



**CITY COUNCIL
SPECIAL AND REGULAR MEETING AGENDA**
Tuesday, March 24, 2015 at 6:30 PM
City Council Chambers
701 Laurel Street, Menlo Park, CA 94025

6:30 P.M. CLOSED SESSION (1st 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 §54957.6 to conference with labor negotiators regarding labor negotiations with PSA

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

7:00 P.M. REGULAR SESSION

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

PLEDGE OF ALLEGIANCE

REPORT FROM CLOSED SESSION

ANNOUNCEMENTS

SS. STUDY SESSION

SS1. Provide feedback on Downtown Parking Program

A. PRESENTATIONS AND PROCLAMATIONS - None

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS – None

C. PUBLIC COMMENT #1

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. Approve the Environmental Quality Commission 2-Year Work Plan goals for years 2014-2016 ([Staff Report #15-048](#))
- D2. Approve the design of the solar carport at the Burges Campus, appropriate \$320,000 from the General Capital Improvement Fund balance, and authorize the City Manager to execute an amendment/agreement with Cupertino Electric ([Staff Report #15-049](#))
- D3. Approve the process for reviewing proposed modifications to the Menlo Gateway Project at 100-190 Independence Drive and 101-155 Constitution Drive and authorize the City Manager to execute a letter regarding proposed project modifications after consulting with the Planning Commission and making findings consistent with the Development Agreement and Conditional Development Permit ([Staff Report #15-046](#))
- D4. Approve minutes for the Council meeting of March 10, 2015 ([Attachment](#))

E. PUBLIC HEARING - None

F. REGULAR BUSINESS

- F1. Review and Acceptance of the Annual Report on the status and progress in implementing the City's Housing Element and the Annual Housing Successor Report ([Staff Report #15-047](#))

G. CITY MANAGER'S REPORT – None

H. WRITTEN COMMUNICATION – None

I. INFORMATIONAL ITEMS - None

J. COUNCILMEMBER REPORTS

- J1. Rail Subcommittee update

K. PUBLIC COMMENT #2

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.

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PUBLIC WORKS DEPARTMENT

Council Meeting Date: March 24, 2015

Staff Report #: 15-048

CONSENT CALENDAR: **Approve the Environmental Quality Commission
2-Year Work Plan Goals for Years 2014-2016**

RECOMMENDATION

Approve the Environmental Quality Commission 2-Year Work Plan Goals for Years 2014-2016.

POLICY ISSUES

The proposed action is consistent with City Council Policy CC-01-0004, Commissions/Committees Policies and Procedures and Roles and Responsibilities.

BACKGROUND

On December 16, 2014, the City Council received the Environmental Quality Commission's quarterly report of their work plan and a request for approval of the Commission's proposed 2-Year Work Plan Goals for Years 2014-2016 (Attachment B). The report was received by the Council with an acknowledgement and general support of the proposed work plan goals but no action to approve the goals was taken.

ANALYSIS

On April 23, 2014, the Environmental Quality Commission in collaboration with staff, began developing their new 2-Year work plan for 2014-2016. Over the course of four months, discussion ensued on developing the work plan goals taking into consideration the potential benefits of each goal, whether it was mandated by State/local law, or by Council direction, whether it required policy changes at the Council level, the resources required for completion (i.e. staff, funding, creation of a subcommittee), estimated completion times, and measurement criteria. The Commission then identified their five goals, all of which are focused on existing Council priorities such as the Climate Action Plan and 27% greenhouse gas reduction target and City projects that have already been mobilized from the previous year such as the updates to the Heritage Tree Ordinance and General Plan Update. In addition, the Environmental Quality Commission restructured their subcommittees (Attachment C) to specifically support each goal towards its completion.

IMPACT ON CITY RESOURCES

There is no impact on City resources associated with the adoption of the work plan. Dedicating staff resources to the operational and visionary goals will impact available staff time.

ENVIRONMENTAL REVIEW

The proposed action does not require an 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. Work Plan Summary of Achievements for 2012-2014 and Proposed Goals for 2014-2016
- B. Environmental Quality Commission New Two-Year Work Plan for 2014-2016
- C. Environmental Quality Commission Subcommittees

Report prepared by:
Vanessa Marcadejas
Environmental Programs Specialist

Heather Abrams
Environmental Programs Manager

Date: March 24, 2015
To: Menlo Park City Council
From: Scott Marshall, Environmental Quality Commission Chair
Re: Work Plan Summary of Achievements for 2012-2014 and Proposed Goals for 2014-2016

Recommendation

The Environmental Quality Commission recommends that the City Council accept the Commission's quarterly report of their current work plan and approve the goals of their proposed 2-Year Work Plan that will cover the period January 1, 2014 to January 1, 2016.

Current Work Plan Goals and Achievements

The Commission approved their current 2-Year Work Plan on May 2, 2012 which was later approved by the City Council on May 8, 2012. The Commission commenced work shortly afterward culminating in a long list of achievements over the next three years.

The following are the 2012-2014 Commission goals and a summary of achievements:

1. Analyze and recommend improvement on how the City's planning process can be used to advance environmental sustainability.

Achievements:

- Appointment of EQC commissioner to General Plan Advisory Committee (GPAC)
- Creation of ad-hoc EQC General Plan Advisory Subcommittee
- Made recommendation to Planning Department to allow for the EQC to review proposed development projects that involve heritage tree removals

2. Assist in developing sustainable building policies and programs for private and public development projects

Achievements:

- Creation of an ad-hoc Sustainable Building Subcommittee and started discussions with the City Building Official
- Climate Action Plan Subcommittee members spent time with the management of Tarlton properties and Kepler's Bookstore to understand their significant energy efficiency improvements in order to better

understand comparable opportunities that exist for major businesses and retailers in Menlo Park.

- Review of the Environmental Impact Reports and plans for the Facebook East Campus remodel and for the original Menlo Gateway proposal with respect to environmental sustainability features and greenhouse gas impacts on the community. In the case of Menlo Gateway, this review resulted in modifications to the plans and the development agreement with the City that further reduced the anticipated impacts.

3. Maximize the urban canopy through programs and policies

Achievements:

- Coordinated annual Arbor Day tree planting events:
 - 2012, planted a Red Maple tree in front of the Menlo Park library.
 - 2013, planted Marina Strawberry tree in front of Laurel School.
 - 2014, planted two Elm trees in front of the Belle Haven Childcare Center
- Reviewed the City's Heritage Tree Ordinance and developed a framework of recommendations for the upcoming Heritage Tree Ordinance updates
- Reviewed Heritage Tree Appeals
- Reviewed Heritage Tree removal requests for development projects and made recommendations
- Review of the City's Annual Arborist Report

4. Implement Climate Action Plan (CAP)

Achievements:

- Annual review of the City's CAP, community-wide greenhouse gas (GHG) emissions inventory and Five-Year GHG reduction strategies.
- Advocated and promoted the adoption of a 27% community-wide greenhouse gas (GHG) reduction target below 2005 baseline emissions by 2020.
- Advocated for the addition of another Environmental Specialist to assist in implementing CAP activities.
- Made a recommendation to City Council to implement a Property Assessed Clean Energy (PACE) financing program in Menlo Park.
- Continued to research and promote CAP initiatives

5. Develop and evaluate resource conservation and pollution prevention programs and policies, such as solid waste reduction and water conservation and management policies, including gray water and groundwater management policies.

Achievements:

- Supported the Polystyrene Ordinance, in effect August 2012

- Supported the Reusable Bag Ordinance, in effect January 2013
- Advocated the testing of Integrated Pest Management (IPM) practices to reduce toxicity throughout the community
- Supported the turf replacement program, Lawn Be Gone
- Advocate for the creation of a City water policy
- Reviewed Water Efficiency guidelines
- Presentation of the Annual Environmental Quality Awards. Between 2012-2014 the EQC awarded the following recipients:
 - 2012 Menlo Passive, Educational and Sustainable Building
 - 2013 Facebook, Climate Action
 - 2013 Menlo Business Park, Climate Action
 - 2013 Carolyn Dorsch, Educational
 - 2013 Pacific Biociences, Resource Conservation
 - 2013 Hillview Middle School, Sustainable Building
 - 2014 Carolee Hazard, Sustainable Lifestyle
 - 2014 Gridium, Climate Action

At their April meeting last year, the Commission began their discussion on developing a new 2-Year Work Plan as required by the City Council for all advisory bodies and commissions. During the meeting, the Commission referred to the Work Plan Guidelines which were approved by the City Council and Commissions in 2010.

The purpose of the Environmental Quality Commission, as defined by the Menlo Park Council Policy CC-01-004 is to advise the City Council on the following matters, programs, and policies related to:

- Protection of natural areas
- Recycling and solid waste reduction
- Environmentally sustainable practices
- Air and water pollution prevention
- Climate protection
- Water and energy conservation
- Preserving heritage trees, expanding the urban canopy, using best practices to maintain City trees, and making determinations on appeals of heritage tree removal permits
- Organizing annual Arbor Day Tree Planting event and continuing to support and recognize exemplary environmental stewardship throughout the community

In developing their new 2-Year Work Plan goals, the Commission took under consideration the changes that may have occurred in the community over the past two years, the Commission's long term vision for the community, the deliverables necessary to achieve the desired results, and a prioritization of their goals based on what was most important given the available resources. After much discussion, the Commission completed the development of their new two year work plan identifying the following priorities for 2014-2016 (not listed in order of magnitude):

1. Water Resource Policy

Continue advocacy for responsible water resource management policy or strategy, including evaluating options for aquifer management, water transfers and purchases, water conservation, and water use.

2. San Francisquito Creek

Research and evaluate alternatives for flood and erosion control that achieve the City's resource conservation goals for the creek.

3. Climate Action Plan (CAP)

Implement CAP initiatives, evaluate and advocate new initiatives and prioritized City council transportation and development metrics to achieve or exceed the City's greenhouse gas (GHG) reduction target.

4. Heritage Tree Ordinance

Improve the Heritage Tree Ordinance and heritage tree appeal process to preserve and maintain the urban canopy.

5. General Plan Update

Improve the sustainability of the City's General Plan consistent with the EQC mission and City Council priorities (with focus on land use, building, and transportation).

In addition, the Environmental Quality Commission restructured its subcommittees to match these five priorities.



Commission Work Plan Guidelines

- Step 1** Review purpose of Commission as defined by Menlo Park Council Policy 3-13-01.
- Step 2** Develop a mission statement that reflects that purpose.
- Step 3** Discuss and outline any priorities established by Council.
- Step 4** Brainstorm goals, projects, or priorities of the Commission and determine the following:
- A. Identify priorities, goals, projects, ideas, etc.
 - B. Determine benefit, if project or item is completed
 - C. Is it mandated by State or local law or by Council direction?
 - D. Would the task or item require a policy change at Council level?
 - E. Resources needed for completion? (Support staff, creation of subcommittees, etc.)
 - F. Completion time? (1-year, 2-year, or longer term?)
 - G. Measurement criteria? (How will you know you are on track? Is it effective?, etc.)
- Step 5** Prioritize projects from urgent to low priority.
- Step 6** Prepare final Work Plan for submission to Council for review and approval in the following order:
- Work Plan cover sheet, Listing of Members, Priority List, Work Plan Worksheet – Steps 1 through 8
- Step 7** Use your “approved” work plan throughout the term of the plan as a guide to focus in on the work at hand
- Step 8** Report out on work plan priorities to the City Council, which should include:
- A. List of “approved” priorities or goals
 - B. Status of each item, including any additional resources required in order to complete
 - C. If an item that was on the list is not finished, then indicate why it didn’t occur and list out any additional time and/or resources that will be needed in order to complete



Environmental Quality Commission

Mission Statement

The Environmental Quality Commission is charged primarily with advising the City Council on matters involving environmental protection, improvement, and sustainability.

Environmental Quality Commission
Work Plan for 2014-2016



**Environmental Quality Commission
2014-2016**

Commission Members Listing

Commissioner (Chair) Scott Marshall

Commissioner (Vice Chair) Allan Bedwell

Commissioner Chris DeCardy

Commissioner Kristin-Kuntz Duriseti

Commissioner Deborah Martin

Commissioner Mitchel Slomiak

Commissioner Christina Smolke



Environmental Commission Priority List

The Environmental Quality Commission has identified the following priorities to focus on during 2014-2016:

1.	Water Resource Policy -Continue advocacy for responsible water resource management policy or strategy, including evaluating options for aquifer management, water transfers and purchases, water conservation, and water use.
2.	San Francisquito Creek -Research and evaluate alternatives for flood and erosion control that achieve the City's resource conservation goals for the creek.
3.	Climate Action Plan (CAP) -Implement CAP initiatives, evaluate and advocate new initiatives and prioritized City council transportation and development metrics to achieve or exceed the City's greenhouse gas (GHG) reduction target.
4.	Heritage Tree Ordinance -Improve the Heritage Tree Ordinance and heritage tree appeal process to preserve and maintain the urban canopy.
5.	General Plan Update -Improve the sustainability of the City's General Plan consistent with the EQC mission and City Council priorities (with focus on land use, building, and transportation).



Environmental Quality Commission Work Plan Worksheet

Step 1

<p>Review purpose of Commission as defined by Menlo Park Council Policy 3-13-01</p>	<p>The EQC is charged with advising the City Council on the following matters:</p> <ul style="list-style-type: none"> • Advising on programs and policies related to protection of natural areas, recycling and solid waste reduction, environmentally sustainable practices, air and water pollution prevention, climate protection, and water and energy conservation. • Preserving heritage trees, expanding the urban canopy, using best practices to maintain City trees, and making determinations on appeals of heritage tree removal permits • Organizing annual Arbor Day Tree Planting event and continuing to support and recognize exemplary environmental stewardship throughout the community.
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Step 2

<p>Develop or review a Mission Statement that reflects that purpose</p>	<p>The Environmental Quality Commission is charged primarily with advising the City Council on matters involving environmental protection, improvement, and sustainability.</p>
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Step 3

<p>Discuss any priorities already established by Council</p>	<ul style="list-style-type: none"> • Continue work on the General Plan Update • Evaluate the City's Water Policy, including resources, uses, and conservation • Make gains in our Climate Action Plan, reducing greenhouse gas emissions
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Step 4 **The goals and priorities identified below are not listed in order of magnitude.*

*Brainstorm goals, projects or priorities of the Commission	Benefit, if completed	Mandated by State/local law or by Council direction?	Required policy change at Council level?	Resources needed for completion? Staff or creation of subcommittees?	Estimated Completion Time	Measurement criteria How will we know how we are doing?
Water Resource Policy -Continue advocacy for responsible water resource management policy and strategy, including evaluating options for aquifer management, water transfers and purchases, water conservation, and water use.	<ul style="list-style-type: none"> • Research, engage, and advocate for a framework for city water management • Efficient use of water resources and effective environmental protection • Drought Resilience • Offer/extend new water conservation programs 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> • Subcommittee 	2-3 years, draft framework before next summer	<ul style="list-style-type: none"> • Periodic reports • Develop a framework to be considered by City Council • Appropriate budget allocations over the next two years • Measurable improvement in water conservation
San Francisquito Creek -Research and evaluate alternatives for flood and erosion control that achieve the City's resource conservation goals for the creek.	<ul style="list-style-type: none"> • Preserve, protect, and conserve wildlife habitat, scenic beauty, and quality and character of neighborhoods • Minimize environmental impact of flood and erosion control • Assist City Council on making more informed decisions through presenting better options 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<ul style="list-style-type: none"> • Subcommittee 	TBD	<ul style="list-style-type: none"> • Periodic Reports • Proposed alternatives and evaluation recommendation of JPA proposals
Climate Action Plan (CAP) -Implement CAP initiatives, evaluate and advocate new initiatives, and prioritize City Council transportation and development metrics	<ul style="list-style-type: none"> • Meet GHG reduction target milestones • Reduce commercial and residential energy usage • Reduce GHG emissions from municipal operations • Capture cost savings and economic prosperity from GHG reductions 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<ul style="list-style-type: none"> • Subcommittee • New staff person • Budgeted funds for consultant services 	Ongoing	<ul style="list-style-type: none"> • Periodic reports • City GHG reduction milestones achieved (27% GHG reduction by 2020) • Refined priorities (including evaluating new initiatives) • City policies and actions in place that incentivize

to achieve or exceed the City's GHG reduction target.						community, private, and business action to reduce and conserve carbon-based energy use (or greenhouse gas) <ul style="list-style-type: none"> Support Staff efforts to identify additional funding sources
Heritage Tree Ordinance -Improve the Heritage Tree Ordinance and heritage tree appeal process to raise community awareness and to preserve and maintain the urban canopy.	<ul style="list-style-type: none"> Approve and update ordinance Improve the awareness, evaluation, and appeal process for the community Improve coordination with other commissions and City departments Ensure adequate City resources to successfully implement and enforce the program 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> Subcommittee Staff time budgeted 	End of FY 2015	<ul style="list-style-type: none"> Periodic reports Recommendations adopted by Council Reduction in the number of healthy trees removed Increase in the diversity and quality of trees within the entire urban canopy Improved coordination with the planning process
General Plan Update -Improve the sustainability of the City's General Plan consistent with the EQC mission and City Council priorities (with focus on land use, building, and transportation).	<ul style="list-style-type: none"> Reduce GHG emissions Increase sustainability measures in energy and water conservation, waste reduction, and land use, including maintaining a healthy tree canopy 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> Creation of an Ad-Hoc Subcommittee General Plan Advisory Committee (GPAC) participation 	In line with the City's General Plan Timeline	<ul style="list-style-type: none"> Periodic reports Development in the M2 area and city-wide circulation in line with EQC priorities (e.g. 27% GHG reduction target by 2020)

Step 5 **Timelines have not been assigned to the goals and priorities identified below. This allows the flexibility for the Environmental Quality Commission to be able to shift work plan priorities as needed.

List identified Goals, Priorities and/or Tasks for the Commission	**Prioritize Tasks by their significance			
	1 Urgent	2 1-year	3 2-year	4 Long Term
Water Resource Policy -Continue advocacy for responsible water resource management policy or strategy, including evaluating options for aquifer management, water transfers and purchases, water conservation, and water use.				
San Francisquito Creek -Research and evaluate alternatives for flood and erosion control that achieve the City’s resource conservation goals for the creek.				
Climate Action Plan (CAP) -Implement CAP initiatives, evaluate and advocate new initiatives and prioritized City council transportation and development metrics to achieve or exceed the City’s greenhouse gas reduction target.				
Heritage Tree Ordinance –Improve the Heritage Tree Ordinance and heritage tree appeal process to preserve and maintain the urban canopy.				
General Plan Update -Improve the sustainability of the City’s General Plan consistent with the EQC mission and City Council priorities (with focus on land use, building, and transportation).				

Step 6 Prepare final work plan for submission to the City Council for review, possible direction and approval and attach the Worksheets used to determine priorities, resources and time lines.

Step 7 Once approved; use this plan as a tool to help guide you in your work as an advisory body.

Step 8 Report out on status of items completed. Provide any information needed regarding additional resources needed or And to indicate items that will need additional time in order to complete.



Current Subcommittees and Tasks As of July 2014

Water Resource Policy Subcommittee

Priority Focus: Continue advocacy for responsible water resource management policy or strategy, including evaluating options for aquifer management, water transfers and purchases, water conservation, and water use.

Members: Commissioners Bedwell, DeCardy, Martin

San Francisquito Creek Subcommittee

Priority Focus: Research and evaluate alternatives for flood and erosion control that achieve the City's resource conservation goals for the creek.

Members: Commissioners Marshall, Slomiak, Smolke

Climate Action Plan Subcommittee

Priority Focus: Implement CAP initiatives, evaluate and advocate new initiatives and prioritized City council transportation and development metrics to achieve or exceed the City's greenhouse gas (GHG) reduction target.

Members: Commissioners DeCardy, Slomiak, Kuntz-Duriseti

Heritage Tree Subcommittee

Priority Focus: Improve the Heritage Tree Ordinance and heritage tree appeal process to preserve and maintain the urban canopy.

Members: Commissioners Marshall and Smolke

General Plan Advisory Subcommittee

Priority Focus: Improve the sustainability of the City's General Plan consistent with the EQC mission and City Council priorities (with focus on land use, building, and transportation).

Members: Commissioners Kuntz-Duriseti, Bedwell as backup

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PUBLIC WORKS DEPARTMENT

Council Meeting Date: March 24, 2015

Staff Report #: 15-049

CONSENT CALENDAR: **Approve the Design of the Solar Carport at the Burgess Campus, Appropriate \$320,000 from the General Capital Improvement Fund Balance, and Authorize the City Manager to Execute an Amendment/Agreement with Cupertino Electric**

RECOMMENDATION

Staff recommends that Council approve the design of the solar carport to be constructed at the Burgess Campus, appropriate \$320,000 from the General Capital Improvement fund balance for a new Capital Improvement Project for the construction of storm water pollution prevention canopies in the City's Corporation Yard, and authorize the City Manager to execute an amendment or a new agreement with Cupertino Electric to perform the scope of work, subject to review and approval by the City Attorney.

POLICY ISSUES

Installation of solar power on civic buildings is consistent with the City of Menlo Park's Climate Action Plan. Storm water canopies are required at the City's Corporation Yard to cover the gas pumps and to cover the waste and inert storage areas under the San Mateo Countywide Water Pollution Prevention Program and to cover the truck wash area under the West Bay Sanitary District's General Code of Regulations.

BACKGROUND

Solar on Civic Buildings

In 2012, staff began work on evaluating solar power options for several City-owned sites. The City of Menlo Park is participating in the Regional Renewable Energy Procurement (R-REP) effort for solar (Attachment A contains the staff report from November 27, 2012), a joint effort between 17 regional public agencies to take advantage of joint procurement and negotiation efforts to reduce the cost of solar power installation. Since joining the R-REP effort, staff has worked to determine which sites were suitable for solar power, select a vendor and negotiate contracts with Cupertino Electric who was chosen by the R-REP participating agencies as the provider of solar power modules and supporting structures.

On October 7, 2014, the City Council approved a power purchase agreement (PPA) with Cupertino Electric for solar power at the Onetta Harris Center, Arrillaga Gymnasium, Arrillaga Gymnastics Center, and the Corporation Yard (Attachment B contains the original PPA staff report). The Planning Commission unanimously approved the design of the solar carport for the Arrillaga Gymnastic Center at the Burgess Campus on December 8, 2014. Planning Commission approval is not required for the roof-mounted solar modules. Attachment C is a copy of the staff report to the Planning Commission regarding the solar carport.

Canopies at the Corporation Yard

In order to comply with the Municipal Regional Permit (MRP) administered by the San Mateo Countywide Water Pollution Prevention Program, storm water canopies are required at the City's Corporation Yard to cover the gas pumps, waste and inert storage areas. In order to comply with the West Bay Sanitary District's General Code of Regulations (Code) revised on September 26, 2012, a storm water canopy is required over the open sanitary sewer connection in the Corporation Yard's truck wash area.

In the process of evaluating solar options for the Corporation Yard, Cupertino Electric considered several alternatives, including roof-mounted and carport solar installations. The most feasible, cost effective alternative was determined to place the solar modules on the roof of the existing Corporation Yard buildings. Placing solar panels on a separate structure would require more construction for installation and tie in to existing electrical systems, thus, making carport or canopy-mounted installations cost prohibitive. However, the City still must install canopies to comply with MRP and Code requirements as described above (Attachment D).

ANALYSIS

Burgess Campus Carport Design

The proposed solar carport will be located along the fence that separates the Police Department vehicle parking from public parking in the City Hall south parking lot. The solar carport will be painted in the City's standard mesa brown to blend in with the surroundings. The Planning Commission unanimously approved of the design because they believed it was appropriate for the area.

In order to install the solar carport, two trees will need to be removed. One of the trees is a heritage camphor tree. The City Arborist and the Environmental Quality Commission reviewed the application and approved its removal. The City will plant additional trees as a replacement for the two trees lost.

Benefits to Advancing Construction of Corporation Yard Canopies

Cupertino Electric will be mobilized this fiscal year to install the solar systems on the civic building roofs and the Burgess Campus carport. The City has a unique opportunity to take

advantage of Cupertino Electric mobilization to accomplish both the solar installation and installation of the required storm water pollution prevention canopies, with the following benefits:

- 10%-15% construction savings due to avoided mobilization costs
- Utilize the PPA to allow the City to purchase three canopies for less than the cost estimated for one canopy
- Save staff time due to avoided separate RFP preparation, review and acceptance process
- Ability to come into regulatory compliance ahead of the City’s original schedule
- Ability to complete a project in the City’s back log

In addition, if the City were to receive a storm water notice of violation (NOV) and the City was unable to make adequate corrections, the City could be required to pay up to \$25,000 per day, per violation based on potential fines from Federal agencies or one of several State or County agencies.

IMPACT ON CITY RESOURCES

The Corporation Yard Pollution Prevention Canopy project was planned for FY 2016-2017 at \$300,000. This cost estimate was preliminary, and was anticipated to cover the design and construction cost for one canopy. The current proposed cost estimate is anticipated to cover the cost for three canopies, and is detailed below.

Payee	Item	Estimated Cost
Cupertino Electric	Construction of three storm water canopies	\$261,000
Third Party Inspector	Specialized inspection to ensure steel fabrication and welding are sound	\$10,000
Contingency	Budget needed to cover unanticipated project costs, based on 50% design stage estimate	\$40,000
City of Menlo Park	Building permit fees	\$9,000
	Total	\$320,000

Moving this project forward to the current fiscal year by appropriating \$320,000 from the General Capital Improvement fund balance will not have a significant impact on City resources. This appropriation will be largely offset by the \$300,000 that had been planned for this project in FY 2016-2017 being returned to the fund balance.

ENVIRONMENTAL REVIEW

The appropriation of funds does not require an action under CEQA.

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. 2012 R-REP Report and Resolution
- B. 2014 PPA Report and Resolution Report
- C. 2014 Burgess Campus Solar Carport Planning Commission Report and Resolution
- D. Corporation Yard Canopy Plan

Report prepared by:

Heather Abrams

Environmental Programs Manager

Vanessa Marcadejas

Environmental Programs Specialist



PUBLIC WORKS DEPARTMENT

Council Meeting Date: November 27, 2012

Staff Report #: 12-180

Agenda Item #: F-1

REGULAR BUSINESS: Approve a Resolution Authorizing the City Manager to Sign a Memorandum of Understanding Between the City of Menlo Park and the County of Alameda for the Regional Renewable Energy Procurement Project and Provide Feedback on the Potential of Installing Photovoltaic Carports at Four City Facilities

RECOMMENDATION

Staff recommends that the City Council:

1. Approve a Resolution authorizing the City Manager to sign a Memorandum of Understanding (Attachment A), between the City of Menlo Park and the County of Alameda for the Regional Renewable Energy Procurement Project; and
2. Provide feedback on the potential of installing photovoltaic carports at four city facilities.

BACKGROUND

The Regional Renewable Energy Procurement Project (R-REP) is an initiative that will utilize collaborative procurement to purchase renewable energy systems for public agencies throughout Alameda, Contra Costa, San Mateo, and Santa Clara Counties. Working collaboratively with other agencies instead of individually to purchase renewable power leads to a significant reduction in renewable energy system costs, transaction costs and administrative time, and enhances leverage for public agencies in negotiations for renewable energy systems.

The project works by designating one lead agency to organize participants from other agencies, prepare and issue solicitations for renewable power vendors, and provide template documents for participants to finalize purchases. Agency participants are required to submit city/county facility sites with a high potential for renewable power generation to the lead agency. The lead agency then organizes all site information from participants into bundled packages for renewable power vendors to bid on.

The lead agency for R-REP is Alameda County, and currently includes the following agency participants:

- California Department of Transportation
- California Highway Patrol
- Castro Valley Sanitary District
- Central Contra Costa Sanitary District
- Berkeley
- Fremont
- Martinez
- Mountain View
- **Menlo Park**
- Oakland
- Redwood City
- Richmond
- Walnut Creek
- Contra Costa County
- Alameda County
- San Mateo County
- Santa Clara County
- Delta Diablo Sanitation District
- Hayward Area Recreation and Park District (HARD)

The R-REP is based upon the successful Silicon Valley Collaborative Renewable Energy Procurement (SV-REP) Project, which was the largest multi-agency procurement of renewable energy in the country at the time of completion. The project started in July 2007 and was completed in March 2011. Nine agencies were involved in this project, and include:

- Cupertino
- Milpitas
- Morgan Hill
- Mountain View
- Pacifica
- Santa Clara County
- Santa Clara County Transportation Authority
- South Bayside Waste Management Authority (SBWMA)
- Los Gatos

Seventy sites were selected for the project, which resulted in installing 14.4 Mega Watts (MW) of photovoltaic power that covered over four million square feet of rooftops, ground mount facilities, and carports. All cities used power purchase agreements (PPAs) for financing the project. The Alameda R-REP expects to break this record with up to 40 MW of power generation potential across approximately 170 sites from participating agencies.

