The Streetlight Painting Project was removed from the Plan and will be placed in the operating budget in 2014-15 as part of the maintenance program.
- The Facility Retrofits funding planned for 2014-15 was moved forward to be utilized this fiscal year 2013-14.
- Housing Element Implementation Program- Ordinances and Policies was removed from the plan because it will most likely be paid out of the operating budget.
- The Sidewalk Master Plan and Burgess Baby Pool Analysis/Preliminary Design were moved to the unfunded categories.

**NEW PROJECT REQUESTS ADDED TO THE NON-FUNDED CATEGORY**

- Onetta Harris Community Center Installation of Additional Restroom
- Emergency Traffic Signal Equipment Stock
- Bedwell Bayfront Park Master Plan
- Utility Underground Fund
- People Mover System



Date: December 17, 2013

To: Menlo Park City Council

From: Tom Cecil, Parks and Recreation Commission Chair  
Parks and Recreation Commission

Re: Parks and Recreation Commission Input and Recommendation on Draft  
Five –Year Capital Improvement Plan (CIP)

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### **Recommendation**

The Parks and Recreation Commission recommend that the City Council review and consider the Commission's recommendations on the Draft Five-Year Capital Improvement Plan (CIP) for 2014-2019.

1. The Commission noted that the restroom project at Bedwell Bayfront Park were not included in the 5-Year CIP. The Commission is requesting information on this project and when this issue will be addressed. The restroom project is considered a high priority issue.
2. The Commission had much discussion during their December meeting around the choice to prioritize the Library Landscaping project in FY 2014-15. The Commission feels that there are other priorities more pressing like the restrooms at Bedwell-Bayfront, Willow Oaks and Jack Lyle Parks.
3. The Commission noted that the community engagement process and project for the Willow Oaks Park restroom was unfunded. They recommend that this project/process would be given a higher priority and funded in the 5-Year CIP document.
4. The Commission recommends that the Jack Lyle restroom project and community engagement process be moved forward on the 5-Year CIP to FY 2014-15. They would like to see this happen if possible and perhaps delay the Library Landscaping project if needed.
5. The Sound Wall Project for Kelly Park which is included in the 5-Year CIP as an unfunded project is highly recommended project by the Commission and one they believe should be considered as part of a potential Measure T Bond issuance.

Overall the Parks and Recreation Commission was satisfied with the proposed 5-Year CIP and would just like to see consideration given to the items listed above.

Thank you for your consideration.

Tom Cecil, Commission Chair  
Parks and Recreation Commission



**ENVIRONMENTAL PROGRAMS**  
701 Laurel Street, Menlo Park, CA 94025  
Phone (650) 330-6764 Fax (650) 327-5497

## **MEMORANDUM**

**DATE:** January 22, 2014

**TO:** City Council

**FROM:** Chris DeCardy, Chair of the Environmental Quality Commission (EQC)

**SUBJECT: Draft 2014-2019 Capital Improvement Plan**

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The Environmental Quality Commission recommends approval of the environmental projects described and proposed in the Draft 2014-2019 Capital Improvement Plan, and request moving "Installation of Electric Plug In Recharging Stations Cost Benefit Analysis and Plan" to next fiscal year (2014-15), and increase staff resources to move this project forward.





## MEMORANDUM

**DATE:** January 28, 2014

**TO:** Chip Taylor, Public Works Director

**FROM:** Thomas Rogers, Senior Planner

**RE:** **Planning Commission Comments on Draft 2014-2019 Five-Year Capital Improvement Plan (CIP)**

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On December 16, 2013, the Planning Commission considered the draft CIP for fiscal year 2014-2015. The Commission listened to the staff presentation, asked questions, provided individual comments, and then proceeded with a recommendation comprised of three motions as follows:

**COMMISSION ACTION:** M/S Ferrick/Strehl to move up the Caltrain Bike/Ped Undercrossing Design from Fiscal Year 2017-18 to a timeframe that would be in conjunction with the timing of the redevelopment of surrounding properties and create a new CIP item to study the potential for creating one or more Transportation Management Associations (TMAs) in the City; 7-0.

**COMMISSION ACTION:** M/S Riggs/Eiref to create a new CIP item to establish and make an initial deposit for a utility (overhead electric and communication lines) underground fund throughout the City; 7-0.

**COMMISSION ACTION:** M/S Bressler/Kadvany to create a new CIP item to investigate a people mover system or other innovative technology for east/west connectivity, safe routes to schools, and crossing El Camino Real; 7-0.



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## *Menlo Park Library*

TO: Charles Taylor, Public Works Director

FROM: Jacqueline Cebrian, Chair, Library Commission

DATE: February 1, 2014

RE: Draft Capital Improvement Plan Review

The Library Commission reviewed the draft capital improvement plan at their December 9, 2013 meeting. Thank you for including the Library Space Needs Study and the Library Landscaping in the projects to be funded for FY 2014-15. It's so nice to live in a city that is financially supportive of its community libraries.

It would be great to see funding found for the Belle Haven Branch Library Feasibility Study which was proposed earlier by the library commission and is currently on the unfunded project list.



## TRANSPORTATION DIVISION

701 Laurel Street / Menlo Park, CA 94025-3483 / (650) 330-6770 / Fax (650) 327-5497

### MEMORANDUM

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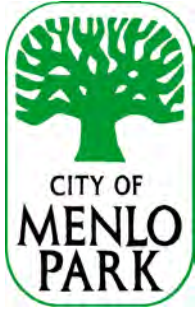
DATE: February 5, 2014  
TO: Chip Taylor, Public Works Director  
FROM: Greg Klingsporn, Chair Bicycle Commission

**SUBJECT: Bicycle Commission's Comments on the FY 2014-19 Capital Improvement Plan**

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Based on our meetings on December 9, 2013 and January 13, 2014, the Bicycle Commission would like to submit the following comments on the FY 2014-19 Capital Improvement Plan:

- Recommend prioritization of the following:
  - Study of the intersection of Alma St./Ravenswood Ave.
  - Study of the intersection of Middlefield Rd./Ravenswood Ave.
  - Restriping/improvement of Sand Hill Rd.
- Recommend considering delaying downtown utility undergrounding or sidewalk repair projects to allow for the above-listed projects to be implemented



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TO: Charles Taylor, Public Works Director

FROM: Bianca Walser, Chair, Transportation Commission

DATE: February 13, 2014

RE: Draft 2015-2019 Capital Improvement Plan Review

The Transportation Commission reviewed the Draft 2015-19 Draft Capital Improvement plan at its December 11, 2013 and January 8, 2014 meetings. Thank you for providing the commission the opportunity to review this draft plan and for responding and addressing the commission's inquiries and concerns regarding it. No further action was taken by commission at these meetings except to express that it would like to see the following projects either as part of its Look Ahead calendar or when updated information regarding these projects become available:

- Bicycle Lane and Pedestrian Pathway on Marsh Road
- Bay Trail Gap Closure