The Alameda R-REP will differ from the SV-REP by expanding renewable power choices and financing options. R-REP allows agencies to choose from wind, solar, and/or fuel cell power projects. Participants will also be able to choose from three financing options:

1. Direct Purchase –This involves using existing cash reserves to outright purchase the systems. The agency would be responsible for all ownership concerns, including Operations & Maintenance (O&M), regular system cleaning, and

monitoring of system production. In many situations, this may yield the greatest long-term returns, but requires cash up-front.

2. Power Purchase Agreement (PPA) – This involves an agency entering into a contract with a third party to purchase all energy produced by a renewable energy system installed on property owned by the agency. This third party would own the system and would be fully responsible for all ownership costs, including financing, maintenance, insurance, and system production. This has less cost savings than direct purchase, but does not require cash up-front.
3. Lease/Loan – In this situation, an agency would make payments to a third party on a monthly basis over 10 to 20 years. In many such arrangements, the agency would be responsible for all ownership concerns, just as with a Direct Purchase.

During the solicitation process, renewable power vendors would provide costs for all three financing options, which would allow an agency to evaluate the best financing option to move forward with. However, if most participants are not interested in a particular financing option, such as direct purchase, then it would be excluded from the solicitation.

Participating in a regional effort takes a commitment towards following timelines provided by the lead agency. Currently, to remain a participant in R-REP the City must:

1. Complete feasibility studies for their selected sites by November 30, 2012. These studies provide preliminary data that will be used to develop solicitations by Alameda County.
2. Submit a signed MOU from the City Council by November 30, 2012 (Attachment A) to Alameda County. The MOU defines the roles and responsibilities of each Participating Agency and enables the development of the R-REP Request for Proposal (RFP) by Alameda County on behalf of the participating agencies.

Upon completion of the feasibility studies by all participating agencies, a technical and financial consultant retained by Alameda County at no cost to participating agencies will assist in the design of the procurement process and provide support during the solicitation process, proposal evaluation, and contract negotiations.

Renewable power vendors will be selected through a fair, open and competitive bid process and the Public Contracting Code will be followed. Once vendors are selected by Alameda County and a committee of participating agencies, the discretion to proceed with the development of a project at each of the sites considered will still be retained by participating agency Boards and City Councils. Vendors are expected to be selected in March 2013. This item will then be reviewed by Council again in May 2013 for final consideration on project sites and financing.

The City of Menlo Park will specifically benefit from the installation of renewable energy through sustained reductions in utility operating costs, and reducing up to 473 tons of greenhouse gas (GHG) emissions from government operations per year.

ANALYSIS

Menlo Park Potential Renewable Power Sites

The City has completed feasibility studies (Attachment B) for the following sites being considered for inclusion in the project:

- Corporation yard
- Arrillaga Gymnasium
- Belle Haven Childcare Center
- Onetta Harris Community Center/Menlo Park Senior Center/Kelly Park
- Arrillaga Gymnastics Center

Staff did consider other sites, such as the library and the entire civic center, but the age of rooftops, building structure capacity, and complicated metering did not allow for a cost effective renewable energy project.

Only photovoltaic (PV) systems were evaluated for each site on rooftop and carports. Technology for fuel cells has not been widely used yet and is not necessarily the more environmentally friendly choice because it still requires some type of gas, such natural gas. Wind power was also not evaluated due to a number of barriers, such as the length of time it would require for environmental clearance, potential noise levels, and community aesthetic values.

One of the main findings in the feasibility study determined that all sites except for the Belle Haven Childcare Center would utilize some carport structures in order to achieve an 80% energy offset with renewable power. There is flexibility in the placement of carports for some sites, such as the Corporation Yard and Onetta Harris Community Center, where the maximum system size shown in the feasibility study is not needed for a significant energy offset. However, most sites have a constrained area due to tree shading and usable roofing area. The Onetta Harris Center may have the option for only rooftop PV; however, in order to provide the best pricing opportunities, the sites will be submitted as shown in the feasibility study.

At this time the design of the carports is unknown, and only conceptual placements of carports are shown in the feasibility report and Attachment C. Once a vendor is selected by the City in May 2013, detailed drawings of carport designs will be submitted and brought to Council for final approval. Installing carports may be considered a new structure on city facilities, and staff is working with the Community Development Department on the appropriate review process. At this time staff is seeking feedback from the City Council to include sites with carports in the R-REP. The City can at any time withdraw or remove sites from R-REP after the vendor is selected.

Financing Options and Associated Savings

The feasibility study also evaluated costs and savings for direct purchase, power purchase agreements (PPAs), and loans for PV systems. Table 1 provides a summary of the results in the feasibility study.

Costs and Savings* over 25 Years	Corp Yard	Gymnasium	Childcare Center	Onetta Harris	Gymnastics	Total
Current Energy Costs (NPV)	\$446,756	\$1,437,775	\$148,582	\$728,370	\$1,050,348	\$3,811,832
Direct Purchase Savings*	71%	69%	60%	60%	57%	Average 63%* (\$1,840,387)
Loan Savings*	64%	61%	51%	50%	47%	Average 55%* (\$1,818,280)
PPA Savings*	47%	43%	33%	31%	27%	Average 36%* (\$1,345,558)

*Percent savings not calculated at Net Present Value (NPV). Solar rebates are included in the savings. Operations and Maintenance of PV system is included for direct purchase and loan.

It is important to note that savings will be greater than shown above by 10-15% when sites are bundled with 19 other agencies. Although direct purchase provides the largest savings, it is not a likely path for the City because it would require an upfront cost estimated at \$1.7 million. The City could consider a loan for the PV systems. The California Energy Commission is offering one percent interest loans to government agencies that install renewable power.

A PPA is another viable option for the City to consider because it requires no upfront cost, still provides operational savings, and does not require the City to operate and maintain the PV system. In addition, PPAs generally include a buy out option after seven to ten years, which could increase savings further. PPAs offer fixed pricing over the term of the contract that is lower than PG&E rates. This is a substantial benefit not only because of the cost savings, but it allows the city to appropriately budget energy consumption costs for facilities rather than trying to predict PG&E pricing, which has increased 60% between 2000 and 2010 (U.S. Energy Information Administration). PG&E prices are expected to continue to increase due to SB 1078 that requires PG&E and other utilities to achieve a 33% renewable power mix by 2020. Currently, PG&E is at a 19% renewable power mix. This will require installation of new infrastructure with costs passed on to rate payers.

Key Details in the Memorandum of Understanding

As noted earlier, signing the MOU is essential to the process because it defines the roles and responsibilities of participating agencies and is intended to provide stability to

the project during the procurement solicitation process. One of main provisions of the MOU states that participating agencies and the County of Alameda cannot withdraw sites listed from the project 30 days prior to the solicitation issuance until vendors have been selected. However, there is no penalty or liability as a result of any withdrawal after the 30 days.

The reason for this term is that solicitation will include “bundles,” inclusive of renewable sites across agencies. The intention of bundling sites is to achieve economies of scale and sufficiently reduce vendors’ transaction costs so as to receive the best pricing possible. If agencies are able to withdraw from the project from thirty days prior to the issuance of the RFP, or at any time during the solicitation, this will impact the bundling strategy, which may then negatively impact pricing for the other agencies included in that bundle.

The City Attorney has participated in reviewing numerous drafts of the MOU prior to approving the final version in Attachment A.

IMPACT ON CITY RESOURCES

If the City chooses a PPA, there would be no upfront costs to install the system and no operations and maintenance costs. The City would pay for the energy produced by the PV systems, which would offset current costs paid to PG&E, and as noted in the feasibility study would produce cost savings to the city in the first year.

If a loan financing option is chosen, the City would have to make payments for the system through existing funds. The City could use the cost savings from the PV system to make payments on the loan. Further analysis would be required to determine if this is the best option for the City.

If a direct purchase option is chosen, the City would need to use existing cash reserves to purchase the PV system. The City could use the cost savings from the PV system to replenish the City’s reserves or utilize savings for community renewable or energy conservation programs consistent with the City’s Climate Action Plan.

The impact to participate in R-REP is staff time, and continued participation could shift environmental project and program priorities. If the City decides to move forward with installing PV systems at city facilities in May 2013, staff recommends hiring a project management consultant to review design and construction activities to ensure that PV systems will operate according to vendor specifications and agreed upon terms. Depending on the number of sites approved, the estimated cost for this task would be up to \$50,000, and would be incorporated in the FY 13-14 sustainable practices operating budget funded by the General Fund.

POLICY ISSUES

Installing renewable power on city facilities is consistent and recommended in the Climate Action Plan. This project could potentially reduce 473 tons of GHG emissions per year for the City. In addition, the project is consistent with sustainable budget practices by reducing operating costs.

ENVIRONMENTAL REVIEW

Installing PV rooftops and carports are exempt from California Environmental Quality Review (CEQA) under Existing Facilities 15301. In addition, state legislation SB 226 (2011) exempts both PV rooftop and parking lot projects from environmental review. The legislation is in the process of being codified into CEQA guidelines.

Signature on File

Rebecca Fotu
Environmental Programs Manager

Signature on File

Charles Taylor
Public Works Director

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

ATTACHMENTS:

- A. Resolution and Memorandum of Understanding
- B. Solar Feasibility Study by Optony
- C. PV Carport Design Samples

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK AUTHORIZING THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MENLO PARK AND THE COUNTY OF ALAMEDA FOR THE REGIONAL RENEWABLE ENERGY PROCUREMENT PROJECT

WHEREAS, the City of Menlo Park has identified the installation of photovoltaic (PV) systems on City owned properties as a key measure in the City's Climate Action Plan; and

WHEREAS, the City of Menlo Park wishes to take advantage of potential efficiencies when such purchases are made in large volumes; and

WHEREAS, the Regional Renewable Energy Procurement Project (R-REP) will allow large volume purchases of renewable energy or renewable energy generation equipment to be made through a regional, multi-jurisdiction purchasing arrangement whereby project sites are aggregated into groups on the basis of the type of technology and geographic location, various risk and other financing related factors; and

WHEREAS, the City of Menlo Park acknowledges that the transaction costs associated with purchasing renewable energy can be reduced when all the participating agencies agree to the same terms and conditions incorporated within standardized template documents; and

WHEREAS, the City of Menlo Park desires that Alameda County, by and through its General Services Agency, shall be the Lead Agency for issuing a solicitation to purchase renewable energy; and

WHEREAS, the City of Menlo Park thereby wishes to participate in the R-REP.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Menlo Park hereby authorizes the City Manager to enter into an Memorandum of Understanding (Exhibit A) between the City of Menlo Park and the County of Alameda for the Regional Renewable Energy Procurement Project.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

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

Margaret S. Roberts, MMC
City Clerk

WHEREAS, the Parties desire that Alameda County, by and through its General Services Agency, shall be the lead Party for issuing a solicitation to purchase renewable energy (the “Solicitation”);

WHEREAS, the Parties acknowledge that the transaction costs associated with purchasing renewable energy can be reduced when the Parties agree to the same terms and conditions incorporated within standardized template documents; and

WHEREAS, at the completion of the Solicitation process, subject to the approval of their respective Board, Council or applicable governing body, the Parties may enter into power purchase, financing, real estate and/or other agreements with selected vendors (“Vendors”) substantially in the forms of the Template Documents to be prepared pursuant to Sections 1.A and 1.B of this MOU.

NOW THEREFORE, in consideration of their mutual promises and agreements, and subject to the terms, conditions and provisions hereinafter set forth, the Parties agree as follows:

SECTION 1. ROLE AND RESPONSIBILITIES OF ALAMEDA COUNTY

- A. Alameda County shall (i) prepare and issue the Solicitation, and be the lead jurisdiction and point of contact for the bidders, (ii) create templates of transaction documents, which may include, without limitation, a direct acquisition agreement, Qualified Energy Conservation Bond documentation, a form of power purchase agreement and a form of lease (the “Template Documents”), and (iii) timely coordinate and communicate with Parties, as necessary throughout the procurement process through recommendation for award and negotiations with the bidders.
- B. Alameda County will consult with the Parties with respect to the content of the Solicitation and the terms and conditions contained within Template Documents, provided, however, that any comments or concerns must be communicated to Alameda County within the allotted timeframe as provided by Alameda County, with such timeframe to afford a reasonable opportunity to respond.

- C. The Parties agree that Alameda County shall be the single point of contact for Vendors and necessary third parties throughout the Solicitation process, in order to avoid the potential for confusion. Alameda County agrees to provide the Parties with all relevant information in a timely manner.
- D. In addition to participating as the lead jurisdiction under this MOU, Alameda County is also a participant in the R-REP and has identified locations for renewable energy in Alameda County. As such, Alameda County is conducting site surveys and will list potential sites within the R-REP solicitation document.
- E. Any Party may separately pursue its own solicitation of renewable energy and/or related facilities.

SECTION 2. ROLES AND RESPONSIBILITIES OF THE PARTICIPATING JURISDICTIONS

- A. Each Party has undertaken its own due diligence prior to entering into this MOU to determine the feasibility of solar, fuel cell or other feasible technology to be located at project sites.
- B. Each Party is responsible for meeting its individual legal, procedural and other requirements for the procurement of renewable energy.
- C. Parties are responsible for promptly providing site surveys, if available, of their proposed real property sites that may accommodate renewable energy installations, and each such site survey shall be prepared by a licensed engineer in a uniform, industry standard format. Each Party acknowledges that to the extent it does not undertake a site survey for a particular site, such site (i) may not be considered for inclusion in the R-REP solicitation, or (ii) may be aggregated by Alameda County with other such sites into a higher risk group, and that pricing for such a group may be less favorable.
- D. Upon conclusion of the Solicitation process, the Parties may, subject to the approval of their respective Board, Council or applicable governing entity, enter into binding

agreements, substantially in the form of the Template Documents, with the selected Vendors, provided that each Party determines, to its satisfaction, that the Vendors are responsible, and comply with the Party's terms, conditions and requirements. The Parties may also negotiate with Vendors in order to conform the Template Documents with requirements of law, regulation and policy. Alameda County shall not be responsible for reference checks, performance, or for compliance with any agreement, regulations, laws or policies, except as to this MOU and any contracts between Alameda County and Vendor(s). Parties are not required to contract with any Vendor.

- E. Parties agree to participate in the Solicitation under the lead role of Alameda County and agree to work cooperatively and promptly with Alameda County throughout the Solicitation process. The Parties agree that time is of the essence; and failure of a Party to provide the required information in the requested format and within the reasonable deadlines established by Alameda County may result in termination of that Party's participation in the Solicitation.

SECTION 3. TERM OF MOU.

The term of this MOU shall commence on the Effective Date and shall expire on June 30, 2015.

SECTION 4. GOVERNING LAW AND VENUE.

The law governing this MOU shall be that of the State of California. In the event that suit shall be brought by any Party to this MOU, the Parties agree that venue shall be exclusively vested in the State's courts of the County of Alameda or if federal jurisdiction is appropriate, exclusively in the United States District Court, Northern District of California, Oakland, California.

SECTION 5. WARRANTY DISCLAIMER; LIABILITY; WAIVER.

- A. No warranty, express or implied, is provided by any Party as to results or success of the Solicitation, this MOU, or any agreements ultimately entered into by the Parties. Each Party acknowledges that the others have not made, and are not making, any assurances, guaranties or promises with respect to the subject matter of this MOU and that each Party

is ultimately responsible for conducting its own due diligence with respect to feasibility, pricing, technology, third parties and all other matters in any way related to the subject matter of this MOU.

- B. In no event shall any Party, nor its officers, agents, employers, or representatives be liable for any direct, indirect, incidental, special, exemplary, or consequential damages (including, but not limited to, procurement of substitute goods or services, loss of use, data, or profits, or business interruption) however caused and on any theory of liability, whether in contract, strict liability, or tort (including negligence or otherwise) arising in any way, directly or indirectly, from this MOU, participation in the Solicitation, or any agreement(s) between a Party and any third party, even if advised of the possibility of such damage.
- C. Each Party is responsible for negotiation, execution, administration and enforcement of any contract with a Vendor or third party related to the subject matter of this MOU, and the agreements ultimately entered into by each Party shall not be cross-defaulted or cross-collateralized in any respect with the agreements entered into by any other Party to this MOU.
- D. No waiver by any Party to this MOU of any breach or violation of any term or condition of this MOU shall be deemed to be a waiver of any other term or condition contained herein or a waiver of any subsequent breach or violation of the same or any other term or condition.

SECTION 6. NOTICES.

Notices shall be deemed effective on the date delivered if delivered by personal service or nationally recognized overnight delivery service, or, if mailed, three (3) days after deposit in the U.S. Postal Service mail. All notices and other communications required or permitted to be given under this MOU shall be in writing and shall be personally served, delivered by overnight service, or by mail, first class, certified or registered postage prepaid and return receipt requested, addressed to the respective Parties as follows:

To: County of Alameda, GSA
1401 Lakeside Drive, 10th Floor
Oakland, CA 94612
Attn: Caroline Judy

To: Castro Valley Sanitary District
21040 Marshall Street
Castro Valley, CA 94546-6021
Attn: William Parker

To: California Department of Transportation
1120 N St. MS-57
Sacramento, CA 95814
Attn: Jeanne Scherer

To: Central Contra Costa Sanitary District
5019 Imhoff Place
Martinez, CA 94553
Attn: Melody LaBella

To: California Highway Patrol
601 North 7th Street
P.O. Box 942898
Sacramento, CA 95811
Attn: Alyson Cooney

To: City of Berkeley
2180 Milvia Street, 2nd Floor
Berkeley, CA 94704
Attn: Billi Romain

To: City of Emeryville
1333 Park Avenue
Emeryville, CA 94608
Attn: Peter Schultze-Allen

To: City of Fremont
39550 Liberty St.
P.O. Box 5006
Fremont, CA 94538
Attn: Amy Rakley

To: City of Martinez
525 Henrietta Street
Martinez, CA 94553
Attn: Mike Chandler

To: City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025
Attn: Rebecca Fotu

To: City of Mountain View
500 Castro Street
P.O. Box 7540
Mountain View, CA 94039-7540
Attn: Steve Attinger

To: City of Oakland
250 Frank H. Ogawa Plaza, Suite 5301
Oakland, CA 94612
Attn: Scott Wentworth

To: City of Redwood City
1017 Middlefield Road
Redwood City, CA 94063
Attn: Vicki Sherman

To: City of Richmond
450 Civic Center Plaza
Richmond, CA 94804
Attn: Adam Lenz

To: City of Walnut Creek
1666 North Main Street
Walnut Creek, CA 94596
Attn: Gwen Ho-Sing-Loy

To: Contra Costa County
Public Works Department
2467 Waterbird Way
Martinez, CA 94553
Attn: Andy Green

To: County of San Mateo
555 County Center, 5th Floor
Redwood City, CA 94063
Attn: Andy Jain

To: County of Santa Clara
2310 N. First Street, Suite 200
San Jose, CA 9513
Attn: Lin Ortega

To: Delta Diablo Sanitation Dist.
2500 Pittsburg-Antioch Highway
Antioch, CA 94509
Attn: Dean Eckerson

To: Hayward Area Recreation and Park District
1099 E Street
Hayward, CA 94541
Attn: Larry Lepore

SECTION 7. MISCELLANEOUS PROVISIONS.

- A. If any term, condition or covenant of this MOU is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this MOU shall be valid and binding on the Parties.
- B. This MOU may be executed in counterparts and will be binding as executed.
- C. All changes or extensions to this MOU shall be in writing in the form of an amendment executed by all Parties.
- D. This MOU is entered into only for the benefit of the Parties executing this MOU and not for the benefit of any other individual, entity, or person.

SECTION 8. WITHDRAWAL.

- A. No Party may withdraw from this MOU during the period from 30 days before the issuance of the Solicitation and the date that Vendor(s) have been selected. The date of the Solicitation will be pursuant to the schedule developed by Alameda County in collaboration with the Parties for such Solicitation.

- B. Withdrawal by any Party from this MOU shall not preclude the remaining Parties from continuing the Solicitation contemplated under this MOU and from using the Template Documents created by any Party to this MOU, unless otherwise prohibited by law.
- C. Notice of withdrawal must be provided in writing to Alameda County GSA.

SECTION 9. INDEMNIFICATION

In lieu of and notwithstanding the pro rata risk allocation that might otherwise be imposed on the Parties pursuant to Government Code Section 895.6, the Parties agree that all losses or liabilities incurred by a Party that are in any way related to this MOU shall not be shared pro rata but, instead, the Parties agree that, pursuant to Government Code Section 895.4, each of the Parties hereto shall fully indemnify and hold each of the other Parties, their officers, board members, employees, and agents, harmless from any claim, expense or cost, damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying Party, its officers, employees, or agents, under or in connection with or arising out of any work, authority, or jurisdiction delegated to such Party under this MOU. No Party, nor any officer, board member, or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of another Party hereto, its officers, board members, employees, or agents, under or in connection with or arising out of any work authority or jurisdiction delegated to such other Party under this MOU.

SECTION 10. NON-DISCRIMINATION

The Parties shall comply with all applicable Federal, State, and local laws, regulations and policies concerning nondiscrimination and equal opportunity in contracting. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; The Rehabilitation Act of 1973 (Sections 503 and 504); California Fair Employment and Housing Act (Government Code sections 12900 et seq.); and California Labor Code sections 1101 and 1102. Parties shall not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization,

promotion, layoff, rates of pay or other forms of compensation. Nor shall Parties discriminate in performing its obligations under this MOU because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status.

IN WITNESS WHEREOF, the Parties have executed this MOU as of the Effective Date

County of Alameda

AYES:

NOES:

EXCUSED:

PRESIDENT, BOARD OF SUPERVISORS

ATTEST:

APPROVED AS TO FORM:

By _____

By _____

CITY OF MENLO PARK

By: _____

ATTEST:

By _____

APPROVED AS TO FORM:

By _____

Solar Feasibility Study for the City of Menlo Park



November 2, 2012

FINAL

► **Prepared by: Optony, Inc.**

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Contents

INTRODUCTION	2
EXECUTIVE SUMMARY	3
SITE EVALUATIONS	4
ECONOMIC AND ENVIRONMENTAL IMPACT.....	19
NEXT STEPS.....	21
METHODOLOGY & ASSUMPTIONS	22
ABOUT OPTONY INC.	23
ATTACHMENT A - SOLAR PV PROJECT ANALYSIS SUMMARY	24

Solar Feasibility Study for the City of Menlo Park

November 2, 2012

This report has been prepared for the City of Menlo Park to provide a solar analysis of five potential sites for solar installation, with recommendations for future actions that best fit the needs and opportunities for renewable energy at City facilities.



► **What you will learn from this report:**

1. How Optony conducted this analysis for the City and the analytical approach used to develop this report.
2. The best City sites for photovoltaic solar installations, from both technical and economic perspectives.
3. The recommended photovoltaic (PV) solar system sizes and detailed site characteristics.
4. Next steps for pursuing the recommended option with an approximate timeline.

Introduction

The City of Menlo Park has engaged Optony Inc. to conduct a solar feasibility for multiple City-owned sites. Solar electric (also called photovoltaic, or PV) installations can reduce the City’s reliance on utility-generated energy while reducing operational costs. By producing on-site power from a clean and renewable source (sunlight), the City can reduce its carbon footprint and demonstrate environmental leadership to both City residents and to neighboring jurisdictions.

The City of Menlo Park, like many California municipalities, is faced with environmental and economic challenges. A major cost of operations for municipal facilities is the electricity usage, paid to the utility company—in this case, Pacific Gas & Electric (PG&E). Cities like Menlo Park are also required by California Assembly Bill 32 to reach specified carbon dioxide emissions reductions, which is expected to be achieved, at least partially, through investments in energy efficiency and on-site energy generation. Solar electric systems help on both accounts. Through Net Energy Metering (NEM) with the utility company, City electrical accounts with solar installations can save money on energy costs, while reducing greenhouse gas emissions. NEM allows for solar generation exported to the grid to be credited at the same price as the City would pay for energy use at the same time-of-day and year. There are restrictions to how much credit NEM accounts can accrue, but generally, these net-metering arrangements give the highest value for solar production. An additional benefit of solar project construction is increased local economic activity, both for installation labor teams and for surrounding businesses.



Executive Summary

Optony has performed a detailed technical and financial analysis of sites presented by the City. Table 1 shows a brief summary of the results of this study. The criteria for site evaluation include electricity usage at the site, physical space available for PV installation, accessibility of the site for construction, existing conditions at the site including age of the building and structural and electrical limitations, planned energy or structural renovations, as well as surrounding vegetation and other shading concerns.

The team collected twelve months of prior electric usage data for each site and performed a thorough analysis on all material aspects of a potential PV system using industry standard tools and our market leading approach. Based on the data analysis, we have identified sites that are viable for solar PV system installations, both from a technical and economic perspective.

In the following pages, we have mapped out usable areas for solar PV using a modular approach to provide system and project design flexibility. Along with usable areas, the report analyzes potential output and details site-specific opportunities and constraints.

Next steps for system procurement have been recommended for when the City proceeds with these solar projects. It is very important to be aware of the time-sensitive availability of certain state and federal incentives. For example, the U.S. Treasury Department-sponsored Investment Tax Credit (ITC) program is slated to expire in 2016. This program, which allows for significant cash-flow benefits for tax-eligible PV system owners, can lead to lower pricing for third-party ownership installation models such as PPA's, and sometimes leases, as described below.

Financial modeling is included for three likely financing mechanisms: Direct Purchase, Power Purchase Agreement, and Lease. Optony recommends that the City consider several or all of these options during the procurement phase when deciding to pursue solar projects:

1. Direct Purchase – The City would use existing cash reserves to purchase the system outright. In this situation, the City would be responsible for all ownership concerns, including Operations & Maintenance (O&M), regular system cleaning, and monitoring of system production. In many situations, this may yield the greatest long-term returns, but requires cash up-front and operational costs.
2. Power Purchase Agreement (PPA) – The City would enter into a contract with a third party to purchase all energy produced by a PV system installed on property owned by the City. This third party would own the PV system and would be fully responsible for all ownership costs, including financing, maintenance, insurance, and system production.
3. Lease/Loan – Instead of paying for purchase costs up-front, the City would pay a third party on a monthly basis over 10 to 20 years. In many such arrangements, the City would be responsible for all ownership concerns, just as with a Direct Purchase. Locally-issued bonds or renewable energy bonds, such as CREBs (Clean Renewable Energy Bonds) and QECBs (Qualified Energy Conservation Bonds), would fall into this category.

Detailed in the following sections is a thorough report of Optony's methodology, findings, and recommendations for this solar feasibility study. Optony is pleased to work with the City of Menlo Park, and we look forward to many opportunities for collaboration in the near future!

Site Evaluations

The team conducted site visits at five sites presented by the City of Menlo Park:

- Corporation Yard
- Arrillaga Family Gymnasium
- Belle Haven Childcare Center
- Onetta Harris Community Center
- Arrillaga Family Gymnastics Center



A site inspection involves reviewing the overall layout of the proposed facility and identifying potential location opportunities and challenges. The age, materials, and condition of the rooftop, if available for development, are assessed, as photovoltaic systems typically have a 25-year lifespan and are costly to remove for roof repair or replacement. For rooftop sites, additional space-limiting concerns are evaluated, including the presence of HVAC equipment, parapets, skylights, and conduits - all of which cannot be easily relocated. For parking lot or parking structure carport PV systems, the main site selection issues are the availability of space for construction, surrounding vegetation, and distance to the electrical interconnection point. For both installation types, potentially usable areas are mapped out and a detailed shading analysis is conducted.

Shading analysis is performed on-site within the designated usable areas, with outer boundaries set by observing industry installation guidelines and best practices. A shading analysis involves surveying the surroundings of the usable areas to identify potentially shade-causing obstructions, such as rooftop HVAC equipment, lightning conductors, antennas, trees, lampposts, building overhangs, and neighboring buildings. Shading must be avoided, as PV systems operate most efficiently in direct sunlight, and even minor shading can sometimes have a profound negative impact on system performance.

As the seasons change, the sun path changes as well. In the winter months, the altitude of the sun off the horizon is lower in comparison to its altitude during the summer months – this leads to varying shading situations each month. In order to assess the amount of direct sunlight available at each usable area, the annual sun path is plotted at various points using hardware and software developed for use in the solar industry. Further analysis of the data yields the most optimal areas for solar installation at each site.



Whenever possible, the electrical room at each site is inspected for main breaker and switchgear amperage and voltage ratings, as well as availability of space for additional electrical equipment. The location of the utility electrical meter is determined, as well, since the distance between the solar modules and the interconnection point should be minimized to reduce voltage drop and increase system efficiency.

Table 1 on the following page shows a summary of the sites, along with maximum PV system sizes and recommended system sizes. A direct purchase cost range is shown, and the projected gross utility bill savings are also included in this table.

Table 1 City of Menlo Park Solar PV Project Overview

Site Index and Name	Recommended PV System Size (kW DC)	Annual PV Output (kWh)	Annual Building Usage (kWh)	Energy Offset	Direct Purchase Cost Range ¹	NPV ² Direct Purchase Savings	NPV ² PPA Savings
Corporation Yard	49	65,194	80,240	81%	\$163,923 - \$181,178	\$ 261,012	\$ 203,861
Arrillaga Family Gymnasium	166	222,438	278,368	80%	\$564,457 - \$623,873	\$ 794,903	\$ 604,666
Belle Haven Child Center	21	27,157	30,320	90%	\$69,825 - \$77,175	\$ 64,207	\$ 46,865
Onetta Harris Community Center	103	136,206	166,000	82%	\$342,475 - \$378,525	\$ 314,460	\$ 218,045
Arrillaga Family Gymnastics Center	158	208,311	267,596	78%	\$536,608 - \$593,093	\$ 405,805	\$ 272,121
Total for All Sites	498	659,305	822,525	80%	\$1,677,287 - \$1,853,843	\$ 1,840,386	\$ 1,345,558

Table Notes:

¹ Cost before any incentives and/or rebates; cost range uses assumption of \$3.5/Watt-DC as average installed cost, with 10% variance

² Net present value (NPV) uses a 25 year financial analysis period; 4% annual discount rate; PG&E 4.5% annual escalation; A6 Time-Of-Use (TOU) utility rate schedule where appropriate; 0.5% annual PV system degradation; Step 10 CSI (California Solar Initiative) rebates at \$0.088/kWh for first 5 years; O&M cost of \$15/kW with a 3% annual escalation; PPA rate \$0.160/kWh with a 3% escalation rate

Recommended system sizes are determined by using a variety of factors which include: electricity usage amounts and patterns, maximum possible energy offset, projected cash flows, and Net Present Value (NPV) of energy savings. All numbers are estimated and intended for planning purposes only. A kilowatt (kW) is a common unit for measuring power, typically for either maximum spontaneous capacity of solar generation or maximum power load of a facility. In this report, kilowatt-DC (kW-DC) refers explicitly to Direct Current capacity of solar installations, before inversion of power to alternating current, or AC. Kilowatt-hours (kWh) is a unit of energy measurement to track power production or consumption over time.

As Table 1 shows, with direct purchase of the recommended systems at mid-range prices, the City can potentially net over \$1.8M in discounted electricity bill savings over the 25-year expected operating life of the proposed systems at the most financially beneficial electricity rate schedules available.

A full summary of Menlo Park sites and their economic potential is included in Attachment A.

Corporation Yard

Site Address: 333 Burgess Drive, Menlo Park CA 94025

Type of PV System:	Carport, Rooftop
Current PG&E Rate Schedule:	A-10S
Annual Energy Usage:	80,240 kWh
Maximum System Size:	125 kW-DC
Maximum System Output:	165,747 kWh
Recommended System Size:	49 kW-DC
Recommended System Output:	65,194 kWh
Energy Offset:	over 100% possible, 81% recommended



Issues: Shading from trees;
Opportunities: Carport, rooftop, and shade structures

There are five usable areas at the Corporation Yard composed of one rooftop section and four carport sections as shown in Figure 1 below. The white box indicates the location of the electrical room, which is located between offices and maintenance garage.



Figure 1 Corporation Yard Usable Areas

Within these five sections, a PV system of 125 kW-DC can be installed. A system of that size would produce 165,747 kWh each year. In the last 12-months the site used 80,240 kWh of electricity. As Table 2, below, shows, the maximum PV system size would offset over 200% of site’s usage. A smaller, 49 kW-DC, PV system is recommended for the Corporation Yard. The recommended PV system would produce 65,194 kWh of energy, offset 81% of the site’s usage, and have a high economic return.

Table 2 Corporation Yard PV System Summary

Section	Azimuth	Area (Sq. Ft.)	Size (kW DC)
Carport			
1	210°	1,668	17
2	210°	4,220	44
3	240°	413	4
4	210°	5,120	54
Rooftop			
5	210°	565	6
Total		13,650	125
Total System Production (kWh)			165,747
Recommended System Size (kW)			49
Recommended System Output (kWh)			65,194

During daylight hours, excess power generated by the PV system flows back into the utility grid. Excess power is defined as the net power between the production and usage at the site. This excess generates credits for the site which can then be used up during the night. However, at the end of each calendar year, PG&E zeroes out the excess credits on all net-metered accounts. Essentially, the site will be producing power for the utility for free.



Figure 2 shows Section 3 usable area



Figure 3 Example view of Section 4 of the usable area

Figure 2 and Figure 3 show a view Section 3 and Section 4, respectively. The trees shown in Figure 3 are north of the usable area and therefore should not create any shade issues. There are trees south of Section 4 as well, but those trees are far enough to not create any shading concerns. As for Section 3, the only concern is shade structure post location. Aside from that, both those locations are ideal candidates.

As indicated in Figure 1, the electrical room is located at the rear of the offices building. The main building voltage is 120/208V and the switchgear and main breaker are rated 600A. There is no available space within this electrical room for any additional electrical equipment related to a PV system. Additional space maybe available outside the electrical room, behind the building.

Arrillaga Family Gymnasium

Site Address: 600 Alma Street, Menlo Park CA 94025

Type of PV System:	Carport, Rooftop
Current PG&E Rate Schedule:	A-10S
Annual Energy Usage:	278,368 kWh
Maximum System Size:	168 kW-DC
Maximum System Output:	224,776 kWh
Recommended System Size:	166 kW-DC
Recommended System Output:	222,438 kWh
Energy Offset:	81% possible; 80% recommended



Issues: Clay tile roofing material; shade from trees; limited roof and carport space; low energy offset
 Opportunities: Carport and Rooftop installation

The Arrillaga Family Gymnasium is a one-story structure built in 2010. The pitched portion of the rooftop is composed of flat concrete tiles. For this study, part of the pitched rooftop and sections of the parking lot closest to the building were considered for a solar PV installation. Figure 4 shows the four usable sections identified in this study.

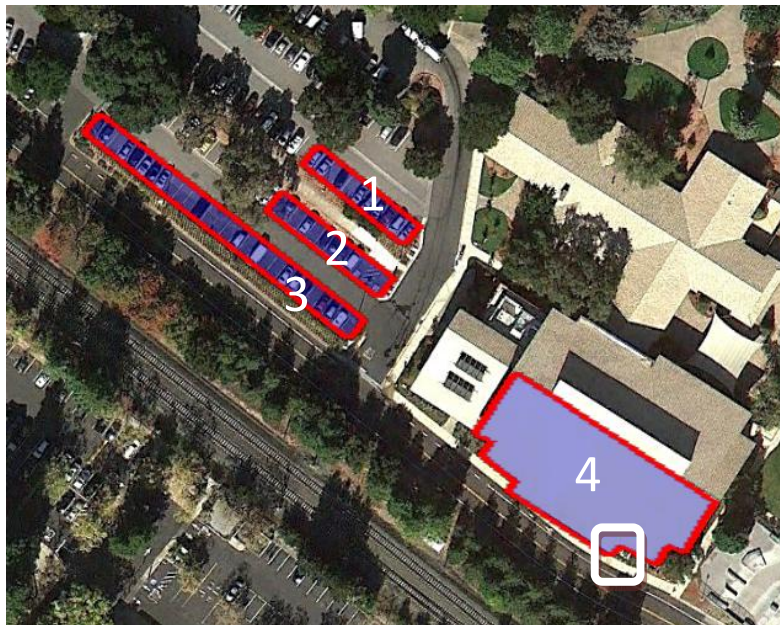


Figure 4 Arrillaga Family Gymnasium Usable Areas

Sections 1-3 take up less than half of the parking lot, which is shared by the gymnasium and the library. The other half of the parking is not considered usable due to tree shading. West of the pitched roof is a flat portion of the rooftop, which is not usable due existing solar thermal collectors.

At this site, a total of 168 kW-DC of solar PV can be installed within all four sections. A system of this size is capable of producing 224,776 kWh annually. This production would offset 81% of the site’s annual usage, which is 278,368 kWh. Given the site’s usage, a smaller, 166 kW-DC, PV system is recommended for this site. The recommended system would generate 222,438 kWh of energy and offset 80% of the site’s usage. Table 3 shows the size and possible solar PV size that can be installed in each section.

Table 3 Arillaga Family Gymnasium Possible PV System Summary

Section	Azimuth	Area (Sq. Ft.)	Size (kW DC)
Carport			
1	215°	1,687	18
2	215°	1,843	19
3	215°	4,362	46
Rooftop			
4	215°	8,164	85
Total		16,056	168
Total System Production (kWh)			224,776
Recommended System Size (kW)			166
Recommended System Output (kWh)			222,438

As stated earlier, the pitched roof of the Gymnasium is composed of flat concrete tiles. The roof deck is composed of metal, 4" insulation, ¾ plywood, and 1 layer of 30lbs cell.

Figure 5 below shows a view of Sections 1-3. Additionally, Figure 6, on the right, shows a view of the existing solar thermal collectors. These collectors are installed on the flat portion of the rooftop that is west of Section 4.



Figure 5 shows a view of the usable carport area



Figure 6 shows the existing solar thermal collectors

Main building voltage is 480/277V while the switchgear and main breaker are both rated 600A. There is space within the electrical room for additional PV-related electrical equipment.

Belle Haven Childcare Center

Site Address: 410 Ivy Drive, Menlo Park CA 94025



Type of PV System:	Rooftop
Current PG&E Rate Schedule:	A-1
Annual Energy Usage:	30,320 kWh
Maximum System Size:	23 kW-DC
Maximum System Output:	29,730 kWh
Recommended System Size:	21 kW-DC
Recommended System Output:	27,157 kWh
Energy Offset:	98% possible, 90% recommended

Issues: Roof age and roof deck are unknown; tree shading
 Opportunities: High energy offset;

The usable areas at the Belle Haven Childcare Center are located only on the rooftops as shown in Figure 7 below. All four areas are composed of shingles, pitched at about 12°. The southeast portion of Section 4 is not usable due to shading concerns from the tree east of the property.

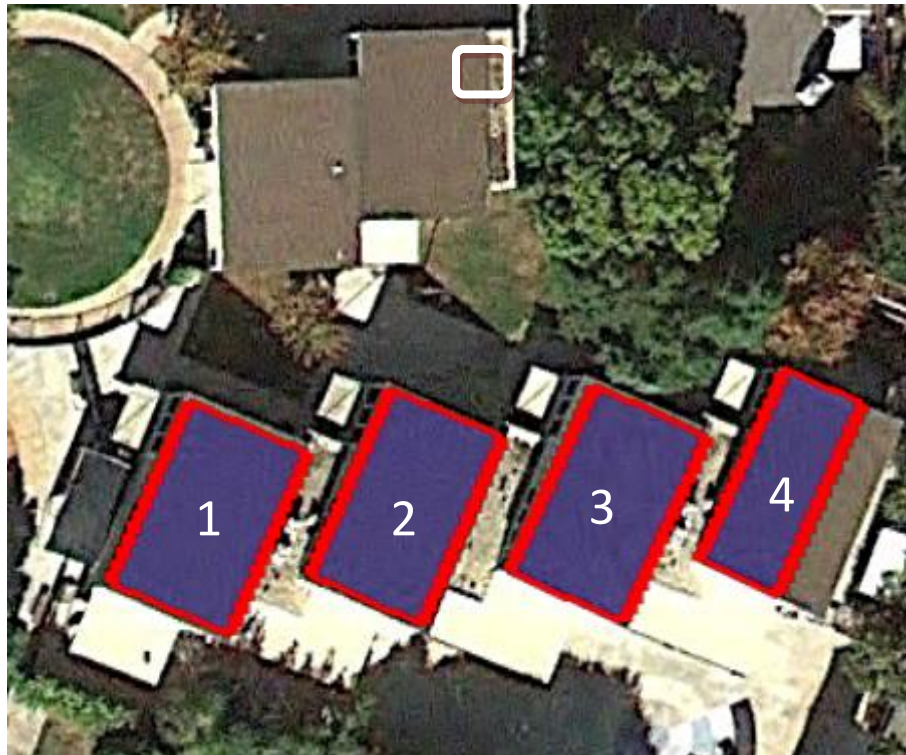


Figure 7 Belle Haven Childcare Center Usable Areas

As Table 4 shows, a maximum of 23 kW-DC can be installed within the four identified sections. This system can produce approximately 29,730 kWh during its first year of operation. In the last 12-months the site used 30,320 kWh of electricity. The maximum PV system would 98% of the site’s energy usage. A smaller, 21 kW-DC system, is recommended for this site. The 21 kW-DC system would produce 27,157 kWh of energy in its first year and offset 90% of the site’s energy.

Table 4 Belle Haven Childcare Center Possible PV System Summary

Section	Azimuth	Area (Sq. Ft.)	Size (kW DC)
1	115°	603	6
2	115°	583	6
3	115°	595	6
4	115°	416	4
Total		2,198	23
Total System Production (kWh)		29,730	
Recommended System Size (kW)		21	
Recommended System Output (kWh)		27,157	

Figure 8 shows a view of the tree, east of the site, which limited the usable area for Section 4. Figure 9, on the right, shows a sample view of Sections 1 and 2. The remaining two sections, Sections 3 and 4, are composed of the same material and pitched at the same angle. The translucent shade structure in front of Section 1 and 2 is not usable for Solar PV.



Figure 8 View of the tree that limits the usable area for Section 4



Figure 9 shows a view of Sections 1 and 2, which are on a shingle roof that is pitched at about 12°

Main building voltage at this site is 120/240V. The switchgear and main breaker are rated 400A. While there is no room for additional PV-related electrical equipment in the electrical room, there is ample space immediately outside the electrical room for additional PV-related electrical equipment.

Onetta Harris Community Center

Site Address: 100 Terminal Avenue, Menlo Park CA 94025

Type of PV System:	Carport, Rooftop
Current PG&E Rate Schedule:	E-19 SV
Annual Energy Usage:	166,000 kWh
Maximum System Size:	299 kW-DC
Maximum System Output:	391,591 kWh
Recommended System Size:	103 kW-DC
Recommended System Output:	136,206 kWh
Energy Offset:	over 100% possible; 82% recommended



Issues: Roof age and integrity;
 Opportunities: High energy offset; Carport and rooftop installation;

The Onetta Harris Community Center (OHCC) is in the same lot as the Onetta Harris Senior Center and the Onetta Harris Teen Center. Aside from the gymnasium, the OHCC has a heated pool, tennis courts, a basketball court and a large soccer field.

Figure 10 shows an aerial view of the usable areas at this site. Sections 1 is an empty storage area, and Sections 2-4 are parking lot areas. Sections 5-9 are location on the rooftop of the center itself. Section 10 is the rooftop of the pool house. And lastly, Sections 11-12 are on the rooftop of the Teen Center building.



Figure 10 Onetta Harris Community Center Usable Areas

Using all the highlighted areas, a maximum of 299 kW-DC can be installed at this site. The annual production from a system of this size is approximately 391,591 kWh. The Community Center’s most recent 12-month electricity usage was 166,000 kWh. The maximum system size would offset over 100% of the site’s usage; therefore, a smaller, 103 kW-DC, system is recommended for this site. The recommended system would produce 136,206 kWh of energy each year and offset 82% of the site’s usage. More detail about each of the sections can be found in Table 5.

Table 5 Onetta Harris Community Center Possible PV System Summary

Section	Azimuth	Area (Sq. Ft.)	Size (kW DC)
Carport			
1	215°	1,012	11
2	175°	3,650	38
3	175°	6,093	64
4	175°	2,785	29
Rooftop			
5	265°	2,279	24
6	175°	5,555	58
7	85°	2,325	24
8	85°	1,103	12
9	265°	1,048	11
10	175°	840	8
11	265°	974	10
12	85°	891	9
Total		28,554	299
Total System Production (kWh)			391,591
Recommended System Size (kW)			103
Recommended System Output (kWh)			136,206

During daylight hours, any excess energy that is produced by the PV system and is not consumed by the site flows back into the utility grid earning energy credits for the site. During the night, when the PV system is not generating power, these credits are used up. However, Pacific Gas & Energy will only allow these credits to be used within the same calendar year. Therefore, a system must be sized appropriately in order to avoid generating too much electricity.



Figure 11 shows a view of Sections 7 and 9, which are metal standing seam



Figure 12 shows the roof of the pool house, Section 10



Figure 13 shows a view of the Teen Center rooftop, which includes Section 11 and Section 12



Figure 15 shows a view of the parking lot, west of the Community Center



Figure 14 shows a view of Section 6, which is the highest area of the Community Center rooftop



Figure 16 shows a view of the storage area, identified in Section 1

The electrical room is located in the Community Center building as shown by the white box in Figure 10. Main building voltage is 120/208V. The switchgear and main breaker are both rated 800A. The electric room does not have ample space for any additional equipment. All PV related equipment will have to be installed outside of the building in a fenced area.

Arrillaga Family Gymnastics Center

Site Address: 701 Laurel Street, Menlo Park CA 94025



Type of PV System:	Carport , Rooftop
Current PG&E Rate Schedule:	A-10SX
Annual Energy Usage:	1,337,982 kWh (Civic Center) 267,596 kWh (Suggested 20% meter split)
Maximum System Size:	162kW-DC
Maximum System Output:	213,584 kWh
Recommended System Size:	158 kW-DC
Recommended System Output:	208,311 kWh
Energy Offset:	15.5% - Civic Center; 78% - 20% meter split recommended

Issues: Limited usable area; tree shading; meter split required due to multiple sites under one meter; high total campus electricity usage

Opportunities: Carport and rooftop installation; solar demonstration site

The Arrillaga Family Gymnastics Center is a new facility located within the City of Menlo Park Civic Center. The Menlo Park Civic Center is composed of four buildings: the Administration and Police Department, the Arrillaga Family Gymnastics Center, the Children’s Center, and City Council Chambers. There are five usable areas at this site, as shown in Figure 17, which could be used for a solar PV installation. The white box shows the location of the Civic Center main electrical room, which is in the basement of the Administration and Police Department building.

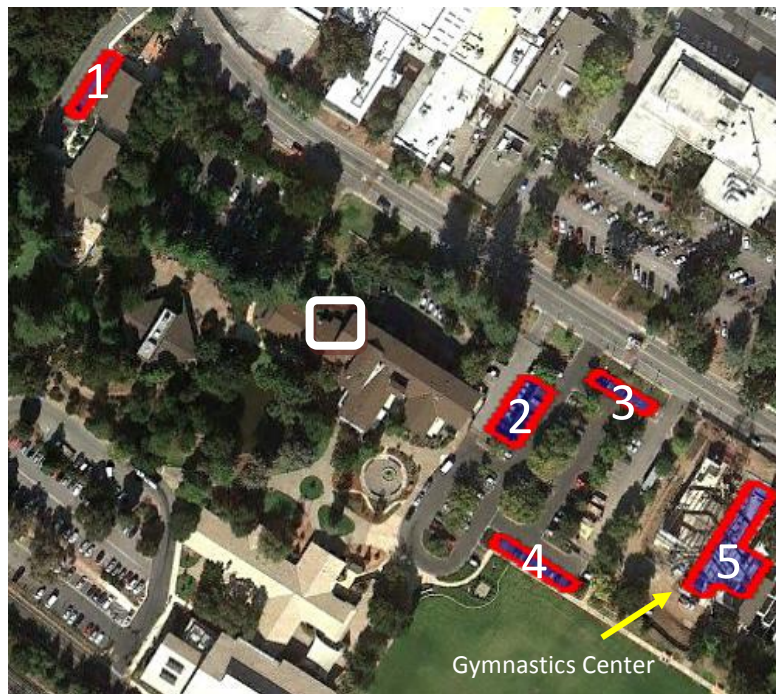


Figure 17 Civic Center Usable Areas for the Arrillaga Family Gymnastics Center

Sections 1-4 are located in the parking lots northwest of the Arrillaga Family Gymnastics Center. A total of 53 spots will be covered by PV carports. Section 5 is located on the rooftop of the gymnastics building. A total of 162 kW-DC can be installed

at this site. A system of this size will be able to produce about 213,584 kWh each year. The maximum PV system size would offset 15.5% of the entire Civic Center’s usage, which was 1,337,982 kWh last year. A meter split is highly recommended for this site. The suggested usage split is 20% of the current usage, which would be 267,596 kWh. With a 20% meter split, the recommended PV size would be 158 kW-DC, which would produce 208,311 kWh yearly and offset 78% of the split usage. Otherwise, as it stands, given the low system offset, limited available space to expand, and a single meter for multiple buildings, a PV installation would not be recommended at this site. Details about size and layout of each of the sections are shown in Table 6.

Table 6 Arrillaga Family Gymnastics Center Possible PV System Summary

Section	Azimuth	Area (Sq. Ft.)	Size (kW DC)
Carport			
1	210°	1,646	20
2	210°	3,431	41
3	210°	1,531	18
4	210°	2,041	24
Rooftop			
5	120°	5,001	59
Total		13,650	162
Total System Production (kWh)			213,584
Recommended System Size (kW)			158
Recommended System Output (kWh)			208,311

If there is a 20% usage meter split, then an A-6 Time Of Use (TOU) rate schedule switch is recommended for this site. During daylight hours, excess power generated by the PV system flows back into the utility grid. Excess power is defined as the net power between the production and usage at the site. This excess generates credits for the site which can then be used up during the night. However, at the end of each calendar year, PG&E zeroes out the excess credits on all net-metered accounts. Essentially, with a large system the site will be producing power for the utility for free. The recommended system size at this site is 158 kW, which would offset 78% of the site’s electricity usage and maximize the financial benefits from a PV system.

The following images show potential carport and rooftop usable areas at the Arrillaga Family Gymnastics Center. Figure 18 shows a view of the parking lot behind the Child Care Center, identified as Section 1, and Figure 19 shows a view of the parking lot next to the Police Department building, which is identified as Section 2.



Figure 18 view of Section 1 carport area



Figure 19 shows a view of Section 2, which is another potential carport area



Figure 20 shows a view of Section 4 carport area



Figure 21 shows a view of the Gymnastics building rooftop

Section 4, which is shown in Figure 20, is the parking area along the football field. Lastly, Figure 21 shows a view of the Gymnastics building rooftop. The roof is composed of flat concrete tiles. The roof deck is composed of metal, 4" insulation, ¾ plywood, and 1 layer of 30lbs cell.

Building voltage is 277/400V. Main breaker and switchgear are both rated 2,500A. There is space for additional equipment within the electrical room, but the inverter will need to be installed outside the building. A proposed inverter location is the police vehicle parking lot.

Economic and Environmental Impact

If all three sites move forward with the proposed solar projects, there will be a significant environmental and economic impact to the City of Menlo Park and its neighboring communities.

From an economic perspective, a large-scale multiple-site solar project would create approximately \$1.2M in new, local economic activity and about 9 additional jobs, in addition to generating substantial energy cost savings for the City of Menlo Park. If the City were to pursue a direct purchase of the systems, there would be substantial long-term benefits and a positive return on investment from the effort when competitively bid. A summary of the economic benefits is shown in Figure 22.

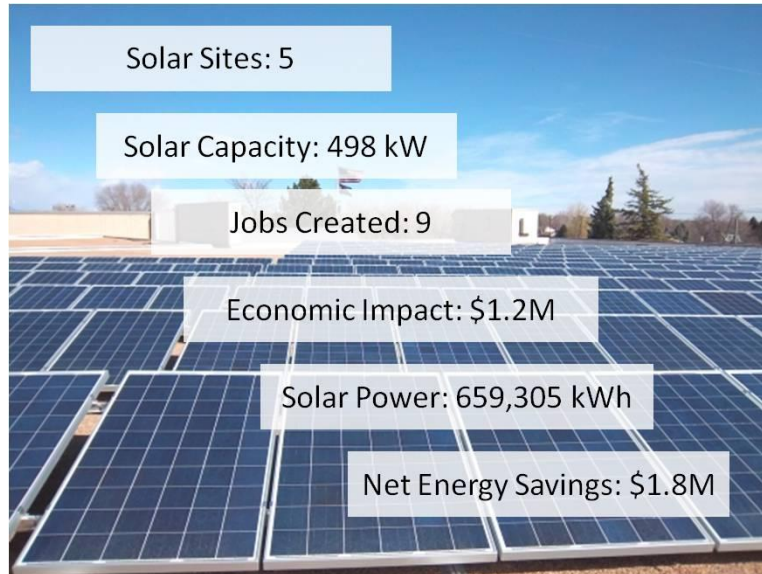


Figure 22 Snapshot of Economic Benefits

Optyony performed a detailed financial analysis of the recommended sites and PV system sizes. Detailed below are site specific recommendations with District preferred financing option.

Table 7 Site Recommendations

Site Name	Recommended System Size (kW-DC)	Action	Financing	Financial Savings/Cost*
Corporation Yard	49	Join R-REP Procurement	DP/PPA	\$ 261,012
Arrillaga Family Gymnasium	166	Join R-REP Procurement	DP/PPA	\$ 794,903
Belle Haven Child Center	21	Join R-REP Procurement	DP/PPA	\$ 64,207
Onetta Harris Community Center	103	Join R-REP Procurement	DP/PPA	\$ 314,460
Arrillaga Family Gymnastics Center	158	Join R-REP Procurement	DP/PPA	\$ 405,805
Total for All Sites				\$ 1,840,386

* Savings/Cost shown for Direct Purchase Financing

In general, the Direct Purchase option provides the greatest savings over the long-term, but does require initial project investment and ongoing Operations & Maintenance for the system. The PPA option, on the other hand, shows the lowest savings over the life of the systems, but, yearly payments with a rate schedule change would be lower than current or projected PG&E bills **starting in Year One**. With a PPA, no capital investment or balloon payments are necessary, and O&M

is handled by the third-party system owner. Based upon projected values, Solar Leases for the recommended systems may be a valid option to consider for inclusion in an RFP issuance. Savings under a Lease or Loan option are typically lower than for a PPA for the life of the Lease or Loan, but after the buy-out (modeled at zero cost at Year 15), savings are significant. Based on this analysis, we recommend further investigation with private project developers through a competitive bid process to get the best results in terms of pricing and performance.

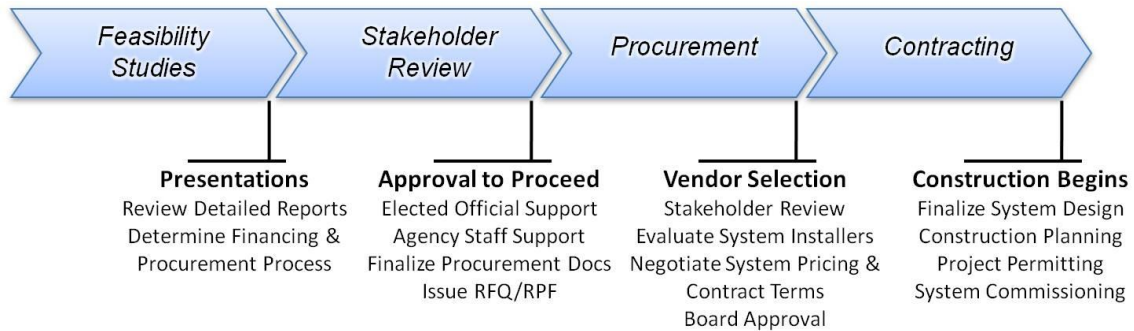
A financial analysis summary of all the individual sites is provided in Attachment A.

From an environmental perspective, the combined solar production will prevent the equivalent of nearly 473 metric tons of carbon dioxide from being released into the environment from current power sources annually. This amount of carbon sequestration can be visualized as planting approximately 101 acres of new forest. The carbon emissions reduction is equivalent to eliminating approximately 1.09 million Vehicle Miles Traveled (VMT) annually. The total yearly energy production would be sufficient to power nearly 53 homes in the City of Cupertino.

Next Steps

If the City of Menlo Park decides to pursue the recommended options, the following next steps have been identified to move this project along quickly and achieve the desired impact on cost reduction and green energy production before available solar incentives decrease. Also included is an estimate for duration of each step and when the work can be started.

- 1) **Build Consensus:** Use the report’s findings to build internal support, determine financing options, and appropriate procurement process. *Start: immediately, Duration: approximately 4-6 weeks*
- 2) **Prepare Standard RFQ/RFP and Issue RFQ/RFP:** After receiving approval to proceed, publish a procurement package and encourage vendor participation. *Start: upon approval of RFQ/RFP, Duration: approximately 14 weeks*
- 3) **Evaluate Vendors, Proposals, Benefits and Costs** in terms of design, price, performance, and capabilities, ensuring industry best practices are offered and contracted. *Start: upon receipt of proposals, Duration: approximately 4 weeks*
- 4) **Select Vendor and Negotiate Contracts:** Select vendor and review contract language to ensure maximum benefit for each agency. *Start: upon selection of shortlisted vendors, Duration: approximately 6 weeks*
- 5) **Plan for Construction in 2013:** Finalize financial arrangements, system design, and required building documents to begin installation and construction phase. *Start: upon project approval, Duration: approximately 6-8 weeks*



Methodology & Assumptions

Optony uses a rigorous methodology and client-focused approach to evaluate potential solar sites that goes well beyond the effort that is provided by system installers, finance companies, or even the utility companies. We combine our decades of experience in the solar field to balance the tradeoffs between technology, system design, rebates and incentive opportunities, electric demand and rate schedules, solar macro- and micro-economics, and available funding sources to develop an independent assessment of the realistic options at each site to meet the client's specific needs and goals.

Methodology and assumptions for this Feasibility Assessment:

- Optony uses a proprietary approach to performing a solar site analysis that uses dynamic scenario creation and evaluation processes along with publicly and privately developed software and tools to determine all the relevant variables and tradeoffs between options.
- For calculating available space at each site, the team visited the site, took physical measurements, compared site available area with aerial views from Google Earth and performed shading analysis using Solmetric SunEye. Mapping software by Bing was also used for satellite imagery.
- Solar access is defined as the availability of direct sunlight which reaches the photovoltaic panels. A higher solar access percentage reflects fewer shading obstructions. Shading obstructions may include surrounding buildings, mechanical equipment on rooftops including antennas and power lines, architectural features of the building, tall trees, and other surrounding vegetation.
- Optony uses industry standard as well as proprietary financial modeling software with local utility rate schedules and typical meteorological year 3 data, and neutral to conservative inflation, SREC and Investment Tax Credit assumptions in all financial modeling. This approach allows Optony to present the client with realistic forecasting that reduces risks and estimates realistic project returns.
- Project timing is very important in the overall economics of a solar system installation due to the time-sensitive nature of the various federal, state, utility, and local incentives. Optony assumed that this project will not be completed in 2012, but has evaluated the impact for construction completion in 2013.
- Optony has a unique insight into the latest solar technology due to its cooperative agreement and ongoing research with the National Renewable Energy Laboratory in Golden, CO. This has led to the achievement of world-record performance in thin film solar cells and major advancements in other emerging photovoltaic technologies.
- Optony does not sell equipment or installation services, and this report is not intended to provide a quote for future service; rather, it is a report on the ability of the pre-selected sites to produce power from the sun.

Disclaimer: This report is provided as an illustration of the potential benefits of a renewable energy system. The information presented in this report should not be construed as legal, tax or accounting advice. You should consult with professional advisors familiar with your particular factual situation for advice concerning specific matters before making any decision. Furthermore, this report may contain references to certain laws, regulations, tax incentives, rebates, programs and third party provided information. These will change over time and should be interpreted only in light of this particular engagement as of the date of this report.

About Optony Inc.

Optony Inc. is a global research and consulting services firm focused on enabling government and commercial organizations to bridge the gap between solar energy goals and real-world results. Optony’s core services offer a systematic approach to planning, implementing, and managing commercial and utility-grade solar power systems, while simultaneously navigating the dramatic and rapid changes in the solar industry; from emerging technologies and system designs to government incentives and private/public financing options. Leveraging our independence, domain expertise and unique market position, our clients are empowered to make informed decisions that reduce risk, optimize operations, and deliver the greatest long-term return on their solar investments. Based in Silicon Valley, Optony has offices in Washington DC, Denver, Beijing and Hangzhou. Optony has participated in over 20 patent filings and continues to explore next-generation solar technologies and policies in collaboration with the National Renewable Energy Laboratory (NREL) and other leading research institutions.

For more information, visit www.optony.com

Attachment A - Solar PV Project Analysis Summary

	Corp Yard	Arrillaga Gym	Belle Haven Childcare Center	Onetta Harris Community Center	Arrillaga Gymnastics Center	Total
System Overview						
System Size (kWp)	49	166	21	103	158	498
Yield (kWh/kWp)	1,322	1,338	1,293	1,322	1,318	1,325
Total onsite energy usage (kWh)	80,240	278,368	30,320	166,000	267,596	822,525
Year 1 Output (kWh)	65,194	222,438	27,157	136,206	208,311	659,305
Annual degradation	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Energy Offset %	81%	80%	90%	82%	78%	80%
Current Utility Information						
Utility Provider	PG&E	PG&E	PG&E	PG&E	PG&E	
Utility Rate Schedule	A-10 S	A-10 S	A-1	E-19 SV	A-10 S	
Average Utility Cost (\$/kWh)	0.123	0.123	0.180	0.092	0.123	0.1193
Utility Inflation (%)	4.50%	4.50%	4.50%	4.50%	4.50%	4.5%
Direct Purchase Information						
Eng, Proc, Constr \$ ¹	\$172,550	\$594,165	\$73,500	\$360,500	\$564,850	\$1,765,565
Solar Rebate (\$/kWh)	\$0.088	\$0.088	\$0.088	\$0.088	\$0.088	
Solar Rebate Term	5 years	5 years	5 years	5 years	5 years	
Yr 1 O&M	\$740	\$2,493	\$525	\$2,575	\$3,950	\$10,283
O&M Escalator	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Discount Rate	4.00%	4.00%	4.00%	4.00%	4.00%	4%
Loan Information						
Loan Term	15	15	15	15	15	
Loan Interest Rate - %	3.80%	3.80%	3.80%	3.80%	3.80%	
End of Term Buyout	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
PPA Information						
Initial PPA rate (\$/kWh) ¹	0.1600	0.1600	0.1600	0.1600	0.1600	
PPA escalator	3.00%	3.00%	3.00%	3.00%	3.00%	
S-REC Value (keep/sell) (\$/kWh)	0.010	0.010	0.010	0.010	0.010	0.000
S-REC escalator	0.00%	0.00%	0.00%	0.00%	0.00%	
S-REC Contract Term	5 year(s)	5 year(s)	5 year(s)	5 year(s)	5 year(s)	
Buyer sells S-REC (Direct Purchase/Loan)	N	N	N	N	N	
Environmental Impact						
Annual CO2 Reduction (Tons)	47	160	19	98	150	473
Annual VMT Reduction Equivalent	107,413	366,490	44,744	224,413	343,214	1,086,274
Tree Acre Equivalent	10	34	4	21	32	101
NPV of Energy Cost						
Utility Energy Purchase (25 year)	\$446,756	\$1,437,775	\$148,582	\$728,370	\$1,050,348	\$3,811,832
Getting PPA (25 year)	\$242,894	\$833,108	\$101,718	\$510,326	\$778,227	\$2,466,274
Direct Purchase (incl O&M, solar rebate)	\$185,744	\$642,872	\$84,376	\$413,910	\$644,543	\$1,971,445
Loan (year term)	\$187,904	\$650,312	\$85,296	\$418,424	\$651,616	\$1,993,552
% Energy Savings						
Direct Purchase (25 year)	71.21%	68.99%	59.76%	59.64%	56.63%	
Loan (25 year)	64.01%	61.29%	50.54%	50.42%	46.60%	
PPA (25 year)	46.66%	43.14%	32.82%	31.24%	27.30%	
LCOE Analysis						
Utility LCOE	0.3746	0.3475	0.3297	0.2952	0.2641	0.3123
Direct Purchase LCOE	0.1078	0.1078	0.1327	0.1191	0.1145	0.1133
Loan LCOE	0.1348	0.1345	0.1631	0.1464	0.1410	0.1402
PPA LCOE	0.1998	0.1976	0.2215	0.2030	0.1920	0.1981

¹ Indicative pricing, pending further analysis by vendor after system size and site assumptions are finalized

² Based on most recent 12 months of Utility interval data

PV Carport Design Samples





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PUBLIC WORKS DEPARTMENT

Council Meeting Date: October 7, 2014
Staff Report #: 14-178

Agenda Item #: E-2

PUBLIC HEARING: **Approve a Resolution Making Findings Necessary to Authorize an Energy Services Contract for Power Purchase Agreements (PPA) at the Arrillaga Gymnasium, Arrillaga Gymnastics Center, Onetta Harris Center, and City Corporation Yard; Authorize the City Attorney to Finalize the Agreement and Authorize the City Manager to Execute the Agreement; and Amend the Existing Consulting Contract with Optony, Inc. to include Construction Management Services**

RECOMMENDATION

Staff recommends that Council:

1. Approve a Resolution Making Findings Necessary to Authorize an Energy Services Contract for Power Purchase Agreement (PPA) at the Arrillaga Gymnasium, Arrillaga Gymnastics Center, Onetta Harris Center, and City Corporation Yard;
2. Authorize the City Attorney to Finalize the Agreement;
3. Authorize the City Manager to Execute the Agreement; and
4. Amend the existing consulting contract with Optony to include Construction Management Services.

BACKGROUND

The City Council has previously reviewed the Renewable Energy Procurement Project (R-REP) on November 27, 2012 with the signing of a Memorandum of Understanding (MOU) with Alameda County to participate in the project and in a Council Study Session on April 29, 2014 in which City Council discussed and provided general direction to staff on proposed installation sites, financing options, installation of solar carports, and Planning Commission involvement in the carport review process. In addition, prior staff reports indicated SolarCity as the preferred vendor for solar equipment and energy production in the City of Menlo Park for this project. However, due to a material change in the business terms offered by Solar City, the City of Menlo Park (and the group of participating agencies led by Alameda County) reached an impasse in contract negotiations with SolarCity and chose to move to the bidder ranked second, Cupertino

Electric. With this update, staff is now coming before City Council for approval to execute an energy services contract with Cupertino Electric to move forward in the procurement process. The following sections provide additional background on the project history and contract negotiations.

R-REP is an initiative led by Alameda County to collaboratively purchase renewable energy systems with 19 public agencies throughout Alameda, Contra Costa, San Mateo, and Santa Clara Counties. The R-REP project includes 186 sites, totaling over 31 megawatts of renewable energy. Working collaboratively instead of individually has led to a significant reduction in renewable energy system costs, transaction costs, administrative time, and enhanced leverage for public agencies in negotiations for renewable energy systems.

On November 27, 2012, the City Council signed a MOU with Alameda County to participate in the R-REP project by including the following City facilities in the bulk purchase of renewable power:

- Arrillaga Gymnasium
- Arrillaga Gymnastics Center
- Onetta Harris Community Center
- Corporation Yard
- Belle Haven Child Care Center

In the procurement process, staff coordinated with Optony, Inc. to develop site feasibility reports in order for Alameda County to develop the Request for Proposals (RFP). The City saved significantly by joining this effort through reduced staffing costs as Alameda County prepared and coordinated additional financial analysis, bid documents, and vendor selection on behalf of Menlo Park.

All of the participating agencies sites were grouped into 11 bid bundles organized based upon the type of technology, system size, and geography. The R-REP RFQ/RFP was structured as an indefinite quantity, multiple award, and best value solicitation. In addition, the solicitation was conducted in accordance with Government Code Section 4217.10, et seq., and specifically, Section 4217.16, which authorizes public agencies to solicit proposals from qualified persons and to award a contract on the basis of the experience of the firm, the type of technology employed by the firm, the cost to the local agency, and any other relevant considerations, provided that the project deliver net cost savings to the public agency.

Following the RFQ/RFP, Menlo Park was grouped in the medium sized bundle. Initially SolarCity was the selected vendor and the City needed to formally enter into a contract with SolarCity by July 21st in order to remain eligible for a \$109,645 rebate (paid over the course of five years) through the California Solar Incentive (CSI) rebate program, which staff applied for last year. Securing the rebates required a \$15,000 deposit for all five sites which will be refunded to the City once construction is completed. Originally the City was set to receive a \$0.088/kWh government CSI rebate, but it has been

reduced to a \$0.025/kWh commercial CSI rebate. Because the City is choosing to participate in a power purchase agreement (PPA), the vendor (not the City) is the legal owner of the system. Thus, the City no longer qualifies for the government rate.

In early June, during contract negotiations with SolarCity, Alameda County, staff, and the City Attorney were unable to come to an agreement over the terms and conditions in SolarCity's PPA. SolarCity materially changed the business terms offered in their initial response and required a condition that would allow them to terminate the contract if they were not able to obtain financing. Despite staff's efforts to remove such a contingency, SolarCity refused. Staff then chose to pursue working with Cupertino Electric, who was ranked as the second bidder.

At risk for not meeting the July 21st rebate deadline, Alameda County and participating agencies were able to request rebate extensions from PG&E up to October 1st, 2014. This extension allowed the City the opportunity to work with Cupertino Electric on completing another round of site assessments. Attachment B includes the new solar installation layouts as proposed by Cupertino Electric and Attachment C includes the draft agreement as staff, the City Attorney, and Optony finalize negotiations with Cupertino Electric.

The Corporation Yard and the Belle Haven Childcare Center were considered small sites and were bundled in another package separate from the Arrillaga Gymnasium, Arrillaga Gymnastics, and Onetta Harris Community Center. Menlo Park and other participating agencies with smaller sites in this bundle never received a bid. Therefore, staff added these two sites as part of the complete package with Cupertino Electric. Based on further feasibility analyses on both of these sites, Optony determined that the Belle Haven Childcare Center was not sufficient under a PPA contract to warrant including (Attachment D).

It is important to note that the Arrillaga Gymnastics Center currently shares an energy meter with the Civic Center, so initial cost savings estimates for the Arrillaga Gymnastic Center are expected to increase if the meters are split, which will be further discussed during the construction phase.

ANALYSIS

Core Proposal

All sites will be a solar rooftop installation except for the Arrillaga Gymnastics Center. Carport designs will be presented to the Planning Commission for a recommendation to Council before Council makes a final approval on the design. The total combined system size for the Arrillaga Gymnasium, Arrillaga Gymnastics Center, Onetta Harris Community Center, and Corporation Yard is 390 KW or 583,432 kWh per year.

Economic Analysis

As directed by Council at the April 29, 2014 study session meeting, all sites will be developed under a PPA as opposed to a direct purchase or lease option. A PPA has

less cost savings than direct purchase and leasing, but does not require cash up-front and reduces staff time for maintenance and operation of the system.

The benefit of a PPA is fixed energy pricing over the term of the contract that is typically lower than PG&E rates. This is a substantial benefit not only because of the cost savings, but it allows the City to appropriately budget energy consumption costs for facilities rather than trying to predict PG&E pricing, which has increased 60% between 2000 and 2010 (U.S. Energy Information Administration). PG&E prices are expected to continue to increase due to SB 1078 that requires PG&E and other utilities to achieve a 33% renewable power mix by 2020. Currently, PG&E is at a 20% renewable power mix. This will require installation of new infrastructure with costs passed on to rate payers. Under the proposed PPA, Cupertino Electric would own the solar power systems installed on City property, and would be fully responsible for all ownership costs, including financing, maintenance, insurance, and system production, while the City would pay Cupertino Electric for the energy produced and used by the City. The agreement with Cupertino Electric is 20 years with a price escalator of 2.5% per year. Based on the agreement with Cupertino Electric and assumptions about increases in PG&E rates in the future, the PPA is expected to generate modest annual savings for the City, as evidenced by Table 1. Through the first seven years of the agreement, savings range from \$11,800 to nearly \$22,000 annually, and over the term of the agreement with Cupertino Electric, the total savings are expected to be over \$461,000. It is important to note that the table includes the City's \$71,889 PG&E CSI rebate which has been reduced from the original \$109,645 rebate due to Cupertino Electric recommending different system sizes than Solar City and moving forward with four out of the five originally proposed sites. The cost savings drops in the sixth year due to the City only receiving the CSI rebate for only the first five years. In addition to anticipated cost savings, this project promotes energy-efficiency and sustainability while also stimulating the economy, creating jobs, and reducing fossil fuel emissions.

Table 1. Yearly Energy Cost Savings Over a Twenty-Five Year Period (All Sites Combined)

Year	Cost of PG&E	Cost of PPA	Savings / (Cost)
1	\$ 309,067	\$ 293,517	\$ 15,550
2	\$ 310,553	\$ 293,212	\$ 17,341
3	\$ 312,046	\$ 293,110	\$ 18,936
4	\$ 313,546	\$ 293,084	\$ 20,462
5	\$ 315,054	\$ 293,084	\$ 21,969
6	\$ 316,568	\$ 304,749	\$ 11,819
7	\$ 318,090	\$ 304,295	\$ 13,795
8	\$ 319,619	\$ 303,889	\$ 15,731
9	\$ 321,156	\$ 303,529	\$ 17,627
10	\$ 322,700	\$ 303,214	\$ 19,486
11	\$ 324,252	\$ 302,945	\$ 21,307
12	\$ 325,810	\$ 302,720	\$ 23,090
13	\$ 327,377	\$ 302,539	\$ 24,838

14	\$ 328,951	\$ 302,401	\$ 26,550
15	\$ 330,532	\$ 302,305	\$ 28,227
16	\$ 332,121	\$ 302,252	\$ 29,870
17	\$ 333,718	\$ 302,239	\$ 31,479
18	\$ 335,323	\$ 302,267	\$ 33,056
19	\$ 336,935	\$ 302,335	\$ 34,600
20	\$ 338,555	\$ 302,442	\$ 36,112
21	\$ 340,182	\$ 302,588	\$ 37,594
22	\$ 341,818	\$ 302,773	\$ 39,045
23	\$ 343,461	\$ 302,995	\$ 40,466
24	\$ 345,112	\$ 303,254	\$ 41,858
25	\$ 346,771	\$ 303,550	\$ 43,221
Total	\$ 8,189,317	\$ 7,525,289	\$ 664,028

IMPACT ON CITY RESOURCES

If the City proceeds with the PPA Agreements there would be no upfront cost to install the photovoltaic (PV) systems and no operation and maintenance costs. The City would pay for the energy produced by the PV systems, which would offset current costs paid to PG&E and produce cost savings to the City in the first year. In addition, should the City proceed with the installations, staff recommends extending the contract with Optony for construction management services to ensure that the PV systems will operate according to vendor specifications and agreed upon terms. Hiring Optony is expected to cost up to \$60,000 and is dependent on the number of sites approved (Attachment E). This cost has already been incorporated in the FY 14-15 budget. In addition, participation in R-REP will require an estimated forty hours of staff time to oversee consultant and vendor work over the course of five months and continued participation may delay other Climate Action Plan initiatives, such as development of Phase II of a sustainable building policy.

POLICY ISSUES

Installing renewable power on City facilities is consistent with the Climate Action Plan and 27% greenhouse gas (GHG) reduction target. It is estimated that this project could potentially reduce 419 tons of GHG emissions from government operations per year which is a community-wide savings of 0.1% annually. In addition, the project is consistent with sustainable budget practices by reducing operating costs.

ENVIRONMENTAL REVIEW

Installing PV rooftops and carports are exempt from California Environmental Quality Act (CEQA) review under Existing Facilities 15301. In addition, State legislation SB 226 (2011) exempts both PV rooftop and parking lot projects from environmental review.

PUBLIC NOTICE

Public notification was achieved by posting written notice in the Council Chambers on September 24th, publishing a legal notice in The Daily News, a local newspaper, on September 26th and October 1st, 2014, and by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS

- A. Resolution
- B. PV Installation Layouts
- C. Draft Power Purchase Agreement
- D. Site Financial Analysis Summaries
- E. Optony Scope of Work

Report prepared by:

Vanessa A. Marcadejas

Environmental Programs Specialist



PLANNING COMMISSION STAFF REPORT

FOR THE PLANNING COMMISSION
MEETING OF DECEMBER 8, 2014
AGENDA ITEM E1

LOCATION:	701 Laurel Street	APPLICANT AND OWNER:	City of Menlo Park
EXISTING USE:	Civic Center		
PROPOSED USE:	Civic Center	APPLICATION:	Architectural Control
ZONING:	P-F (Public Facilities)		

PROPOSAL

The City of Menlo Park is requesting architectural control approval to construct a new structure for covered parking located in an existing surface parking area at the Civic Center campus, which is in the P-F (Public Facilities) zoning district. The new structure would be located in the parking lot between the Administration Building and Arrillaga Family Gymnastics Center, and would not affect the number of parking spaces. As part of the proposed project, an 18-inch diameter heritage camphor tree in good condition is proposed for removal. The project is associated with a proposal to install new solar energy facilities on City sites, although the overall solar project is not subject to architectural control review.

BACKGROUND

On November 27, 2012 the City Council signed a Memorandum of Understanding (MOU) with Alameda County to participate in the Regional Renewable Energy Procurement (R-REP) project, which is an initiative led by Alameda County to collaboratively purchase renewable energy systems with 19 public agencies throughout Alameda, Contra Costa, San Mateo, and Santa Clara Counties. The R-REP project includes 186 sites, totaling over 31 megawatts of renewable energy. Working collaboratively instead of individually has led to a significant reduction in renewable energy system costs, transaction costs, administrative time, and has enhanced leverage for public agencies in negotiations for renewable energy. The City has already saved significantly by joining this effort through reduced staffing costs as Alameda County prepared and coordinated additional financial analysis, bid documents, vendor selection, and reviews on behalf of Menlo Park. As part of the R-REP project, the City included the following City facilities in the bulk purchase of renewable power: the Arrillaga Gymnasium, Arrillaga Gymnastic Center, Onetta Harris Community Center,

City Corporation Yard, and the Belle Haven Childcare Center.

On April 29, 2014, the City Council held a study session to review potential Photovoltaic (PV) installation sites, financing options, installation of solar covered parking structures (also referred to as “carports”), and Planning Commission involvement in the project’s review process. Council then provided direction and general feedback to staff that the proposed City sites seemed feasible, to proceed with a Power Purchase Agreement (PPA) for financing since it does not require cash up-front and reduces staff time for maintenance and operation of the system, agreed that solar carports are a good option to pursue pending Council’s review and approval, and that they would like the Planning Commission to review any potential solar carports for architectural control before they are reviewed by Council.

On October 7, 2014, staff provided City Council with an update on the status of the City’s R-REP project, informing them that the selected solar vendor for the project was Cupertino Electric, that the Belle Haven Childcare Center was no longer being pursued due to not being financially feasible, that all remaining sites will include roof-mounted solar, and that a carport was only being proposed at the Civic Center/Arrillaga Family Gymnastics Center site. During the public hearing, City Council did not receive any public comments on the project and voted unanimously to:

1. Approve a Resolution Making Findings Necessary to Authorize an Energy Service Contract for PPA’s at the Arrillaga Gymnasium, Arrillaga Gymnastics Center, Onetta Harris Community Center, and City Corporation Yard;
2. Authorize the City Attorney to Finalize the Agreement;
3. Authorize the City Manager to Execute the Agreement;
4. Amend the existing consulting contract with Optony, Inc. to include Construction Management Services of which the 3.5 percent listed under schedule 9 of the PPA’s contract to be applied.

The installation of renewable power at the four proposed sites through the R-REP project will assist in offsetting 80 percent of current energy use at each site and is estimated to save the City over \$461,000 in energy costs during the course of the 20-year PPAs when compared to PG&E rates. Through the PPAs, Cupertino Electric would own, operate, and maintain the PV systems, and the City would pay for the renewable power. In addition, installing renewable power on City facilities is consistent with the City’s Climate Action Plan and 27 percent greenhouse gas (GHG) reduction target. It is estimated that this project could potentially reduce 419 tons of GHG emissions from government operations per year which is a community-wide savings of 0.1 percent annually. Lastly, the project is consistent with sustainable budget practices by reducing operating costs.

During the October 22, 2014 Environmental Quality Commission (EQC) meeting, staff provided the EQC with an informational update on the R-REP project and Council’s approval of the energy contracts. Staff also informed the EQC that they would be reviewing the project again for a Heritage Tree recommendation at their upcoming December 17, 2014 meeting, after the Planning Commission’s review of the

architectural control request on December 8, 2014. Staff expects to bring the R-REP item to Council in February 2015 to present the Planning Commission's and EQC's recommendations.

ANALYSIS

Site Location

The subject site is located at the City of Menlo Park's Civic Center complex, which is bounded by Ravenswood Avenue, Laurel Street, Burgess Drive, and Alma Street. The Civic Center complex is approximately 27 acres in size, and includes the Administration Building, City Council Chambers, Child Care Center, Arrillaga Family Recreation Center, Library, Arrillaga Family Gymnastics Center, Arrillaga Family Gymnasium, and Burgess Park. Using Laurel Street in a north-south orientation, the proposed solar carport would be installed at 701 Laurel Street, on the west side of Laurel Street between Ravenswood Avenue and Burgess Drive, in the parking lot between the Administration Building and Arrillaga Family Gymnastics Center. The subject site is surrounded by a mix of uses, including multi-family residential and commercial uses to the north, a research and development campus (SRI International) and single-family residences to the east, office buildings to the south, and the Caltrain railroad tracks to the west.

Project Description

The City of Menlo Park is proposing to construct a carport with solar collector panels in the parking lot between the Administration Building and Arrillaga Family Gymnastics Center. The site is in the P-F (Public Facilities) zoning district, which allows public facilities used and operated for government purposes by the City as a permitted use. The electricity generated from the solar collector panels would help offset electricity usage at the Administration Building and Arrillaga Family Gymnastics Center. The proposed solar carport requires architectural control review for the proposed carport design. The proposed roof-mounted solar collector panels at the Arrillaga Family Gymnastics Center are shown for reference only, and do not require architectural control review (as specified by State law). The proposed project includes the removal of an 18-inch diameter heritage camphor tree and a 13.5-inch non-heritage Chinese pistache, both of which are located within the footprint of the proposed carport. A project description letter, included as Attachment C, describes the project in more detail.

This application will be reviewed by the City Council since it is a City-sponsored project. The Planning Commission will act as a recommending body on the architectural control request.

Design and Materials

The proposed carport structure would be approximately 131 feet, six inches in length and 38 feet, nine inches in width, with an overall height of 16 feet, three inches. The carport would straddle an existing metal fence that separates the police vehicle parking area from the public parking area, and would provide shade for vehicles parked along both sides of the fence. The carport's support structure would be comprised of five steel columns on a concrete base, which would support a sloped steel canopy. Two existing light fixtures along the fence would be removed as they are in direct conflict with the carport. Anti-glare solar collector panels would be installed over the carport's entire roof surface. The canopy and support columns would be painted dark brown, which is the same color that is currently used on signal poles and utility boxes throughout the City, and the inverter will remain white in color since it cannot be painted due to having air intake vents and heat sinks that dissipate heat and help keep the inverter cool. The proposed colors would be complementary to the color scheme of existing structures in the Civic Center complex. The design and scale of the proposed carport would be compatible with the Civic Center complex and surrounding structures.

Installation of the proposed carport would not impact the existing parking configuration or on-site circulation. The carport's columns would be installed within an existing landscape planter area, and would not encroach into the existing parking stalls or vehicular circulation aisles. The existing metal fence separating the police vehicle parking area from the public parking area and the majority of the existing landscaping in the planter would remain.

Trees and Landscaping

The City Arborist has prepared tree evaluation reports on two trees that would be impacted by the proposed project. The tree evaluation reports detail the species, size, and conditions of the existing trees in the vicinity of the proposed installation. The tree evaluation reports determine the present condition of the trees and generally note that there are multiple planting locations in the existing lot in which to plant replacement trees. The proposed project includes the removal of an 18-inch diameter heritage camphor tree and one non-heritage Chinese pistache, both of which are in good condition and in direct conflict with the location of the proposed carport. Given the limited extent of the proposed construction, it is not anticipated that additional trees would be impacted by the installation of the carport.

The City Arborist has tentatively approved the removal of the 18-inch diameter camphor tree due to the direct construction conflict. The proposed removal of the heritage camphor tree would require the planting of two replacement trees, with potential planting locations to be determined by the City Arborist and Environmental Quality Commission. No discretionary review or replacement is required for the removal of the 13.5-inch non-heritage Chinese pistache.

Correspondence

Staff has not received any correspondence regarding the proposed project.

Conclusion

Staff believes that the proposed solar carport is well designed, compatible with the Civic Center complex and surrounding land uses, and appropriate in scale with surrounding structures. Two new trees would be planted in Burgess Park to replace the heritage tree proposed for removal. Benefits of the proposed project include providing shade for vehicles parked under the structure, generating renewable energy to offset an estimated 80 percent of the current energy consumption at the Administration Building and Arrillaga Family Gymnastics Center, and greenhouse gas emissions reductions from municipal operations.

Staff recommends that the Planning Commission recommend approval for the architectural control request. The City Council public meeting for this project is anticipated in February 2015. The City Council would be acting on the architectural control for the solar carport and heritage tree removal at that time.

ENVIRONMENTAL REVIEW

The project is categorically exempt under Class 1 (Section 15301, "Existing Facilities") of the current California Environmental Quality Act (CEQA) Guidelines.

RECOMMENDATION

Staff is recommending that the Planning Commission recommend the following action to the City Council:

1. Adopt a finding that the project is categorically exempt under Class 1 (Section 15301, "Existing Facilities") of the current California Environmental Quality Act (CEQA) Guidelines.
2. Adopt the following findings, as per Section 16.68.020 of the Zoning Ordinance, pertaining to architectural control approval:
 - a. The general appearance of the structure is in keeping with the character of the neighborhood.
 - b. The development will not be detrimental to the harmonious and orderly growth of the City.
 - c. The development will not impair the desirability of investment or occupation in the neighborhood.
 - d. The development provides adequate parking as required in all applicable City Ordinances and has made adequate provisions for access to such parking.

- e. The property is not within any Specific Plan area, and as such no finding regarding consistency is required to be made.
3. Approve the architectural control request subject to the following **standard** conditions of approval:
- a. Development of the project shall be substantially in conformance with the plans prepared by Cupertino Electric, consisting of five plan sheets, dated received by the Planning Division on December 3, 2014, and recommended by the Planning Commission on December 8, 2014, except as modified by the conditions contained herein, subject to review and approval by the Planning Division.
 - b. Prior to building permit issuance, the applicant shall comply with all Sanitary District, Menlo Park Fire Protection District, San Mateo County Health Department, and utility company's regulations that are directly applicable to the project.
 - c. Prior to building permit issuance, the applicant shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
 - d. Prior to building permit issuance, the applicant shall submit a plan for any new utility installations or upgrades for review and approval of the Planning, Engineering and Building Divisions. Landscaping shall properly screen all utility equipment that is installed outside of a building and cannot be placed underground. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes.
 - e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans indicating that the applicant shall remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for review and approval of the Engineering Division.
 - f. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.

Report prepared by:

Jean Lin

Associate Planner

Vanessa Marcadejas

Environmental Programs Specialist

Report reviewed by:

Thomas Rogers

Senior Planner

PUBLIC NOTICE & APPEAL PERIOD

Public notification consisted of publishing a legal notice in the local newspaper and notification by mail of owners and occupants within a 300-foot radius of the subject property. Planning Commission action will be effective after 15 days unless the action is appealed to the City Council, in which case the outcome of the application shall be determined by the City Council.

ATTACHMENTS

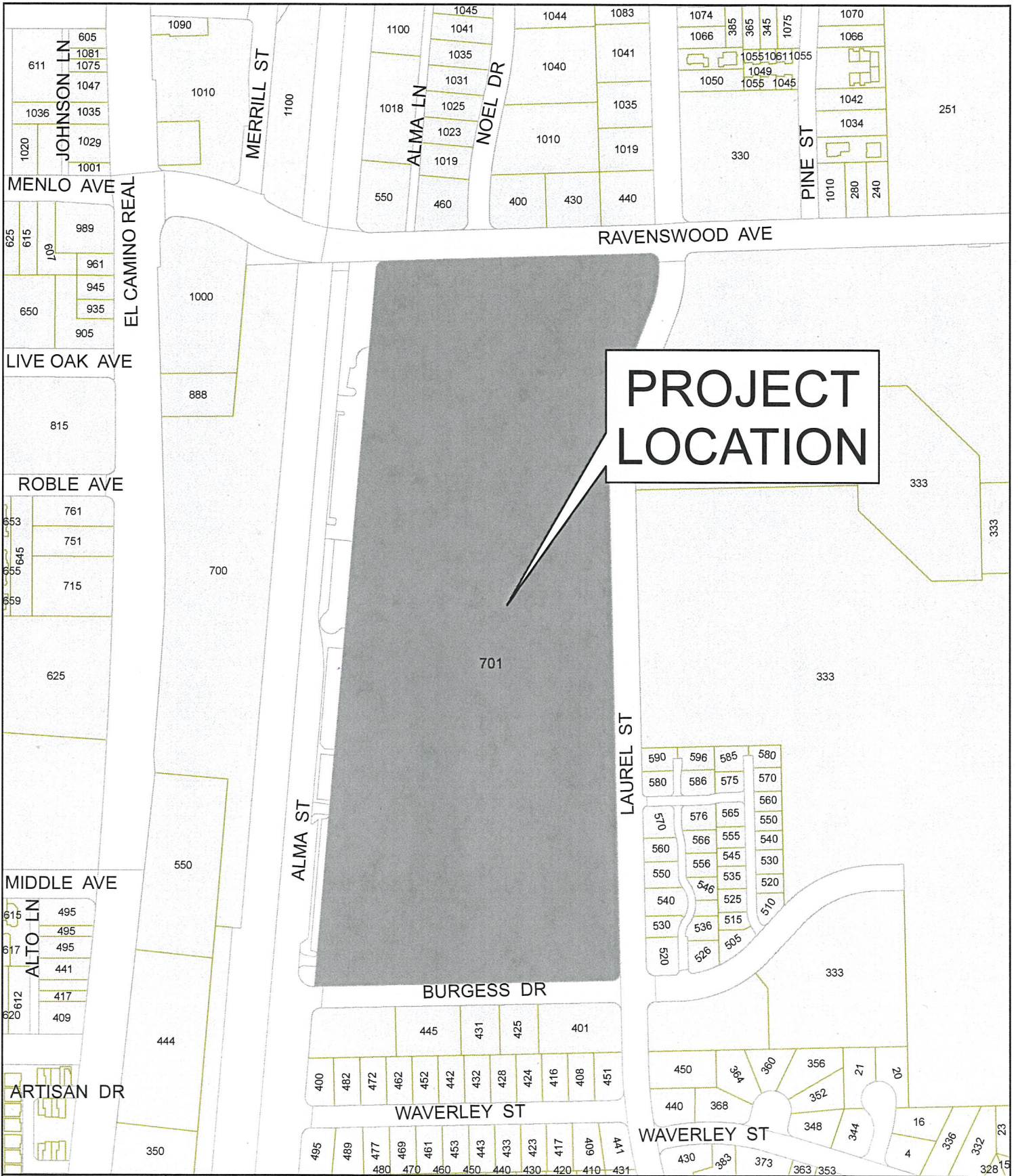
- A. Location Map
- B. Project Plans
- C. Project Description Letter
- D. City Arborist Evaluation Forms dated November 4, 2014, and November 19, 2014

Note: Attached are reduced versions of maps and diagrams submitted by the applicants. The accuracy of the information in these drawings is the responsibility of the applicants, and verification of the accuracy by City Staff is not always possible. The original full-scale maps, drawings and exhibits are available for public viewing at the Community Development Department.

EXHIBITS TO BE PROVIDED AT MEETING

Color chips

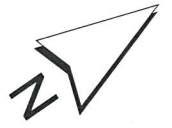
V:\STAFFRPT\PC\2014\120814 - 701 Laurel Street (solar carport).doc



**PROJECT
LOCATION**



CITY OF MENLO PARK
 LOCATION MAP
 701 LAUREL STREET



DRAWN: KTP CHECKED: KTP DATE: 12/08/14 SCALE: 1" = 300' SHEET: 1



CUPERTINO ELECTRIC
132 NORTH 7th STREET
CUPERTINO, CA 95014
C-10 LIC# 17487

PROJECT TITLE
MENLO PARK PV

PROJECT SITE
CITY OF MENLO PARK
ADMINISTRATION BUILDING
MENLO PARK, CA 94025

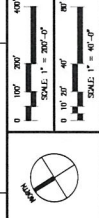
ARRILLAGA GYMNASIUMS CENTER
MENLO PARK, CA 94025

JOB NO. 14-0631
DRAWN BY: AWACD
CHECKED BY: JTC

REV. 0
DESCRIPTION
ISSUE FOR PLANNING

DATE
12/03/14

REV.	DESCRIPTION	DATE
0	ISSUE FOR PLANNING	12/03/14



SHEET TITLE
PROPOSED AREA PLAN

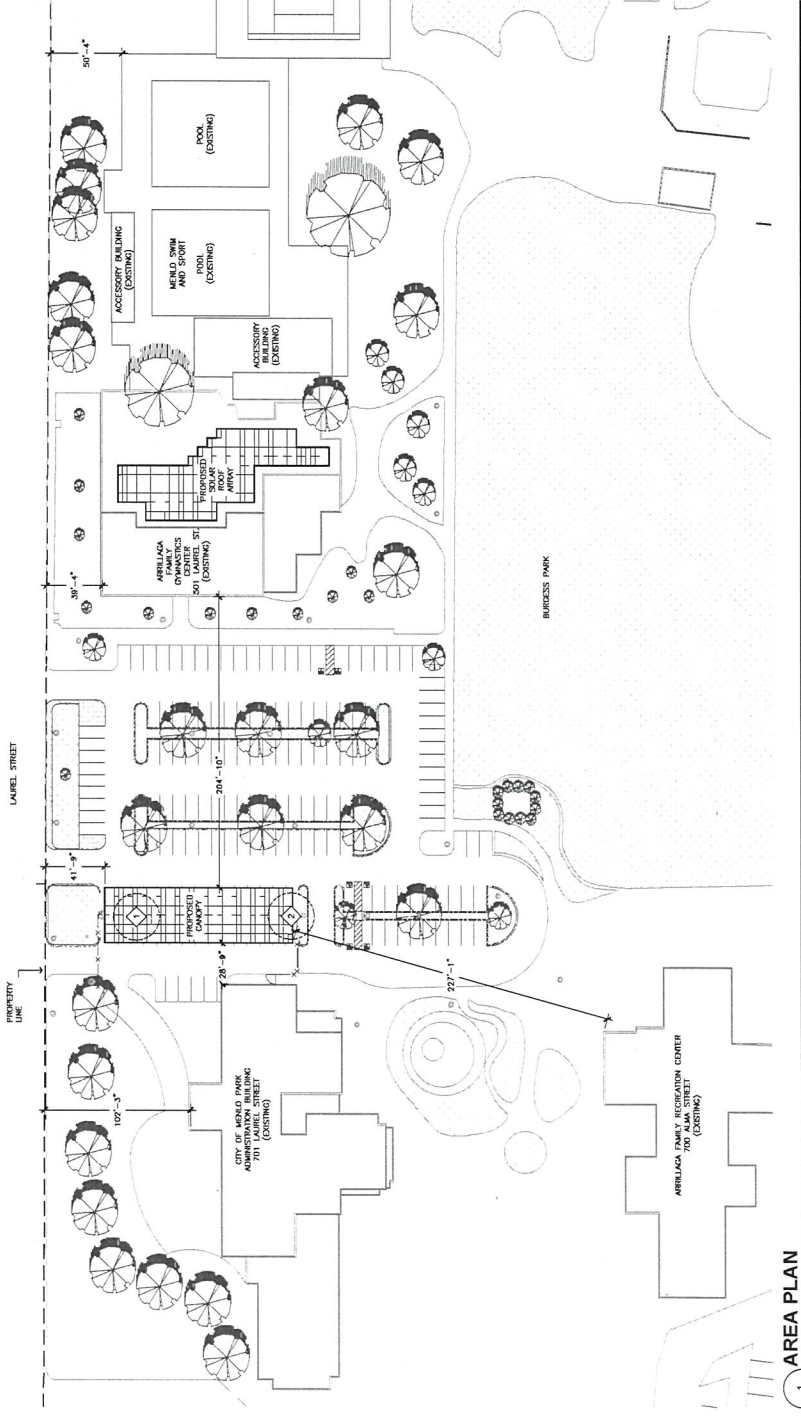
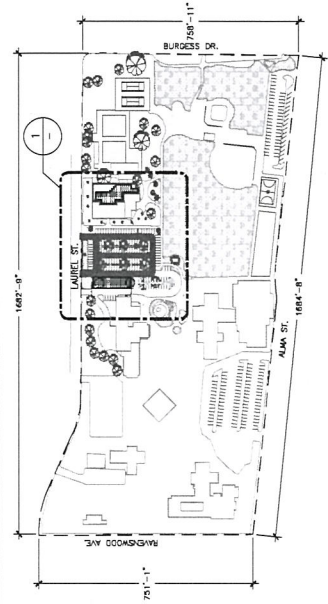
SHEET NUMBER
PS1.0.0

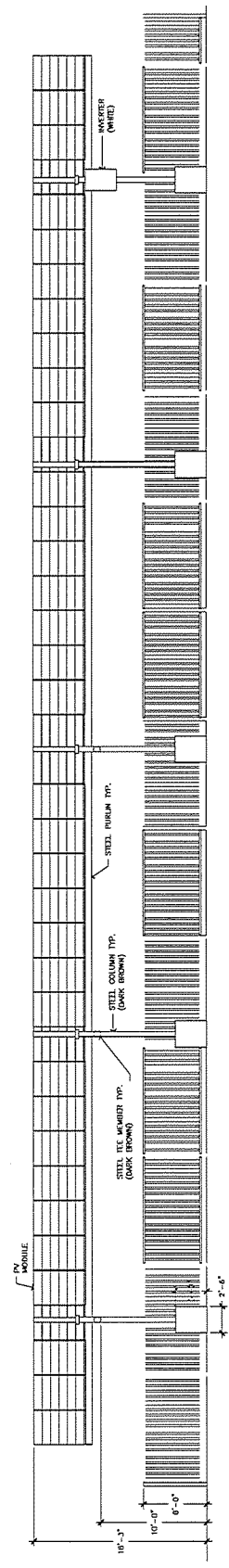
- SHEET NOTES:**
- ◊ EXISTING HERITAGE 18-INCH CAMPION TREE TO BE REMOVED BY CONTRACTOR.
 - ◊ NON-HERITAGE 1.5-INCH CHINESE PISTACHE TO BE REMOVED BY CONTRACTOR.

RECEIVED

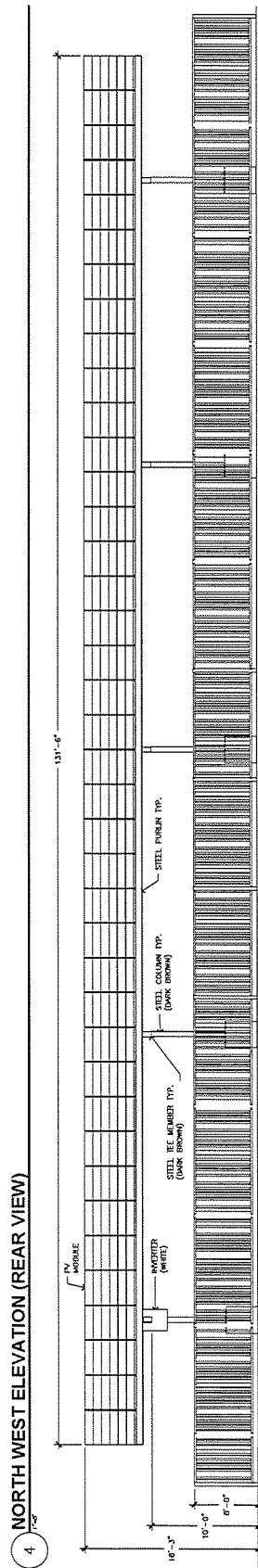
DEC 03 2014

By PLANNING

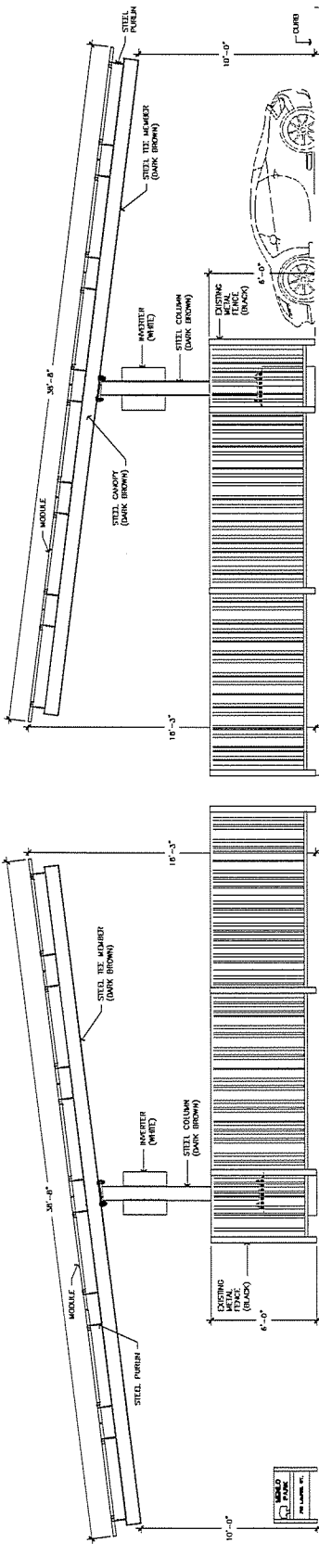
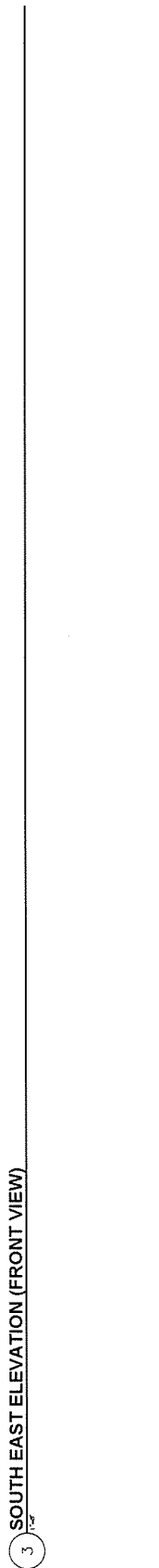




4 NORTH WEST ELEVATION (REAR VIEW)



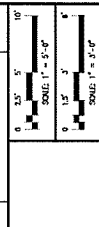
3 SOUTH EAST ELEVATION (FRONT VIEW)



2 NORTH EAST ELEVATION (LEFT SIDE VIEW)

1 SOUTH WEST ELEVATION (RIGHT SIDE VIEW)

PROJECT TITLE		MENLO PARK PV	
PROJECT SITE		CITY OF MENLO PARK ADMINISTRATION BUILDING MENLO PARK, CA 94025	
JOB NO.		14-0831	
DRAWN BY		AWECO	
CHECKED BY		JC	
DATE		12/20/14	
REV.	DESCRIPTION	DATE	
0	ISSUE FOR PLANNING		



SHEET TITLE	PROPOSED ELEVATIONS
SHEET NUMBER	FS11.3.0



Public Works Department

November 21, 2014

Planning Staff
Architectural Control for City of Menlo Park Solar Carport

Subject: Civic Center – 701 Laurel Street, Menlo Park, CA – Solar Carport Project Description

Purpose

The purpose of the installation of the solar carport is to assist the City in generating renewable energy at select municipal City facilities as part of the largest multiple-agency solar energy procurement in California, known as the Regional Renewable Energy Procurement (R-REP) project. Selected sites include the Arrillaga Gymnastics Center/Civic Center, Arrillaga Gymnasium, City Corporation Yard, and Onetta Harris Community Center. Through the R-REP project, the City can offset an estimated 80% of current energy use at each site and save over \$461,000 in energy costs over the course of 20-year power purchase agreements (PPA), when compared to annually increasing PG&E rates. In addition, installing renewable power on City facilities is consistent with the City's Climate Action Plan and 27% greenhouse gas (GHG) reduction target. Once the renewable energy systems are installed they have the potential to reduce an estimates 419 tons of GHG emissions from government operations per year which is a community-wide savings of 0.1% annually.

Background

On November 27, 2012 the City Council signed a Memorandum of Understanding (MOU) with Alameda County to participate in the R-REP project which is an initiative led by Alameda County to collaboratively purchase renewable energy systems with 19 public agencies throughout Alameda, Contra Costa, San Mateo, and Santa Clara Counties. The R-REP project includes 186 sites, totaling over 31 megawatts of renewable energy. Working collaboratively instead of individually has led to a significant reduction in renewable energy system costs, transaction costs, administrative time, and has enhanced leverage for public agencies in negotiations for renewable energy. The City has already saved significantly by joining this effort through reduced staffing costs as Alameda County prepared and coordinated additional financial analysis, bid documents, vendor selection, and reviews on behalf of Menlo Park. As part of the R-REP project the City included the following City facilities in the bulk purchase of renewable power: the Arrillaga Gymnasium, Arrillaga Gymnastic Center, Onetta Harris Community Center, City Corporation Yard, and the Belle Haven Childcare Center.

On April 29, 2014, the City Council held a study session to review potential Photovoltaic (PV) installation sites, financing options, installation of solar carports, and Planning Commission involvement in the project's review process. Council then provided direction and general feedback to staff that the proposed City sites seemed feasible, to proceed with a PPA for financing since it does not require cash up-front and reduces staff time for maintenance and operation of the system, agreed that solar carports are a good option to pursue pending Council's review and approval, and that they would like the Planning Commission to review any potential solar carports for Architectural Review before they are reviewed by Council.

On October 7th, 2014, staff provided City Council with an update on the status of the City's R-REP project informing them that the selected solar vendor for the project was Cupertino Electric, that the Belle Haven Childcare Center was no longer being pursued due to not being financially feasible, that all remaining sites will include roof-mounted solar, and that a carport was only being proposed at the Civic Center/Arrillaga Family Gymnastics Center site. During the public hearing, City Council did not receive any public comments on the project and voted unanimously to:

1. Approve a Resolution Making Findings Necessary to Authorize an Energy Service Contract for PPA's at the Arrillaga Gymnasium, Arrillaga Gymnastics Center, Onetta Harris Community Center, and City Corporation Yard;
2. Authorize the City Attorney to Finalize the Agreement;
3. Authorize the City Manager to Execute the Agreement;
4. Amend the existing consulting contract with Optony, Inc. to include Construction Management Services of which the 3.5% listed under schedule 9 of the PPA's contract to be applied.

During the October 22nd Environmental Quality Commission (EQC) meeting staff provided the EQC with an informational update on the R-REP project and Council's approval of the energy contracts. Staff also informed the EQC that they would be reviewing the project again for a Heritage Tree recommendation during their upcoming December 17th meeting after the Planning Commission's review of the architectural control request on December 8th. Staff expects to bring the R-REP item to Council in February 2015 to present the Planning Commission's and EQC's recommendations.

Project Description

The proposed solar carport will be located in the parking lot between the Administration Building and Arrillaga Family Gymnastics Center. This location was chosen by City staff, solar consultants, Optony, Inc., and Cupertino Electric as the most feasible due to its sun exposure and potential to generate enough energy for an 80% energy offset. The site also lies in close proximity to existing electrical lines and a PG&E control box, which would save on energy connection costs and also assist in easy access for operation and maintenance. The location would also have the least amount of aesthetic impact when compared to other areas of the parking lot since the carport columns would be

hidden from public view behind the fence separating the police parking and public parking area. The electricity generated from the proposed solar carport would help offset electricity usage at the Administration Building and Arrillaga Family Gymnastics Center. Since both buildings share one energy meter, a meter split is planned once construction begins. The solar carport requires architectural control review for its design and will require the removal of an 18-inch diameter heritage camphor tree, 13.5-inch non-heritage Chinese pistache, and two existing light fixtures, all of which are located within the footprint of the proposed carport.

In terms of design and materials, the carport would be approximately 131 feet, six inches in length and 38 feet, nine inches in width, with an overall height of 16 feet, three inches. The carport would straddle an existing metal fence that separates the police vehicle parking area from the public parking area, and would provide shade for vehicles parked along both sides of the fence. The carport's support structure would comprise of five steel columns on a concrete base, which would support a sloped steel canopy. The columns would be installed within the existing planter areas and would not encroach into the existing parking stalls or vehicular circulation aisles. Anti-glare solar collector panels would be installed over the carport's entire roof surface. The canopy, and support columns will be painted a shade of dark brown that is currently used on signal poles and utility boxes throughout the City. The inverter will remain white in color since it cannot be painted due to having air intake vents and heat sinks that dissipate heat and help keep the inverter cool.

As previously mentioned, two trees would be impacted by the installation of the solar carport, an 18-inch heritage camphor and 13.5-inch non-heritage Chinese pistache. The City Arborist has prepared tree evaluation reports on these two trees and found them to be in good condition, but in direct conflict of the carport's location. The City Arborist has tentatively approved the removal of the 18-inch camphor, which is contingent upon replacing it at a two-to-one ratio with potential planting locations to be determined by the City Arborist and Environmental Quality Commission. It is not anticipated that additional trees would be impacted by the proposed project.

Public Outreach

Public notices on the Planning and Environmental Commission review of the proposed solar carport were sent out on November 25, 2014. To date, no public comment has been received on the proposed project.

Project Timeline

The following is a tentative timeline of next steps for both the proposed project and overall R-REP project:

- December 8th-Planning Commission Architectural Review of Solar Carport at Civic Center/Arrillaga Gymnastics Center Parking Lot
- December 17th-Environmental Quality Commission Recommendation on Heritage Tree Removal

- February 2015-Commission Recommendations Presented to Council
- February/March Solar Vendor Submits Plans for all solar sites
- Construction may occur in late spring pending building permit approval

Should you need additional information or have any further questions I can be reached at (650) 330-6768 or by email at vamarcadejas@menlopark.org.

Regards,
Vanessa

Vanessa A. Marcadejas
Environmental Specialist
Public Works Department
650-330-6768

City Arborist Evaluation Form

Address: 701 LAUREL ST Permit # _____

Type of tree: CAMPOR (TREE #1)

Private property Yes No Residential Commercial

Structure GOOD Approximate Height 13'

Health GOOD Diameter (at 4 feet) 18"

Overall GOOD

Observations:

Mainstem (s) MAINSTEM APPEARS STRUCTURALLY SOUND.

Other branches WELL-BALANCED CANOPY. PROPERLY MAINTAINED.

Roots LIMITED SOIL VOLUME FOR ROOT EXPANSION.

Cavities NO VISIBLE CAVITIES.

Decay NO VISIBLE DECAY.

Growth TYPICAL GROWTH HABIT FOR SPECIES.

Conditions around tree IN PROPOSED FOOTPRINT OF SOLAR PANELS.

Other heritage trees nearby ELM, REDWOODS

Other comments LOCATED INSIDE FENCE OF POLICE DEPARTMENT PARKING LOT.

Category (check one):

- | | |
|--|---|
| <input type="checkbox"/> Structural problem | <input type="checkbox"/> Property Damage |
| <input type="checkbox"/> Possibly hazardous | <input checked="" type="checkbox"/> Construction related <u>MULTIPLE PLANTING</u> |
| <input type="checkbox"/> Diseased | <input type="checkbox"/> Emergency |
| <input type="checkbox"/> Dead (or nearly dead) | <input type="checkbox"/> Other |
- LOCATIONS IN PARKING LOT FOR REPLACEMENTS

Conclusions:

- Permit Approved
- No Permit decision at this time. Further evaluation by the City is recommended.

Signed [Signature] City Arborist. Date 11.4.14

City Arborist Evaluation Form

Address: 701 LAUREL ST. Permit # _____

Type of tree: PISTACHIA CHINENSIS

Private property Yes No Residential Commercial

Structure GOOD Approximate Height 25'

Health GOOD Diameter (at 4 feet) 13.5" - NOT A HERITAGE TREE

Overall GOOD

Observations:

Mainstem (s) 1 MAIN CENTRAL LEADER TO ~ 12' HT.

Other branches SMALL PRUNING CUTS @ TERMINAL ENDS OF LATERAL BRANCHES ON PARKING LOT SIDE (SOUTH EAST) OF CURB

Roots NO VISIBLE SIGNS OF DAMAGE

Cavities NONE VISIBLE

Decay NONE VISIBLE

Growth HIGH VEGET - GOOD WOUND CLOSURE

Conditions around tree PARKING LOT, CITY WALL. LOCATED ~ 12' NORTHWEST OF WRAUGHT IRON FENCE

Other heritage trees nearby _____

Other comments HEALTHY YOUNG TREE, EVENTUAL LONG TERM CONFLICT WITH LOCATION & FENCE

Category (check one):

- Structural problem
- Possibly hazardous
- Diseased
- Dead (or nearly dead)
- Property Damage
- Construction related
- Emergency
- Other

Conclusions:

- Permit Approved
- No Permit decision at this time. Further evaluation by the City is recommended.

Signed  City Arborist. Date 11/19/14

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Corporation Yard Canopy Plan



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COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: March 24, 2015

Staff Report #: 15-046

CONSENT CALENDAR:

Approve the Process for Reviewing Proposed Modifications to the Menlo Gateway Project at 100-190 Independence Drive and 101-155 Constitution Drive and Authorize the City Manager to Execute a Letter Regarding Proposed Project Modifications after Consulting with the Planning Commission and Making Findings Consistent with the Development Agreement and Conditional Development Permit

RECOMMENDATION

Staff recommends that the City Council approve the Menlo Gateway project review process, consistent with feedback provided at the March 10, 2015 Council study session, and authorize the City Manager to execute a letter regarding the proposed project modifications after consulting with the Planning Commission and making necessary findings consistent with the Development Agreement and Conditional Development Permit.

POLICY ISSUES

The policy issue for the City Council to consider is whether the project revisions are within the City Manager's authority according to Sections 1.36 and 21.14 of the Development Agreement and Section 6 of the Conditional Development Permit.

BACKGROUND

On March 10, 2015, a City Council study session was held to receive an update on the Menlo Gateway project and introduce the new hotel developer (Ensemble Partners) and hotel brand (Marriott Autograph Collection). In addition, the Council provided feedback regarding the process for reviewing project revisions that accommodate the new hotel as well as a separate health and fitness center incorporated into the parking structure on the Independence site, instead of the previously integrated hotel and health club program approved in 2010.

Specifically, the hotel/health club component of the project has been revised as follows:

- An increase in the number of hotel rooms from 230 to 250 plus a corresponding increase in projected annual transient occupancy tax (TOT) in 2020 of approximately \$1.1 million from \$2.2 million to \$3.3 million;
- An increase in the square footage of the hotel of approximately 20,000 from 173,000 to 193,000;
- A decrease in the square footage of the health and fitness component of approximately 29,000 from 69,000 to 40,000; and
- A net decrease in square footage of approximately 9,000.

The office component of the project comprised of approximately 700,000 square feet remains effectively unchanged except for updates to the architecture and slight adjustments to building placement.

ANALYSIS

Over the coming months, staff will review a number of details to ensure that the revised project complies with the previous approvals and results in no new or increased impacts. This review will include a Planning Commission meeting as required by Section 8.12 of the Conditional Development Permit. The Conditional Development Permit and Development Agreement enable the City Manager, with appropriate consultations, to approve project modifications.

Based on Council feedback from the study session on March 10, staff believes that the following would serve as an efficient timeline for the process outlined above:

- March 24, 2015: City Council consent item approving a process that authorizes the City Manager to issue a letter after the Planning Commission study session without further input from the City Council;
- May 4 or 18, 2015: Planning Commission study session; and
- May/Early June, 2015: After considering Planning Commission input, City Manager issues letter including findings and any applicable conditions.

The City Manager's letter would only be issued if the City Manager determines that the modifications to the project are substantially consistent with the existing project approvals and do not result in any new or increased environmental impacts.

Upon issuance of the letter, the project would then move forward with preparation of construction drawings and the submittal of building permits. The schedule outlined above would keep the project on track for a hotel occupancy targeted for 2018. Any delays to the schedule outlined above, would have a corresponding delay in the opening of the hotel due to financing considerations.

In addition to the process and timeline for the revised project discussed at the study session, the applicant is exploring the additional Council feedback received, including the

feasibility of bird-safe building design features and continued collaboration with the City and other property owners in the M-2 district on the General Plan update process and area transportation issues.

IMPACT ON CITY RESOURCES

The applicant is bearing the cost of staff time to review the revisions to the project in accordance with the Master Fee Schedule.

ENVIRONMENTAL REVIEW

On June 15, 2010, the City Council adopted findings in accordance with the California Environmental Quality Act and certified the Environmental Impact Report (EIR) prepared for the project. Given the minor revisions to the project as described above, additional analysis will be conducted to confirm that the project does not result in environmental impacts that were not already identified in the certified EIR. The Conditional Development Permit includes the performance metrics related to energy consumption, water consumption and trips that will help insure that the revised project is consistent with the EIR.

PUBLIC NOTICE

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

ATTACHMENTS

- A. Location Map
- B. Revised Project Plans

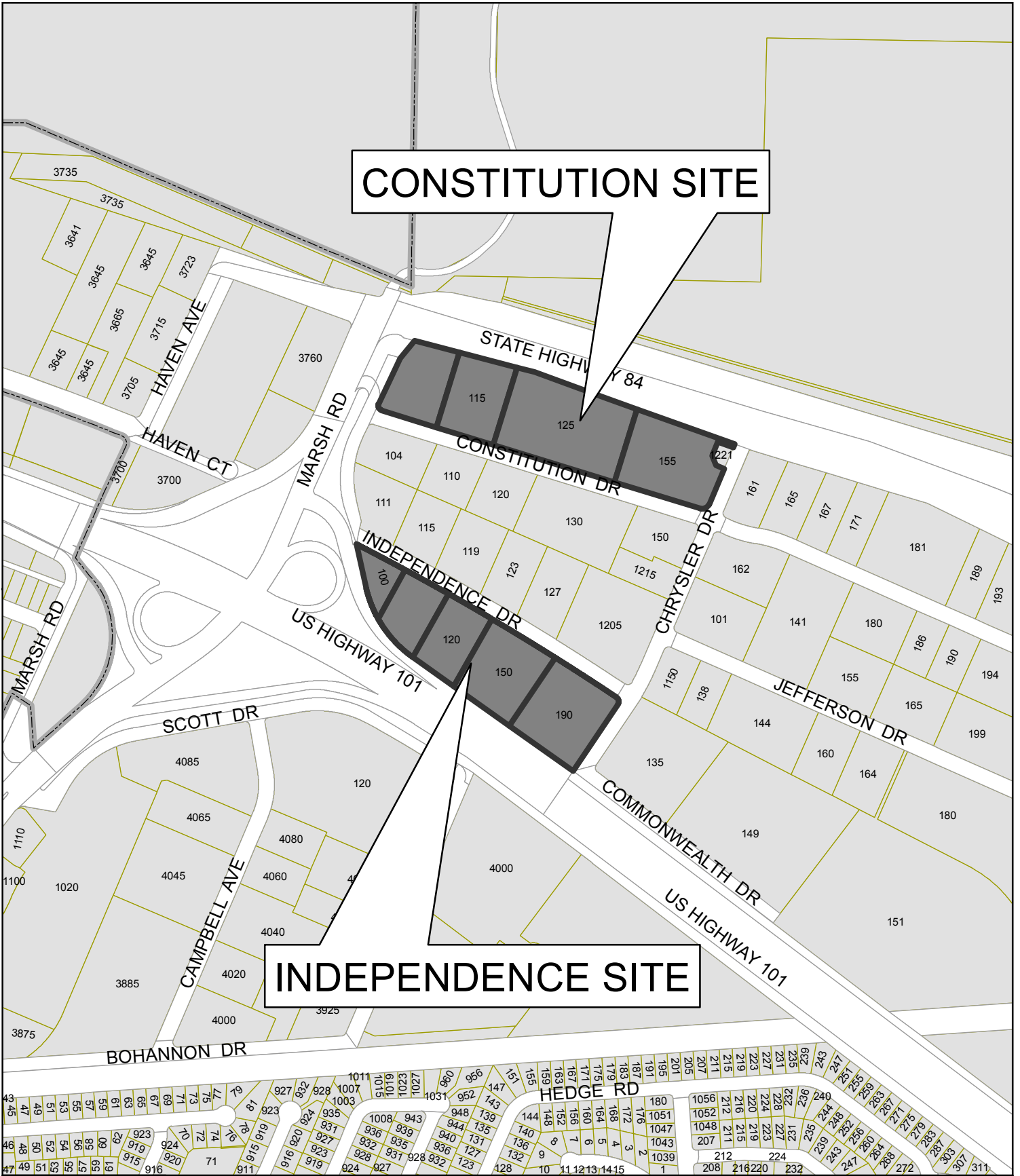
Report prepared by:
Tom Smith
Associate Planner

Justin Murphy
Assistant Community Development Director

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CONSTITUTION SITE

INDEPENDENCE SITE



CITY OF MENLO PARK

CITY OF MENLO PARK

LOCATION MAP

MENLO GATEWAY PROJECT

DRAWN: TAS CHECKED: THR DATE: 1/12/15 SCALE: 1" = 500' SHEET: 1



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FEBRUARY 20, 2015

BOHANNON DEVELOPMENT COMPANY

MENLO GATEWAY

MENLO PARK, CA

CONSTITUTION & INDEPENDENCE DRIVE SITES
AERIAL VIEW FROM BAYSHORE FREEWAY

HELLER MANUS ARCHITECTS **HM**



FEBRUARY 20, 2015

BOHANNON DEVELOPMENT COMPANY

MENLO GATEWAY

MENLO PARK, CA

CONSTITUTION & INDEPENDENCE DRIVE SITES
AERIAL VIEW FROM BAYFRONT EXPRESSWAY

HELLER MANUS ARCHITECTS **HM**



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FEBRUARY 20, 2015

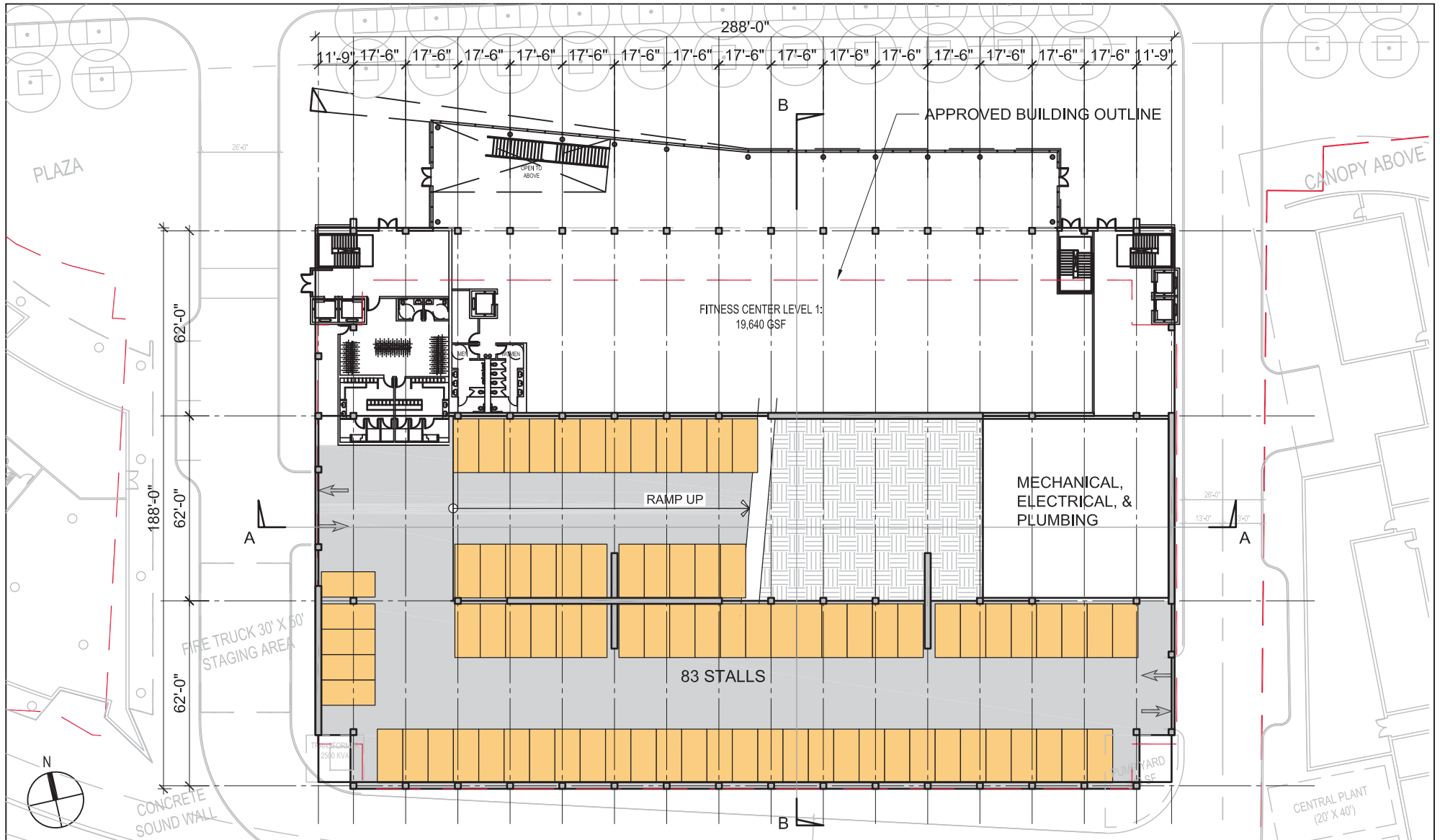
BOHANNON DEVELOPMENT COMPANY

MENLO GATEWAY

MENLO PARK, CA

INDEPENDENCE DRIVE SITE
AERIAL VIEW

HELLER MANUS ARCHITECTS **HM**

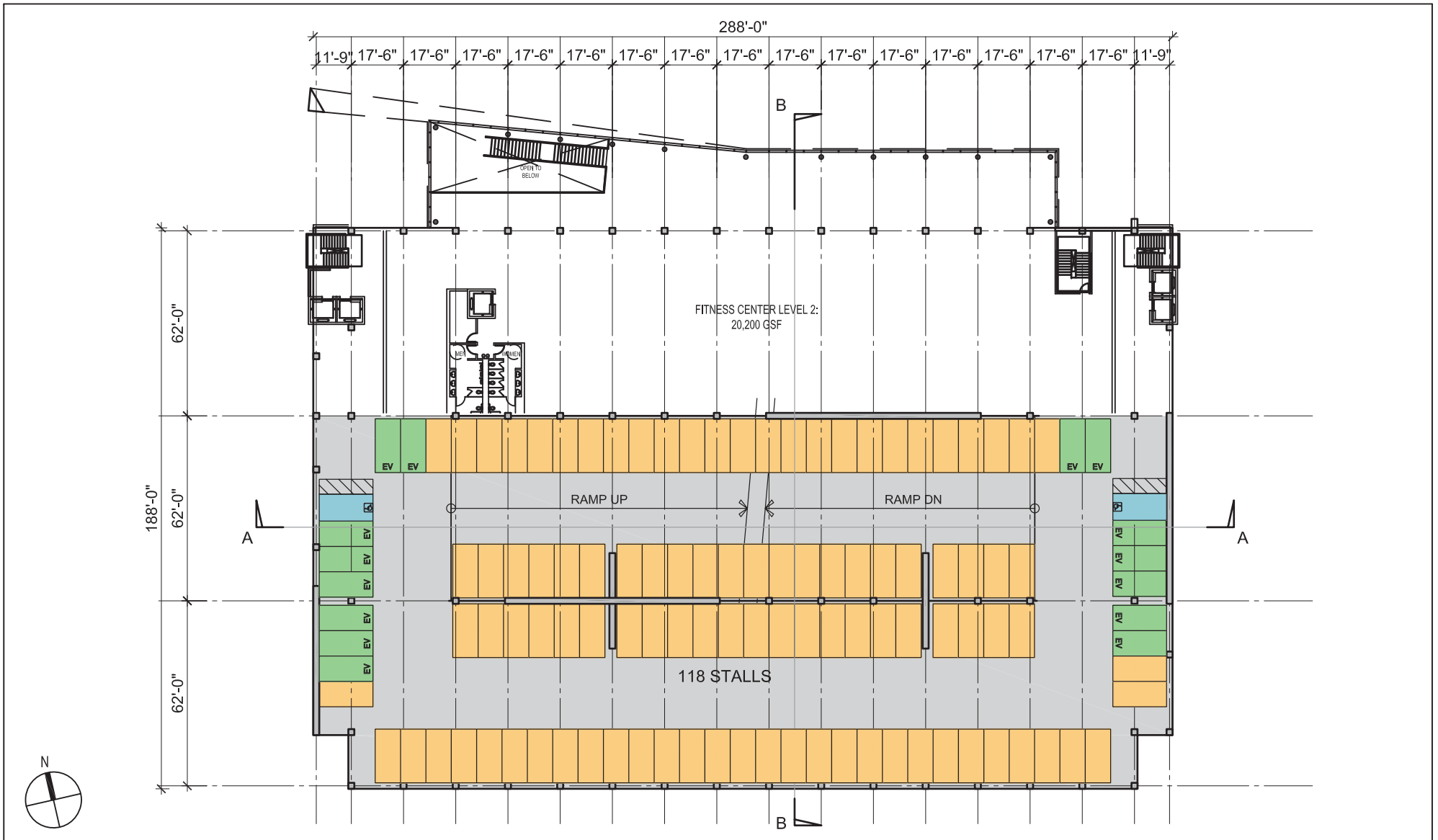


MARCH 2, 2015
 SCALE: 1"=30'-0"
 0 30' 60'

MENLO GATEWAY

INDEPENDENCE DRIVE - PARKING GARAGE 1
 GROUND LEVEL PARKING PLAN





MARCH 2, 2015
SCALE: 1"=30'-0"

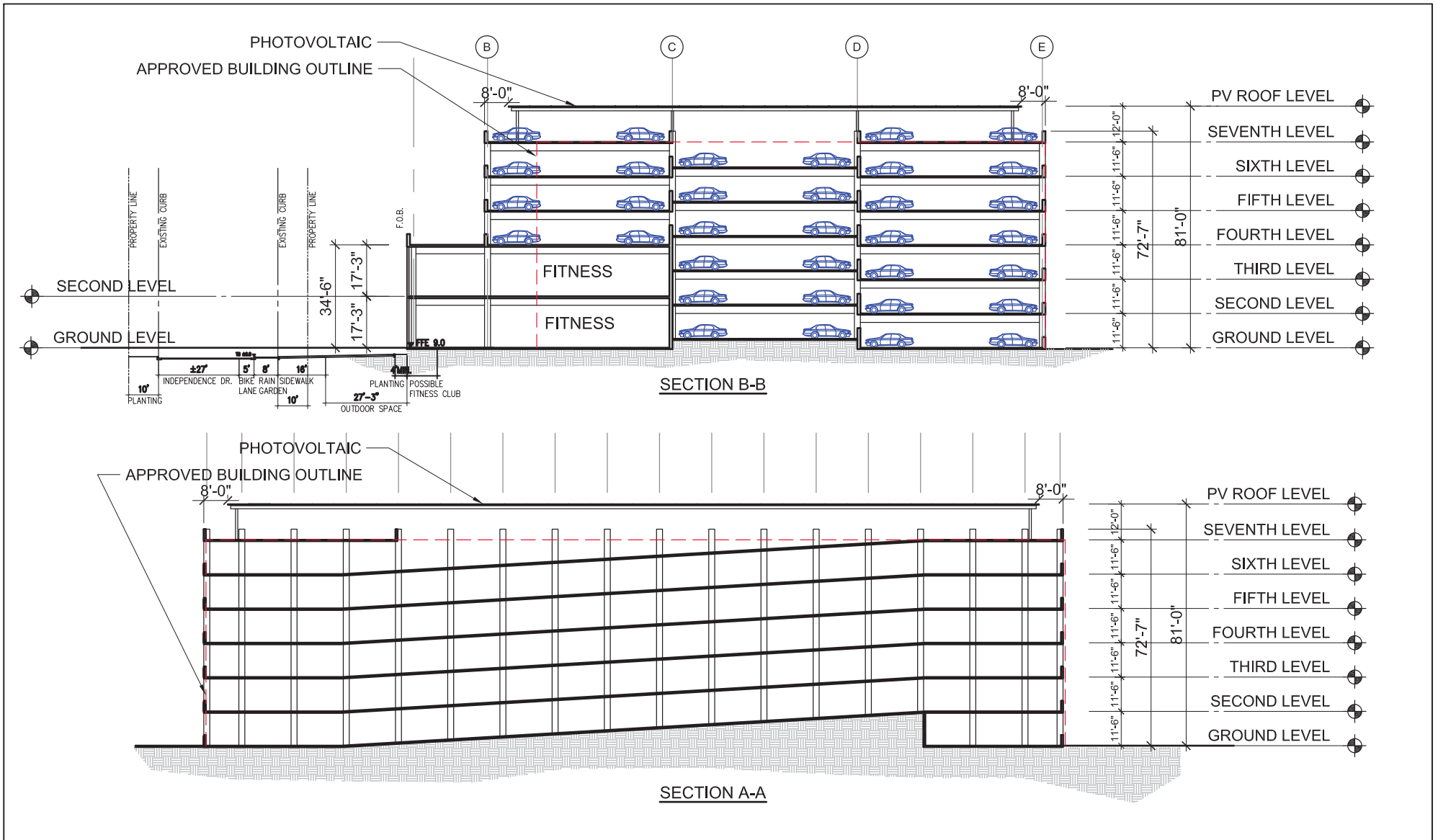
BOHANNON DEVELOPMENT COMPANY

MENLO GATEWAY

MENLO PARK, CA

INDEPENDENCE DRIVE - PARKING GARAGE 1
SECOND LEVEL PARKING PLAN





MARCH 2, 2015
SCALE: 1"=30'-0"
0 30' 60'

MENLO GATEWAY

INDEPENDENCE DRIVE - PARKING GARAGE 1
BUILDING SECTION

BOHANNON DEVELOPMENT COMPANY

MENLO PARK, CA

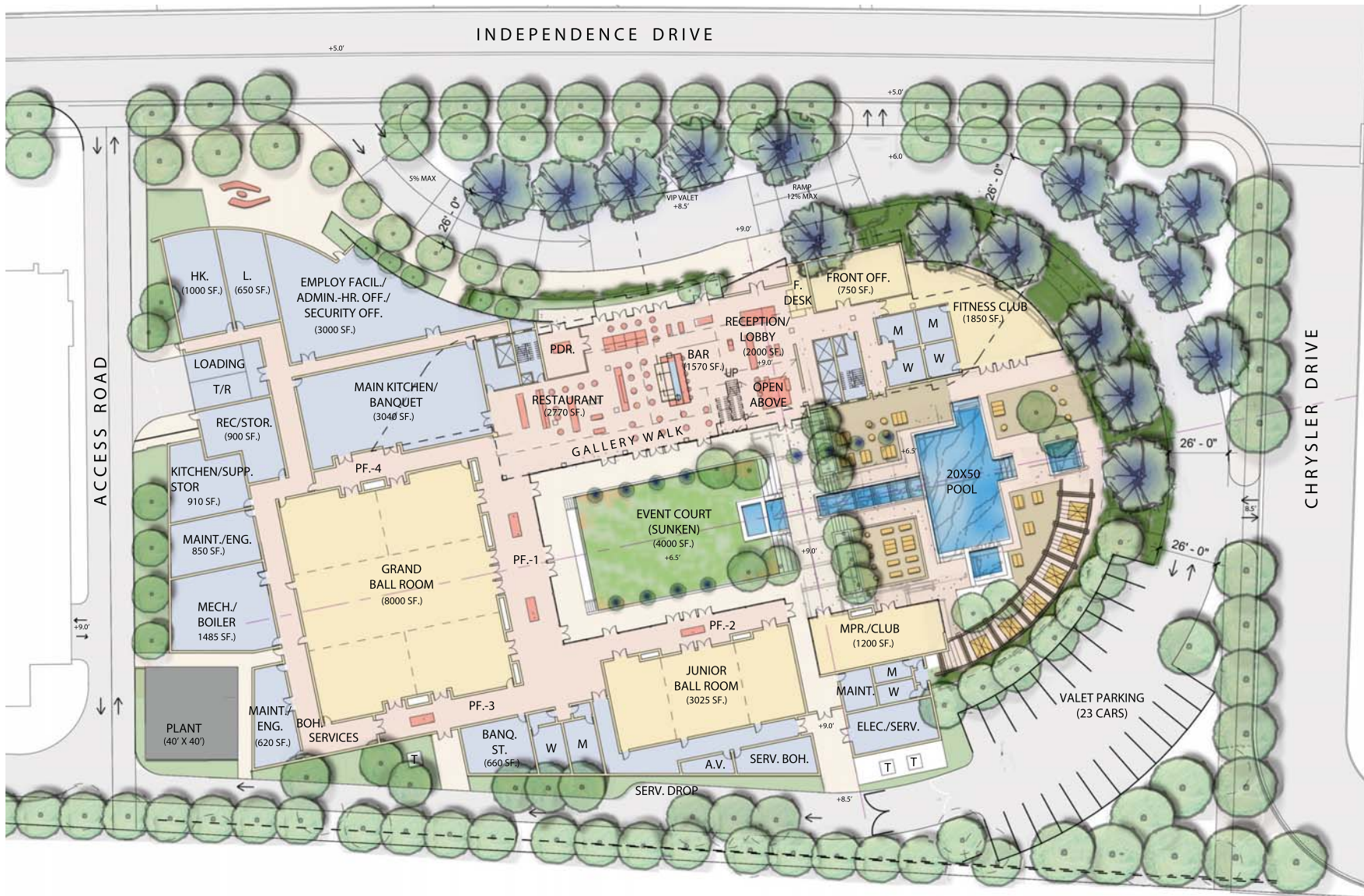




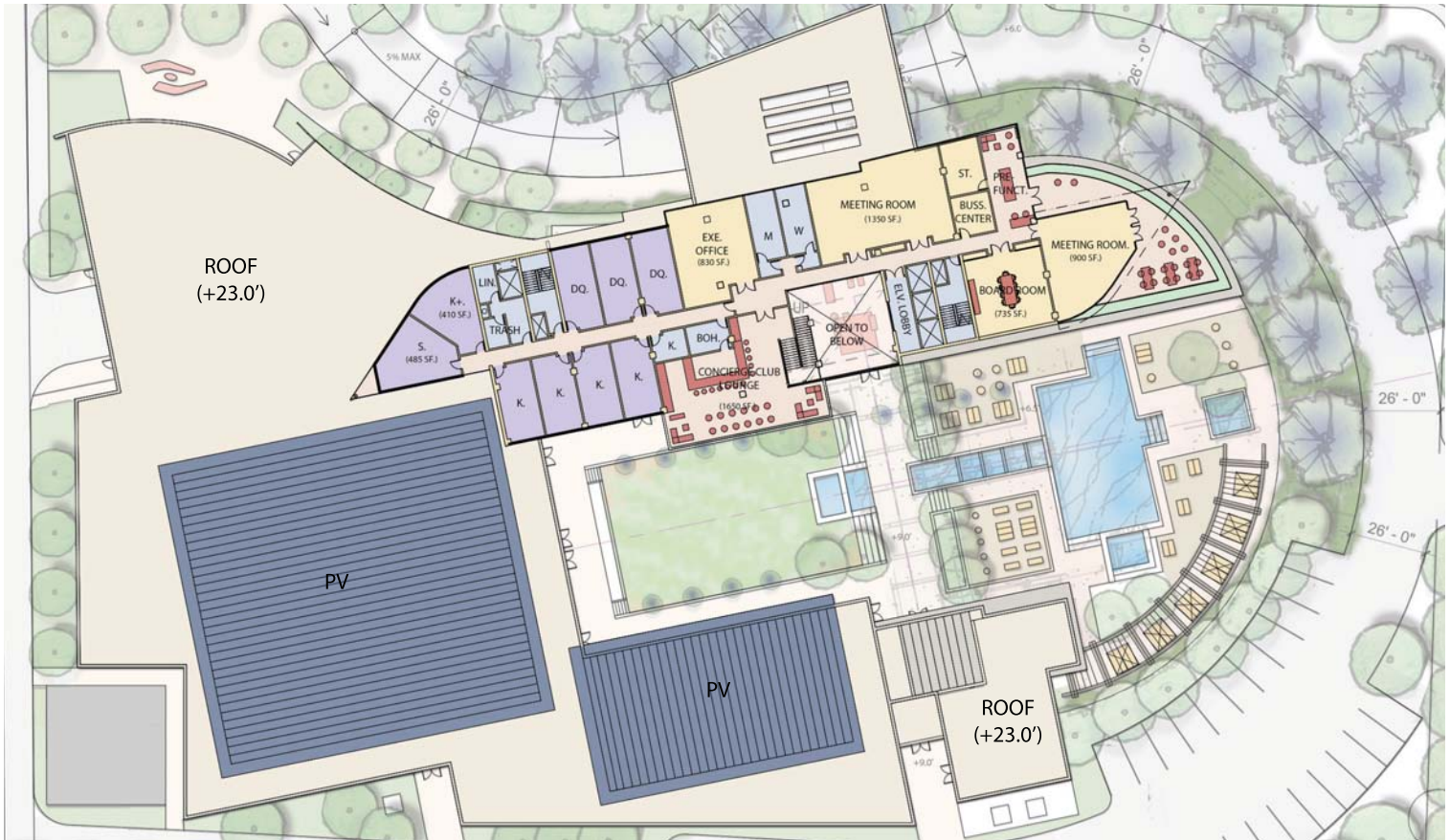
ENTRY VIEW



AERIAL VIEW



SITE PLAN
scale: 1"=40'-0"



FLOATING LOUNGE



CONFERENCE TERRACES AND CLUB HOUSE



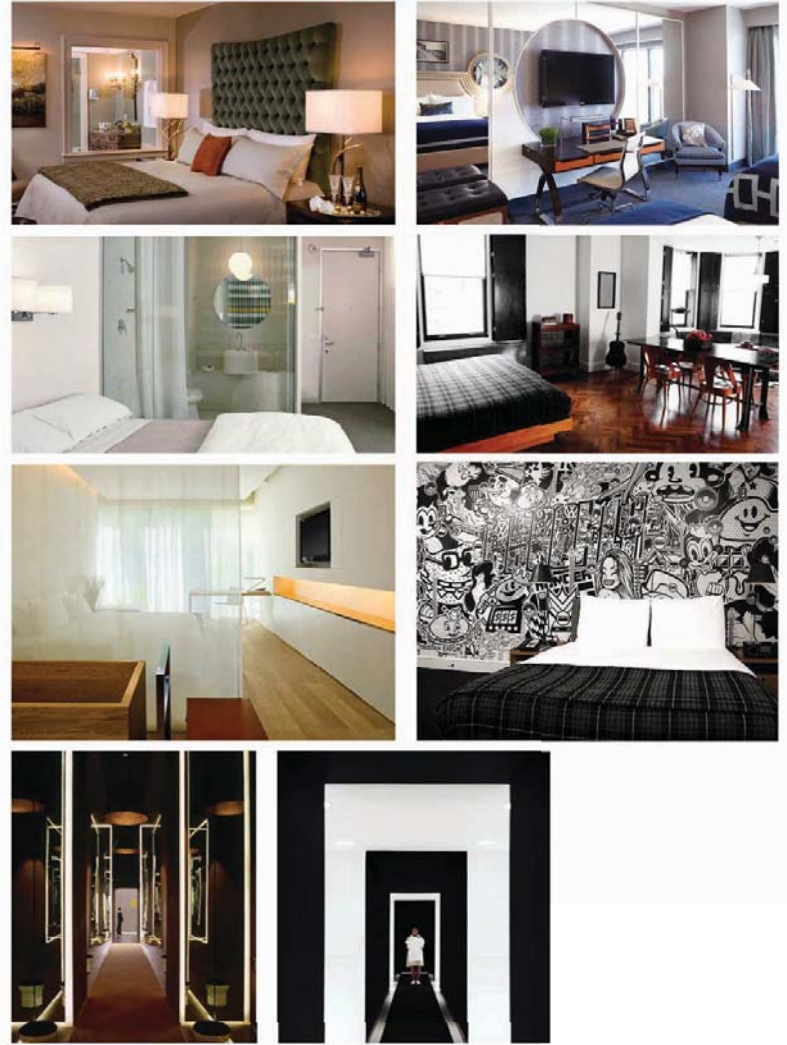
FLOOR PLAN - LEVEL 02
scale: 1"=40'-0"



FLOOR PLAN - LEVEL 03-10
scale: 1"=40'-0"

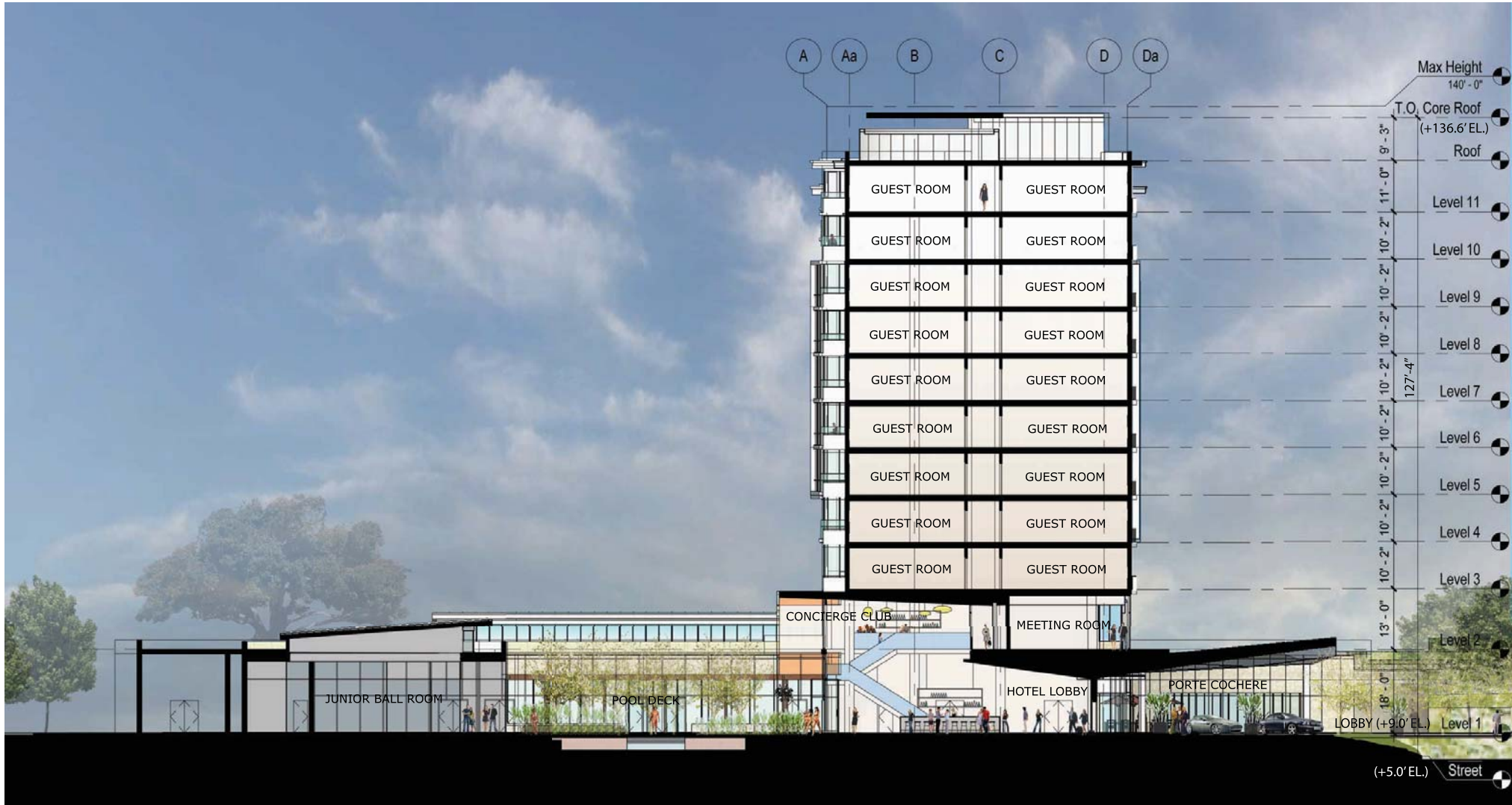


FLOOR PLAN - LEVEL 03-11
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ROOMS AND INTERIOR SPACES

FLOOR PLAN - LEVEL 03-11
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SECTION A
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**CITY COUNCIL
SPECIAL AND REGULAR MEETING
DRAFT MINUTES
Tuesday, March 10, 2015
City Council Chambers
701 Laurel Street, Menlo Park, CA 94025**

4:00 P.M. CLOSED SESSION (1st floor Council Conference Room, Administration Building)

Closed Session Item #1 was cancelled and will be rescheduled for a future date.

CL1. Closed Session pursuant to Government Code Section §54957:
Public Employee Performance Evaluation - City Manager

Attendees: City Manager Alex McIntyre, Jan Perkins

Closed Session Item #2 was rescheduled to 5:30 p.m. Mayor Carlton called the Closed Session to order at 5:40 p.m. Councilmembers Mueller and Keith were not present.

CL2. Closed Session pursuant to Government Code Section §54957.6 to conference with labor negotiators regarding labor negotiations with SEIU, AFSCME, Unrepresented Management

Attendees: City Manager Alex McIntyre, Assistant City Manager Starla Jerome-Robinson, City Attorney Bill McClure

6:00 P.M. SPECIAL BUSINESS

Mayor Carlton introduced Mayor Donal Lyons of Galway City, Ireland and recognized him with a proclamation and exchanging of gifts. Chief Executive Brendan McGrath was also present. A video highlighting the recently formed friendship between the Two Menlos was presented and a cake and coffee reception followed. ([Attachment](#))

6:30 P.M. STUDY SESSION

SS1. Update on the Menlo Gateway Project at 100-190 Independence Drive and 101-155 Constitution Drive including an overview of the new hotel and the project review process ([Staff Report #15-045](#))([Applicant's Presentation](#))

Assistant Community Development Manager Justin Murphy introduced the item.

The following spoke on behalf of the applicant team:

David Bohannon

Michael Moskowitz on behalf of Ensemble

Julius Robinson on behalf of Marriott and the Autograph Collection

Jack Highwart on behalf of hotel architect Cunningham

Jeff Heller on behalf of office architect Heller Manus

Public Comment:

- Eileen McLaughlin spoke regarding bird safe design
- Adina Levin spoke regarding community and connectivity benefits

There was Council consensus to direct staff to pursue Option 2. J. Murphy stated that an updated timeline will be brought back to Council at its March 24th meeting.

7:00 P.M. REGULAR SESSION

Mayor Carlton called the meeting to order at 7:57 p.m. Councilmember Mueller was absent due to a family illness.

Staff present: City Manager Alex McIntyre, Assistant City Manager Starla Jerome-Robinson, City Attorney Bill McClure and City Clerk Pamela Aguilar

Mayor Carlton led the pledge of allegiance.

REPORT FROM CLOSED SESSION

There was no reportable action from the closed session held earlier this evening.

ANNOUNCEMENTS

The deadline for applications to the Planning Commissions has been extended to March 31st.

A. PRESENTATIONS AND PROCLAMATIONS

A1. Proclamation: Red Cross Month ([Attachment](#))

Tricia Clement accepted the proclamation.

A2. Proclamation recognizing Menlo School on its 100-year anniversary ([Attachment](#))

Julie Douglas and Amy Sanford, Centennial Committee Co-Chairs, accepted the proclamation.

A3. Presentation to delegation from Galway, Ireland

This item took place at 6:00pm

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS - None

C. PUBLIC COMMENT #1

- Joe Straton spoke regarding airplane noise
- Kim Rubin spoke regarding train safety ([Presentation](#))
- Wynn Grcich spoke regarding fluoride ([Handout](#))

D. CONSENT CALENDAR

Councilmember Keith pulled Item D-1 for further discussion.

D1. Adopt amended salary schedule for fiscal year 2014-15 ([Staff Report #15-043](#))

Councilmember Keith stated that the amendment was to add the Police Corporal position.

D2. Approval of \$2,070,000 transfer from unassigned fund balance to Strategic Pension Funding Reserve ([Staff Report #15-025](#))

D3. Approve minutes for the Council meeting of February 24, 2015 ([Attachment](#))

ACTION: Motion and second (Keith/Ohtaki) to approve Items D2 and D3 on the Consent Calendar passes 4-0-1 (Mueller absent)

ACTION: Motion and second (Keith/Cline) to approve Item D-1 passes 4-0-1 (Mueller absent)

E. PUBLIC HEARING - None

F. REGULAR BUSINESS

F1. Approve the preferred alternative for the Santa Cruz Avenue Sidewalk Project between Olive Street and Johnson Street ([Staff Report #15-044](#))([Presentation](#))

At 8:20 p.m., Assistant City Manager Starla Jerome-Robinson recused herself due to a conflict of interest that her residence is located within 500 feet of the project area.

Director of Public Works Jesse Quirion gave a presentation.

Public Comment:

- Arnold Wilson spoke regarding safety issues and supports sidewalks on both sides of the street
- Bill Frimel spoke regarding safety issues and the need for parking and bike lanes
- Ingo Lange complimented staff on its outreach efforts and supports the preferred alternative, but suggested it be implemented on a block-by-block
- Whitney McKiernan stated that the Bike Commission recommends Alternate 3 and reflects the input from the community; she expressed that human safety takes priority over landscaping
- Adina Levin supports sidewalks on both sides and buffered bike lanes, but that safety takes priority; she also spoke regarding the turn lane at Johnson and undergrounding
- Michael Doran asked Council to postpone taking action until Councilmember Mueller can participate and spoke regarding property rights and stated that landscaping in the right-of-way enhances the character of the community, but that he supports sidewalks and bike lanes
- Greg Klingsporn urged Council to take action with consideration for users of the sidewalks and bike lanes, and stated that the preferred alternative considers all aspects
- Cindy Welton spoke regarding safety and taking action that encourages walking and biking
- Mickie Winkler stated that five foot sidewalks are not wide enough to support pedestrians and strollers, and that sidewalks should be at least seven feet wide
- Greg Baker supports the preferred alternative
- Horace Nash spoke ([Handout](#)) slowing down traffic, updating existing sidewalks, and landscaping
- Sally Cole supports the preferred alternative with the exception of not using all the right-of-way and eliminating the middle turn lane at Olive
- Dail Koehler expressed concern regarding the elimination of street parking
- Jeff Kleck supports the preferred alternative
- George Otte complimented staff's efforts and supports the preferred alternative and would like to maintain or add parking
- Greg Druehl prefers six foot sidewalks and stated that parents of children attending Hillview School are stakeholders in this issue
- Bill Kirsch complimented the efforts of staff and Council and suggested eliminating the center turn lane in order to slow down traffic
- Pat Finlay supports the preferred alternative but asked to consider the cost to those who would have to modify their landscaping
- Sarah Kernasovsky supports the preferred alternative and asked that the sidewalk between Arbor and downtown be repaired
- Sasha Agamin expressed concern regarding the safety of bicyclists
- Maggie Betsock supports sidewalks and spoke regarding trees
- Russ Petersen supports sidewalks on both sides, removing the center turn lane, adding parking pockets and slowing down traffic
- Eleanor Rac supports sidewalks and bike lanes for the safety of the community
- Lisa McPherson supports sidewalks and maintaining the center turn lane
- Vasile Oros supports maintaining the center turn lane

- Fred Berghout stated that the sidewalk project must proceed, recommends six foot sidewalks and safety should be a priority
- Michelle Otte supports sidewalks at either five or six feet but not wider and maintaining the center turn lane and encourages measures to slow down traffic
- Brett Degner spoke regarding safety issues for bicyclists and possibly breaking up the center turn lane

J. Quirion read the statement of Councilmember Mueller supporting the preferred alternative. ([Letter](#))

ACTION: Motion and second (Ohtaki/Cline) to approve the preferred alternative for the Santa Cruz Avenue Sidewalk Project between Olive Street and Johnson Street passes 4-0-1 (Mueller absent) with the following revisions/directions:

Designed with six foot wide sidewalks so long as they do not impact heritage trees, large hedges or fences or other permanent improvements, and where there is an impact the design would decrease to five feet or not less than four feet around a heritage tree if necessary; explore leaving parking on the south side between Fremont Park and Fremont Street or potentially Arbor and if the existing sidewalk can be improved that it be made ADA compliant; explore future undergrounding with PG&E on the south side and that this be done at the same time; prioritizing human safety, i.e. favor bike buffer over sidewalk width around heritage trees but that heritage trees take priority over the bike buffer so long as a four foot sidewalk is maintained.

J. Quirion stated to Council that staff will proceed with the design of six foot sidewalks taking into consideration the impacts that have been identified. If there are areas that need further consideration by Council, they will be brought back in a future study session.

F2. Accept the 2014-15 Mid-Year Financial Summary and appropriate \$85,000 in revenue from the Redevelopment Property Tax Trust Fund for expenditures related to the dissolution of the former Community Development Agency ([Staff Report #15-034](#)) ([Presentation](#))

Finance Director Drew Corbett gave a brief presentation.

ACTION: Motion and second (Ohtaki/Keith) to accept the 2014-15 Mid-Year Financial Summary and appropriate \$85,000 in revenue from the Redevelopment Property Tax Trust Fund for expenditures related to the dissolution of the former Community Development Agency passes 4-0-1 (Mueller absent)

G. CITY MANAGER'S REPORT – None

H. WRITTEN COMMUNICATION – None

I. INFORMATIONAL ITEMS - None

J. COUNCILMEMBER REPORTS - None

K. PUBLIC COMMENT #2
There was no public comment.

L. ADJOURNMENT at 12:14pm

Pamela Aguilar
City Clerk



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: March 24, 2015

Staff Report #: 15-047

REGULAR BUSINESS: **Review and Acceptance of the Annual Report on the Status and Progress in Implementing the City's Housing Element and the Annual Housing Successor Report**

RECOMMENDATION

Staff recommends that the City Council accept the 2014 Housing Element Annual Report (Attachment A) and the 2014 Annual Housing Successor Report (Attachment B), and authorize their transmittal to the California Governor's Office of Planning and Research (OPR) and the California Department of Housing and Community Development (HCD).

POLICY ISSUES

The submittal of the Housing Element Annual Report and Annual Housing Successor Report would comply with State law. The Reports document past housing-related activities, and do not authorize the implementation of programs or expenditure of funds.

BACKGROUND

Government Code 65400 requires each governing body to prepare an annual report on the status and progress of implementing the jurisdiction's housing element of the general plan using forms and definitions adopted by the State Housing and Community Development (HCD). Housing Element Annual Reports are due April 1 of each year for the calendar year immediately preceding the April 1 reporting deadline. The 2014 Annual Housing Element Report, which is included as Attachment A, evaluates the 2015-2023 Housing Element.

In January and February 2015, the Housing Commission and Planning Commission reviewed, discussed and commented on the 2014 draft Annual Report at their respective meetings. The Planning Commission also had an opportunity to provide input on potential "clean up" Zoning Ordinance amendments related to Housing Element implementation programs. The Commissions' reviews are not required by State law, but were recommended by staff during last year's Annual Report process as a means for sharing information and receiving input prior to Council's review. Staff prepared the draft Annual Report based upon the 2007-2014 Element. However, since the Housing and Planning Commission meetings, staff has received confirmation from HCD that the Annual Report should evaluate the most recently adopted Housing Element rather than account for the

planning period that coincides with the reporting period. Therefore, Attachment A has been updated for the Council's review to reflect the 2015-2023 Housing Element, and staff will forward the Commissions the updated Annual Report and the Council staff report for reference. Most of the programs from the 2007-2014 Housing Element have been carried forward to the 2015-2023 Housing Element. In general, both the Housing Commission and Planning Commission expressed appreciation for the variety of programs that the City has implemented. One Housing Commissioner stated that the City should take a stronger stance on requiring the development of affordable housing units instead of accepting payment of the Below Market Rate (BMR) in-lieu fees. During the Planning Commission meeting, members asked questions about the City's Regional Housing Needs Allocation (RHNA) versus the housing production, timing of when programs would be implemented, and the recently implemented R-3 infill zoning district. A draft excerpt of the meeting minutes is included as Attachment B.

On March 24, 2015, the City Council will have an opportunity to discuss and comment on the Annual Report, as well as provide input on potential staff-initiated Zoning Ordinance amendments. As part of the Annual Report, staff will be transmitting the Housing Successor Annual Report, included as Attachment C, per Senate Bill 341. Although Redevelopment Agencies have been dissolved, obligations to report on housing activities by housing successors continue. Housing successors (those entities that assumed the housing assets and functions of the former redevelopment agency) must report annually on their housing activities. The attached report reflects the fiscal year 2013-2014, ending June 30, 2014.

ANALYSIS

Housing Element Annual Report

Attachment A includes the 2014 Housing Element Annual Report. In 2014, the City Council implemented several programs intended to address housing needs in the community and to comply with State law requirements. The accomplishments include zoning for emergency shelter for the homeless and transitional and supportive housing, establishing reasonable accommodation procedures for people with a disability, and creating a process and criteria to allow the conversion of accessory buildings into a secondary dwelling unit. In addition, several programs were initiated and will be implemented as part of Housing Element planning period. Four specific items may be of particular interest to the City Council include the following:

- 1) City's participation in a multi-jurisdiction affordable housing nexus study;
- 2) City's coordination with MidPen Housing on a 90-unit affordable senior housing development on the 1200 block of Willow Road;
- 3) Issuance of the next Notice of Funding Availability (NOFA); and
- 4) Housing programs associated with the City's General Plan Update.

In addition, staff is considering pursuing several Zoning Ordinance amendments to the secondary dwelling unit ordinance, items related to accessory buildings and structures to help clarify the intent of the language and minimize ambiguity without changing the

substance of the regulations or purpose of the ordinances, and the R-3 (Infill Around Downtown) zoning district.

Implementation Programs

Affordable Housing Nexus Study

Thirteen jurisdictions in San Mateo County, plus San Mateo County and the City of Palo Alto are participating in an affordable housing nexus study. The nexus study would provide a defensible analysis to maintain the legal justification for City's Below Market Rate (BMR) Housing Program, which includes both inclusionary zoning and affordable housing impact fees. The nexus study will be customized on a city-by-city basis to allow each jurisdiction to establish individual policy. Participation in this effort would implement the City's Housing Element Program H4.D, which calls for the preparation of an updated nexus study, and will help ensure compliance with the State Mitigation Fee Act (AB1600 – Government Code Section 66001 through 66003).

As part of the partnership with the other jurisdictions, the group intends to release a draft nexus study for public review in April 2015. During this time, the group plans to conduct outreach with interested parties such as the Building Industry Association (BIA) and other local developers and land owners to receive questions and comments on the study. Menlo Park's draft nexus study will then be prepared and is intended to be shared with the Housing Commission, the Planning Commission and the City Council in the summer. The City Council will ultimately have a policy decision to make on whether to modify the City's BMR program.

MidPen Housing

MidPen's property at 1221-1275 Willow Road was identified as a housing opportunity site and rezoned R-4-S (AHO) – High Density Residential, Affordable Housing Overlay as part of the 2007-2014 Housing Element Update. Through the 2013-2014 NOFA process, MidPen Housing was selected as the recipient for up to \$3.2 million for the development of 90 affordable senior housing units. The proposed development would be deed restricted for extremely-low and very low-income households and result in 42 net new dwelling units. MidPen is utilizing the AHO, which results in a density bonus and other modifications to the development standards in exchange for the provision of affordable housing units. In this case, the development is 100 percent affordable, resulting in a density of 40 dwelling units per acre (du/ac) where 30 du/ac would be the maximum permitted in the R-4-S zoning district. Staff is in the process of reviewing the project for compliance with the R-4-S development regulations and design standards, and will be bringing the proposal for a Planning Commission study session likely in May 2015, prior to the Community Development Director's determination on whether the proposal is in compliance with the R-4-S development regulations and design standards. In addition, the proposal includes a lot merger and an abandonment of a portion of the public right-of-way and certain public utility easements along Willow Road. The various components are needed to make MidPen's project feasible and will be reviewed in a separate, but concurrent review process.

NOFA

Program H1.H of the Housing Element supports administration and advertising the availability of BMR funds at least every two years. Staff anticipates issuing a second NOFA in the summer of 2015, making available the approximately \$4.8 million designated for this purpose. Staff anticipates recommending changes for Council's consideration as part of the Council's review of the NOFA in late spring. These changes include relaxing the requirement that eligible developers complete at least three prior projects (this requirement kept Peninsula Volunteers from applying last year, for example) and emphasizing the potential for property owners to partner with developers, given the interest in affordable housing projects by Mt. Olive Church and Habitat for Humanity, for example.

General Plan Update

The City has embarked on an update of the Land Use and Circulation Elements of the General Plan. The General Plan is the City's "constitution" for future growth and provides a comprehensive guide for decision-making through established goals, policies and programs. The geographic focus of the land use element is the M-2 area, which is generally the business parks located between the Highway 101 and the Bay. Through the General Plan process, potential land use alternatives and other improvements will be considered.

A number of Housing Element programs for the upcoming planning period have been identified as topics that would be reviewed as part of the General Plan Update. For example, program H4.N is focused on creating opportunities for mixed use development in appropriate locations. If through the General Plan process additional mixed use is desired, then a study may be conducted to look at which commercial zones may be appropriate to allow housing. Other items targeted to be explored are review of the City's Transportation Impact Analysis (TIA) Guidelines, the City's Parking Stall and Driveway Design Guidelines, the creation of a Transportation Management Association (TMA), and bicycle and pedestrian improvements over Highway 101 on or near Marsh Road. Some programs may be implemented concurrently with the General Plan while others may be considered, but implemented at a future date, depending on the input from the community and guidance by the Council.

Housing Production

In addition to the evaluation of the housing implementation programs, the Annual Report also consists of an inventory of housing production. During the last calendar year, the City reported 71 net new dwelling units. Of these units, eight were either single-family and three were secondary dwelling units. While most of the net new units are individual units scattered throughout the City, a 60-unit affordable housing development by Core Housing on the Veterans Affairs Campus was reviewed by the City and subsequently issued permits for construction through coordination with the Department of Veterans Affairs. The development is intended to serve low income veterans, and was partly made possible through \$2.86 million in BMR housing funds from the City.

The City is currently reviewing building permits for 735 new multi-family residential dwelling units on three different development sites. The sites are located on Haven Avenue and Hamilton Avenue, and were identified as housing opportunity sites for higher density residential housing in the 2007-2014 Housing Element. Of the 735 dwelling units, 37 units will be deed restricted to low- and very-low income households. The 735 units are not reflected in the 2014 Annual Report because the building permits were not issued in 2014. Staff anticipates that all of the units will be included in next year's report. To learn more about the higher density residential developments, please visit the R-4-S project webpage at <http://menlopark.org/891/High-Density-Residential-R-4-S-Projects>.

Potential Zoning Ordinance Amendments

Staff is considering initiating several "clean up" Zoning Ordinance amendments. Zoning Ordinance amendments are a three-step process: 1) review and recommendation by the Planning Commission at a public hearing, 2) review and introduction of the amendments by the City Council at a public hearing, and 3) adoption of the proposed Zoning Ordinance amendments by the City Council. The proposed changes would become effective 30 days after the adoption. The proposed changes would be subject to the California Environmental Quality Act (CEQA), but staff anticipates that the minor changes would be covered under the environmental review documents prepared for the original Zoning Ordinance amendments in 2013 and 2014 because the proposed changes would not result in an increase in intensity or density from what was previously considered or would be exempt from CEQA. The proposed amendments are summarized below and explained in more detail in Attachment D.

Chapter 16.78 Secondary Dwelling Unit

1. Clearly identify how to regulate attached versus detached secondary dwelling units.
2. Clearly identify how to regulate a new secondary dwelling unit addition to the main dwelling versus a conversion of a portion of main dwelling unit into a secondary dwelling unit.

Chapter 16.04.110 Building, Accessory

3. Provide an exception for enclosures for sound generating pool equipment.

Chapter 16.04.661 Structure, Accessory

4. Clarify garden features are not considered accessory structures.

Chapter 16.20 R-3 Apartment District

5. Provide an exception for minor increases in FAR for existing developments built prior to the adoption of the infill ordinance.
6. Review the relationship between densities and FAR to better align the permitted densities with the sliding FAR scale.

Staff hopes to bring forward a comprehensive package with the items mentioned here and potentially other similar clean up items within the next six months to be able to provide clarity in implementation of the Zoning Ordinance and to address one potential unintended consequence that may result from the current ordinance language.

One item that staff will be bringing forward in advance of the Zoning Ordinance amendments is the extension of the administrative permit process for the conversion of legally built and constructed accessory buildings into secondary dwelling units, per Housing Element implementation program H4.F. The process was established in 2014 and adopted for a one year period with the intent of trying to increase the housing stock by counting buildings that may effectively function like secondary dwelling units, but do not meet the technical requirements. The program will sunset and no longer be effective on June 13, 2015, unless the City Council, by resolution, extends the effective date. No additional review by the Planning Commission or City Council is required for the extension. To date, staff has received two administrative permit applications, which are still under review, for the conversion of an accessory building into a secondary dwelling unit. Staff believes that the City would benefit from extending the process and recommends that the program be extended for one additional year while allowing time to evaluate the program on an annual basis. Staff will be bringing a resolution for Council's consideration in May 2015 in order to keep the program in place.

Housing Successor Report

Successor Housing entities must provide an Annual Report that details compliance with the expenditure limitations detailed in SB 341 during each five year compliance period. The initial reporting period began on January 1, 2014 and ends on December 31, 2018. The information should be reported at the same time as the annual Housing Element Report due April 1st.

For the fiscal year ending June 30, 2014, the Low and Moderate Income Housing Asset Fund received \$178,133 from the following sources:

- \$171,562 from loans listed below:
 - Peninsula Habitat for Humanity for the Neighborhood Stabilization Program,
 - MidPen Housing for Menlo Gateway, Inc. – apartments on the 1200 and 1300 block of Willow Road, and
 - Six rehabilitation loans for single-family residences.
- \$6,571 for interest earned on available cash in the fund.

The Housing Successor does not have any interests in real property acquired by the former redevelopment agency nor does it have any remaining housing replacement or production obligation.

IMPACT ON CITY RESOURCES

There are no impacts to City resources besides the preparation of the reports.

ENVIRONMENTAL REVIEW

The Housing Element Annual Report is not considered a project. Implementation of Housing Programs may be subject to the California Environmental Quality Act (CEQA), and each program will be evaluated on a case-by-case basis.

PUBLIC NOTICE

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting. In addition, the City sent an email update to subscribers of the Housing Element project page, which is available at the following location: <http://menlopark.org/572/Housing-Element-Update-Implementation>. This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress and allow users to sign up for automatic email bulletins, notifying them when content is updated or meetings are scheduled. The Successor Agency Report has also been posted on the Successor Agency webpage at <http://menlopark.org/186/Successor-Agency>.

ATTACHMENTS

- A. 2014 Housing Element Annual Report
- B. Draft Excerpt Minutes from the February 23, 2015 Planning Commission Meeting
- C. Housing Successor Report
- D. Potential Housing Element Implementation Programs Zoning Ordinance Amendments

AVAILABLE FOR REVIEW AT CITY OFFICES AND WEBSITE

Adopted Housing Element for the 2007-2014 Planning Period

Adopted Housing Element for the 2015-2023 Planning Period

Report prepared by:
Deanna Chow
Senior Planner

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ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

Jurisdiction City of Menlo Park
Reporting Period 1/1/2014 - 1/1/2015

Table A
Annual Building Activity Report Summary - New Construction
Very Low-, Low-, and Mixed-Income Multifamily Projects

Housing Development Information									Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance or Deed Restrictions
1	2	3	4				5	5a	6	7	8
Project Identifier (may be APN No., project name or address)	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes				Total Units per Project	Est. # Infill Units*	Assistance Programs for Each Development	Deed Restricted Units	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions.
			Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income					
			605 Willow Rd.	5+	R	59			0	0	
192 E. Creek Dr.	SU	R									
856 College Ave.	SU	R									
2344 Branner Dr.	SU	R									
SU Subtotal	SU	R	1	2	0	0	3	3	NA	NA	3
(9) Total of Moderate and Above Moderate from Table A3 ▶▶					0	0	0	8			
(10) Total by income Table A/A3 ▶▶			60	2		1	63	71			
(11) Total Extremely Low-Income Units*			7								

* Note: These fields are voluntary

Second Unit (SU) affordability is consistent with the Housing Element assumptions and based on a survey of San Mateo County jurisdictions.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction City of Menlo Park
Reporting Period 1/1/2014 - 1/1/2015

Table A2
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)

Please note: Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Incomes				(4) The Description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1
	Extremely Low-Income*	Very Low-Income	Low-Income	TOTAL UNITS	
(1) Rehabilitation Activity				0	
(2) Preservation of Units At-Risk				0	
(3) Acquisition of Units				0	
(5) Total Units by Income	0	0	0	0	

* Note: This field is voluntary

Table A3
Annual building Activity Report Summary for Above Moderate-Income Units (not including those units reported on Table A)

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of infill units*
No. of Units Permitted for Moderate	0	0	0	0	0	0	0
No. of Units Permitted for Above Moderate	8	0	0	0	0	8	8

* Note: This field is voluntary

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction City of Menlo Park

Reporting Period 1/1/2014 - 1/1/2015

Table B

Regional Housing Needs Allocation Progress

Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example.		2014	2015	2016	2017	2019	2019	2019	2020	2021	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level	RHNA Allocation by Income Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		
Very Low	Deed Restricted	233	59								59	173
	Non-deed restricted		1								1	
Low	Deed Restricted	129	0									127
	Non-deed restricted		2								2	
Moderate	Deed Restricted	143	0									143
	Non-deed restricted		0									
Above Moderate		150	9								9	141
Total RHNA by COG. Enter allocation number:		655										
Total Units ▶ ▶ ▶			71								71	584
Remaining Need for RHNA Period ▶ ▶ ▶ ▶ ▶												

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

Jurisdiction City of Menlo Park

Reporting Period 1/1/2014 - 1/1/2015

Table C

Program Implementation Status

Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.		
Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
H1.A Establish City Staff Work Priorities for Implementing Housing Element Programs	Establish priorities for implementing Housing Element Programs	Annually	Superseded by work updating the Housing Element for the 2015-2023 planning period. This will be done annually as part of the annual Housing Element review.
H1.B Review the Housing Element Annually	Review and monitor Housing Element implementation; conduct public review with the Housing Commission, Planning Commission and City Council, and submit Annual Report to HCD	Annually	Annual Review for the 2013 calendar year was accepted by the City Council on April 1, 2014 and submitted to HCD for review. Using forms provided by HCD, the 2014 Annual Review was undertaken between January and March 2015, and reviewed by the Housing Commission, Planning Commission and accepted by the City Council.
H1.C Publicize Fair Housing Laws and Respond to Discrimination Complaints	Obtain and distribute materials (see Program 1H.D)	Ongoing	Materials available at the counter at City Hall and on the City's Web site.
H1.D Provide Information on Housing Programs	Obtain and distribute materials at public locations	Annually	Materials available at the counter at City Hall and on the City's Web site.
H1.E Undertake Community Outreach When Implementing Housing Element Programs	Conduct community outreach and distribute materials (see Programs H1.C and 1H.D)	Consistent with program timelines	Materials available at the counter at City Hall and on the City's Web site. Additional outreach to targeted populations and interested parties depending on program.
H1.F Work with the San Mateo County Department of Housing	Coordinate with County efforts to maintain and support affordable housing	Ongoing	Coordination has occurred as part of the countywide 21 Elements process, coordination with the Department of Housing and other jurisdictions on a countywide nexus study and coordination in implementing Housing Element programs.
H1.G Adopt an Anti-Discrimination Ordinance	Undertake Municipal Code amendment and ensure effective implementation of anti-discrimination policies and enforcement as needed	2016	No activity to date.

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

Jurisdiction City of Menlo Park
Reporting Period 1/1/2014 - 1/1/2015

H1.H Utilize the City's Below Market Rate (BMR) Housing Fund	Accumulate and distribute funds for housing affordable to extremely low, very low, low and moderate income households	Ongoing	When the Redevelopment Agency and redevelopment funding for housing programs was eliminated by the State of California in 2012, the City continued to fund some programs through its General Fund. In July 2013, the City issued a Notice of Funding Availability (NOFA) for availability for approximately \$3.2 million in Below Market Rate housing funds to support the acquisition, rehabilitation or new construction of housing that will provide long-term affordability. The funding is intended to fill the financing gap between the projected total development costs and other available funding sources. In September 2014, the City Council authorized a loan to MidPen Housing for up to \$3.2 million for affordable senior housing at 1221-1275 Willow Road. The 90-unit development would replace the existing 48 dwelling units for a net increase of 42 affordable units. In addition, in January 2014 the City Council authorized a loan increase from the City's BMR funds to CORE Housing for up to \$2.86 million for affordable housing at 605 Willow Road (Veterans Affairs Campus). The development includes 60 dwelling units and would provide permanent housing to veterans. Staff anticipates issuing a second NOFA in the summer of 2015, making available approximately \$4.8 million designated for this purpose. The requirements are also expected to be revised in an effort to make a larger population eligible for funding.
H1.I Work with Non-Profits on Housing	Maintain a working relationship with non-profit housing sponsors	Ongoing	The City has been assisting MidPen Housing with its submittal to redevelop its property on the 1200 block of Willow Road from 48 dwelling units to 90 dwelling units, and with MidPen's application to abandon a portion of the public right-of-way for the proposed project. The City has continued to undertake outreach to non-profits throughout the 2015-2023 Housing Element update. Annual funding provided to HIP, CID and HEART.
H1.J Update the Housing Element	Maintain consistency with Housing Element law	2014	Completed. The City Council adopted the 2015-2023 Housing Element on April 1, 2014, and was certified by HCD on April 16, 2014.
H1.K Address Rent Conflicts	Resolve rent conflicts as they arise	Ongoing	No activity to date.
H1.L Update Priority Procedures for Providing Water Service to Affordable Housing Developments	Comply with Government Code Section 65589.7	2015 and 2020 (as part of Urban Water Management	Program completed in February 2014. No additional work on this program is needed at this time.
H1.M Lobby for Changes to State Housing Element Requirements	Work with other San Mateo County jurisdictions and lobby for changes to State Housing Element law (coordinate with Program H1.B)	Ongoing	Met with State Representative and other jurisdictions and provided input on proposed legislation. AB 1690, which allows housing in mixed use development to be counted as very low- and low-income housing if the zoning for the subject site allows 100 percent residential and requires that at least 50 percent to be used for housing, was adopted on September 30, 2014.
H2.A Adopt Ordinance for "At Risk" Units	Protect existing subsidized rental housing (coordinate with Program H1.G)	2016	There are no "at risk" affordable units in Menlo Park at the current time. No activity to date.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction City of Menlo Park

Reporting Period 1/1/2014 - 1/1/2015

H2.B Promote Energy Efficient/Renewable Programs	50 or more homes and businesses participating in this program	Establish policy and programs by 2017; Participation rate by 2022	81 households participated in a City-promoted PG&E program, which offers washing machine replacement rebates as an incentive to conserve energy and water. On April 29, 2014 the City Council adopted a resolution authorizing the City to participate in the California HERO program, which is a Property Assessed Clean Energy (PACE) financing program. PACE programs allow qualified property owners the ability to finance renewable energy, and water efficient retrofits (dual-pane windows, solar panel installation, insulation, etc.) through a voluntary special assessment or tax placed on their annual property tax bill. Benefits of implementing a PACE program include: an estimated 2% GHG reduction towards Menlo Park's community-wide GHG reduction goal of 27% (~100,000 tons) below 2005 levels by 2020, energy and water savings, increased revenues, and property values. In 2014, three Menlo Park properties applied and were approved for the program, but no projects have been completed yet.
H2.C Amend the Zoning Ordinance to Protect Existing Housing	Protect existing rental housing	Consider as part of the City's General Plan Update (2014-2017)	No activity to date.
H2.D Assist in Implementing Housing Rehabilitation Programs	Apply to the County for CDBG funds to provide loans to rehabilitate very low and low income housing (20 loans from 2015-2023)	2015-2023	The County has temporarily stopped administering the CDBG rehabilitation loan program, except in emergency situations
H3.A Zone for Emergency Shelter for the Homeless	Amend the Zoning Ordinance	2014	Completed. Ordinance adopted on April 29, 2014. Ordinance identifies the location of the overlay to allow an emergency shelter for the homeless for up to 16 beds as a use by right and includes standards consistent with State law as established in SB2.
H3.B Zone for Transitional and Supportive Housing	Amend the Zoning Ordinance	2014	Completed. Ordinance adopted on April 29, 2014 to update the definitions of transitional and supportive housing to be consistent with State law and adds transitional, supportive housing and small (6 or fewer) residential care facilities as part of the definition of a "dwelling" in the Zoning Ordinance so these uses are treated the same way as other residential uses as required by State law under SB2.
H3.C Adopt Procedures for Reasonable Accommodation	Amend the Zoning Ordinance and/or modify administrative procedures; create handout	2014	Completed. Ordinance adopted April 29, 2014 to establish procedures, criteria and findings for enabling individuals with disabilities to make improvements and overcome barriers to their housing.
H3.D Encourage Rental Housing Assistance Programs	Provide assistance at current Section 8 funding levels to assist 220 extremely low and very low-income households per year (assumes continued funding of program)	2015-2023	There are 215 households provided rental assistance in Menlo Park through Section 8 and other programs.

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

Jurisdiction City of Menlo Park
Reporting Period 1/1/2014 - 1/1/2015

H3.E Investigate Possible Multi-Jurisdictional Emergency Shelter	Construction of homeless facility (if feasible)	Longer term program as the opportunity arises	No activity to date
H3.F Assist in Providing Housing for Persons Living with Disabilities	Provide housing and services for disabled persons	Ongoing	Annual funding provided to CID and HIP
H3.G Develop Incentives for Special Needs Housing	Amend the Zoning Ordinance to provide opportunities for housing and adequate support services for seniors and people living with disabilities	Consider as part of the City's General Plan Update (2014-2017)	Issues and strategies to be considered as part of the General Plan Update (2014-2017)
H3.H Continue Support for Countywide Homeless Programs	Support housing and services for the homeless and at-risk persons and families	Ongoing	The City has continued to support HEART and has participated in countywide activities to address homeless needs.
H3.I Work with the Department of Veterans Affairs on Homeless Issues	Coordination in addressing the needs of the homeless	2014; ongoing thereafter	In January 2014 the City Council authorized a loan increase from the City's BMR funds to CORE Housing for up to \$2.86 million for affordable housing at 605 Willow Road (Veterans Affairs Campus). The development includes 60 dwelling units and would provide permanent housing to extremely low- and very low-income veterans.
H4.A Modify R-2 Zoning to Maximize Unit Potential	Amend the Zoning Ordinance to minimize underutilization of R-2 development potential	Consider as part of the City's General Plan Update (2014-2017)	Issues and strategies to be considered as part of the General Plan Update (2014-2017).
H4.B Implement Inclusionary Housing Regulations	Implement requirements to assist in providing housing affordable to extremely low, very low, low and moderate income households in Menlo Park	Ongoing	Ordinance regarding State Density Bonus Law adopted for consistency with State law in June 2013.
H4.C Modify BMR Guidelines	Amend the Zoning Ordinance to require affordable units in market rate developments	2015	Modification to the City's BMR Guidelines will be considered following completion of the Nexus Study later in 2015 (see Program H4.D)
H4.D Update the BMR Fee Nexus Study	Update to fees consistent with the nexus of potential impacts on affordable housing need	2015	The City is currently participating in a multi-jurisdictional nexus study that would provide a defensible analysis to maintain the legal justification for inclusionary zoning and affordable housing impact fees. The study is anticipated to be reviewed by the City Council in 2015.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction City of Menlo Park
Reporting Period 1/1/2014 - 1/1/2015

<p>H4.E Modify Second Dwelling Unit Development Standards and Permit Process</p>	<p>Amend the Zoning Ordinance to reduce the minimum lot size to create greater opportunities for new second units to be built. Achieve Housing Element target for new second units (40 new secondary dwelling units between 2015-2023, with 5 per year) — 18 very low, 18 low and 4 moderate income second units.</p>	<p>2014; ongoing thereafter</p>	<p>Concurrent with the adoption of the 2007-2014 Housing Element in May 2013, the City of Menlo Park reviewed a Zoning Ordinance amendment for modifications to the Secondary Dwelling Unit Ordinance in recognition that secondary dwelling units can be a valuable source of affordable units because they often house family members at low or no cost, and many are limited in size and therefore, have lower rents. Besides making the City's ordinance compliant with State law, the Zoning Ordinance amendment included a number of revisions to provide greater flexibility in the development regulations to encourage more development of secondary dwelling units. The modifications included the following: Reduction in the minimum lot size eligible for a second unit without a use permit; Standardization of the maximum unit size rather than it being dependent on a percentage of the lot size; Allowance for increased wall height if the property is located in the flood zone, without additional discretionary review of a variance; Allowance for decreased interior side and rear setbacks with neighbor approval; Allowance for secondary dwelling unit parking space to be located in tandem and in the front setback; and Ability to request a use permit for modifications to any of the standards.</p> <p>As part of the Housing Element for the 2015-2023 Housing Element, the City of Menlo Park continued this program to further explore opportunities for additional revisions to the Secondary Dwelling Unit Ordinance. In April 2014, the City Council adopted additional revisions to the secondary dwelling unit ordinance, including increasing the maximum unit size for units that comply with accessibility requirements, establishing a new daylight plane requirement in lieu of the wall height requirement, and providing flexibility in the tenancy requirement.</p>
<p>H4.F Establish a Process and Standards to Allow the Conversion of Accessory Buildings and Structures to a Secondary Dwelling Unit</p>	<p>Adopt procedures and requirements to allow conversion of accessory structures and buildings (15 new secondary dwelling units — 6 very low income, 6 low income and 3 moderate income units)</p>	<p>2014; review the effectiveness of the ordinance in 2015</p>	<p>In April 2014, the City adopted an ordinance, that would allow legally permitted accessory buildings that do not meet the setback requirements for a secondary dwelling unit to be converted to a secondary dwelling unit through an administrative permit process. This conversion process through the administrative permit process expires in June 2015, unless extended by the City Council. Staff is proposing to extend the program.</p>
<p>H4.G Implement First-Time Homebuyer Program</p>	<p>Provide referrals</p>	<p>2015-2023</p>	<p>BMR funds are no longer available for this program. As part of the 2015-2023 Housing Element program, the City is referring first time homebuyers to HEART and Union Bank for down payment assistance. Include as part of Programs H1.C and H1.D to obtain and distribute information.</p>
<p>H4.H Work with Non-Profits and Property Owners on Housing Opportunity Sites</p>	<p>Identify incentives and procedures to facilitate development of housing affordable to extremely low, very low, low and moderate income households on higher density housing sites</p>	<p>Ongoing</p>	<p>The City continues to work with Mid-Pen Housing to implement the City's Affordable Housing Overlay Zone, which provides incentives for the creation of affordable housing, as part of MidPen's Gateway Apartments project; coordinated with CORE Housing for a 60-unit low income development at the Veterans Affairs facility; and reviewed and implemented State Density Bonus law for the creation of 23 deed restricted affordable units in a new 394-unit rental development on Haven Avenue (St. Anton Partners).</p>

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

Jurisdiction City of Menlo Park
Reporting Period 1/1/2014 - 1/1/2015

H4.I Create Multi-Family and Residential Mixed Use Design Guidelines	Adopt design guidelines for multi-family and mixed use housing developments	Consider as part of the City's General Plan Update (2014-2017)	No activity to date. Program will be reviewed as part of the General Plan Update (2015-2017).
H4.J Consider Surplus City Land for Housing	Identify opportunities for housing as they arise	Consider as part of the City's General Plan Update (2014-2017)	No activity to date. Program will be reviewed as part of the General Plan Update (2015-2017).
H4.K Work with the Fire District	Undertake local amendments to the State Fire Code and approve City Council Resolution ratifying the Fire District's local amendments	2014	The City Council ratified local amendments to the State Fire Code on January 27, 2015
H4.L Coordinate with School Districts to Link Housing with School District Planning Activities	Coordinate and consider school districts long-range planning, resources and capacity in planning for housing	Ongoing and to be considered as part of the General Plan Update (2014-2017)	Continued coordination on new residential development (unit type, timing, etc.) and implications for enrollment growth and facility planning with various school districts. Program is included in the 2015-2023 Housing Element and will be considered during of the General Plan Update (2014-2017).
H4.M Review the Subdivision Ordinance	Modify the Subdivision Ordinance as needed	Consider as part of General Plan Update (2014-2017)	No activity to date. Program will be reviewed as part of the General Plan Update (2014-2017).
H4.N Create Opportunities for Mixed Use Development	Conduct study to determine appropriate locations for housing in commercial zones	Consider as part of General Plan Update (2014-2017)	No activity to date. Program will be reviewed as part of the General Plan Update (2014-2017).
H4.O Review Transportation Impact Analysis Guidelines	Modify Transportation Impact Analysis (TIA) guidelines	Consider as part of General Plan Update (2014-2017)	Program will be reviewed as part of the General Plan Update (2014-2017). The focus of the General Plan Update is the Land Use and Circulation Elements. The General Plan Update kicked off in August 2014 and thus far has included a series of education symposiums, mobile tours, and the creation of an Existing Conditions Report, which summarizes current circulation in the City.
H4.P Update Parking Stall and Driveway Design Guidelines	Modify Parking Stall and Driveway Design Guidelines	2014	No activity to date. Program will be reviewed as part of the General Plan Update (2014-2017).
H4.Q Achieve Long-Term Viability of Affordable Housing	Establish project management and other ongoing project coordination needs	As developments are proposed and ongoing thereafter	No activity to date.

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

Jurisdiction City of Menlo Park
Reporting Period 1/1/2014 - 1/1/2015

H4.R Modify Overnight Parking Requirements to include the R-4-S Zoning District	Modify Section 11.24.050 [Night Parking Prohibited] of the Municipal Code as needed	In progress; anticipated to be completed in early 2014	Work is in progress and is anticipated to be reviewed in Spring 2015.
H4.S Explore Creation of a Transportation Management Association	Explore creation of a Transportation Management Association	Consider as part of General Plan Update (2014-2017)	The General Plan Update is underway. The topic of TMAs has been mentioned, and will be further discussed as the process continues.
H4.T Explore Pedestrian and Bicycle Improvements	Coordinate with Redwood City and explore improvements over Highway 101 between Marsh Road and 5th Avenue.	Consider as part of General Plan Update (2014-2017)	The City was awarded a grant from the San Mateo County Transportation Authority (Measure A funds) to implement the Haven Avenue bicycle/pedestrian improvements. The improvements include new facilities to a key corridor that connects Menlo Park, San Mateo County and Redwood City. The project area includes Haven Avenue between Marsh Road and the Redwood City boundary, an area where several properties were recently rezoned to higher density housing. This Program will be reviewed as part of the General Plan Update (2014-2017).



PLANNING COMMISSION DRAFT EXCERPT MINUTES

Regular Meeting
February 23, 2015 at 7:00 p.m.
City Council Chambers
701 Laurel Street, Menlo Park, CA 94025

CALL TO ORDER – 7:00 p.m.

ROLL CALL – Bressler, Combs, Eiref (Chair), Ferrick, Kadvany, Onken (Vice Chair – arrived 7:50 p.m.), Strehl

INTRODUCTION OF STAFF – Deanna Chow, Senior Planner; Stephen O’Connell, Contract Planner; Kyle Perata, Associate Planner; Thomas Rogers, Senior Planner; Tom Smith, Associate Planner

E. REGULAR BUSINESS

- E1. Housing Element Annual Report/City of Menlo Park: 2014 Annual Report on the Status and Progress in Implementing the City’s Housing Element of the General Plan and Feedback on Potential Housing Element Related Zoning Ordinance Amendments.**
([Attachment](#))

Staff Comment: Senior Planner Chow said there was a printing error in the hard copies of the report, and she had page 6 copies for distribution. She noted that the online version was correct. She said the item provided a general review and report back on the 2014 Housing Element which included a review of housing production and the City’s housing program. She said also there was information on potential Housing Element related zoning ordinance amendments. She said there was no action required and it was an opportunity for the Commission to provide feedback.

Chair Eiref said he was interested on whether there was an increase in secondary dwelling units or infill development resulting from ordinance amendments made previously.

Commissioner Onken said he was interested in the R-3 zone.

Commissioner Strehl said she was curious about the number of applications for secondary dwelling units.

Senior Planner Chow said that the secondary dwelling units were reported once there was a building permit issued. She said in 2014 there had been three building permits issued for secondary dwelling units. She said regarding the conversion process that was established for a one-year, one time opportunity to convert legally constructed accessory buildings into secondary dwelling units through an administrative permit process, that they have two applications. She said they were going to ask the City Council to extend the opportunity time for this conversion. She said they also hoped to make an ordinance change that would provide greater incentive to allow for existing structures to convert by allowing existing daylight plane and height in addition to the previously approved setback waiver.

Commissioner Bressler said Facebook had indicated they wanted to add 3,500 living units including 1,500 units on the parking lot of the Sun Micro campus. He said he thought this would count toward housing needs allocation. Senior Planner Chow said she would need to check whether deed restricted Facebook employee housing would apply to the City's Housing Element needs.

Commissioner Bressler asked about the housing needs deficit. Senior Planner Chow said in the Housing Element cycle for 2015 to 2023 that the number was identified as 956 units. She said they had to demonstrate to the State that the City had the zoning capacity to accommodate that number of housing, which had been done. She said the City was fine for the next eight years.

Commissioner Kadwany said it did not seem much was happening in the R-3 zone. Senior Planner Chow said there was one project on file prior to the zoning change, which had stalled for some reason. She said the higher density applied only to R-3 parcels of 10,000 square feet or greater. She said they were looking at making changes for existing condominium projects to allow great density.

Commissioner Onken said in the R-3 zone that multi-family was a land use type that once established was hard to change due to multiple tenancies and/or multiple owners. He said that changes might allow for those R-3 parcels that were only single-family residences to develop into something completely different from anything else on the block, but he couldn't see a blanket change occurring in the R-3 at this time or in the near future.

Commissioner Combs said the Housing Element was about zoning and possibility of delivery of units and not actual delivery of units in the City. Senior Planner Chow said that the City had to demonstrate there was the capacity to produce the number of units.

Commissioner Bressler said he had the impression from talking to City staff that there was great pressure to not just zone to allow for housing to be built but for development to happen.

Commissioner Ferrick said she had served on the Housing Element committee. She said there had to be zoning for housing that was realistic enough for the State to approve. She said that did not mean that it would be built but was zoned in an area where it was feasible.

Commissioner Onken said there were notes on implementation of the Housing Element and asked if staff had any comments. Senior Planner Chow said the highlights were noted in the staff report. She said they were working on an affordable housing nexus study and collaborating with other jurisdictions in San Mateo County to do a countywide nexus study, which would give a legal basis for either changing the City's existing program or adopting something different for rental units. She said Mid-pen Housing was looking at doing a 90-unit senior housing development on the 1200 Willow Road block. She said the General Plan Update would look at traffic impact analysis guidelines, and potentially parking stalls and driveway guidelines standards to identify when those items should be further explored. Commissioner Onken said there was a mention of the overnight parking ordinance. Senior Planner Chow said the overnight parking restriction for the M2 and R-4-S was scheduled to go to the Council for consideration.

Senior Planner Chow said regarding the City's Notice of Funding Availability (NOFA) that Mid-pen was the first recipient of NOFA issued by the City. She said a second one would be issued in the summer to allow affordable housing developers to take advantage of Below Market Rate housing funds to help in creating affordable housing units.

Commissioner Kadvany asked about any progress on working with the Fire District on driveway widths. Senior Planner Chow said that was H4Q of the General Plan update and could be part of the discussion on circulation. She said this program and the others she mentioned earlier might be discussed but not necessarily defined or acted upon. Chair Eiref said he thought the driveway width was an issue he wished the City would help to ameliorate. Commissioner Kadvany said he saw the impact of this when developers purchase two 50-foot wide lots to build four units and are required to install a 20-foot driveway.

There was general consensus to move the report forward for City Council consideration.

ADJOURNMENT

Meeting adjourned at 8:40 p.m.

Staff Liaison: Thomas Rogers, Senior Planner

Recording Secretary: Brenda Bennett

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City of Menlo Park as Housing Successor for the
 former City of Menlo Park Redevelopment Agency
 701 Laurel Street, Menlo Park, CA 94025
 Telephone (650) 330-6640 www.menlopark.org

SENATE BILL 341 ANNUAL HOUSING SUCCESSOR REPORT
For the Fiscal Year ending June 30, 2014

- 1) During the fiscal year, the Low and Moderate Income Housing Asset Fund received \$178,133 in amounts deposited. It received \$171,562 for payments on housing loans and \$6,571 for interest earned on cash in fund. There are no amounts deposited for items listed on the Recognized Obligation Payment Schedule.
- 2) At June 30, 2014, the Low and Moderate Income Housing Asset Fund had a cash balance of \$361,505 and a fund balance of \$496,458. There are no amounts held for items listed on the Recognized Obligation Payment Schedule.
- 3) During the fiscal year, the fund spent \$2,022 in personnel expenditures to administer housing loans for preserving the long-term affordability of housing units.
- 4) Values as of June 30, 2014:

Real property -	\$0
Loans receivable -	<u>\$5,324,833</u>
Total -	\$5,324,833
- 5) There were no funds transferred during the fiscal year. The Low and Moderate Income Housing Asset Fund does not have any projects on the Recognized Obligation Payment Schedule and will not have any transfers into or out of the fund in the foreseeable future.
- 6) The Low and Moderate Income Housing Asset Fund does not have any projects for which the housing successor holds or receives property tax revenue pursuant to the Recognized Obligation Payment Schedule.
- 7) As of June 30, 2014, the Housing Successor does not have interests in real property acquired by the former redevelopment agency. The last remaining real property acquired by the former redevelopment agency was sold in August 2013 and the proceeds were remitted to the County of San Mateo.
- 8) As of June 30, 2014, the Housing Successor does not have any remaining obligations. Attached are the last housing activity reports from the former redevelopment agency and the former housing authority.

Senate Bill 341 Annual Housing Report, continued

- 9) With the limited funds, the Housing Successor is just providing maintenance on low and moderate income housing loans.
- 10) The former redevelopment agency area does not contain any deed-restricted senior rental housing.
- 11) As of June 30, 2014, the Low and Moderate Income Housing Fund does not have any excess surplus.

**Community Development Agency of the City of Menlo Park
FY 2010-11 Housing Activity Report for
State Controller's Office Redevelopment Agencies Financial Transactions Report**

In FY 2010-11, the Agency continued to implement projects identified in the five program areas established by the *Amended and Restated Las Pulgas Community Development Project Area Plan*. The following is a list of Agency housing-related activity according to those five program areas from July 1, 2010 through June 30, 2011:

Planning and Code Enforcement:

- Code Enforcement

Real Estate Development and Improvements:

- Habitat for Humanity/Terminal Avenue Housing Development
- Hamilton Avenue East
- Housing Rehabilitation Loans
- Emergency Repair Loans
- Landscape Grants
- Creating Affordable Housing Through Shared Housing Program
- Maintaining Affordable Housing Through Accessibility Modifications
- Increasing Access to Housing Through Fair Housing Program
- Rebuilding Together (formerly Christmas in April)
- Neighborhood Stabilization Program
- Foreclosure Prevention Program
- Neighborhood Revitalization Program

Public Infrastructure and Facilities Improvements: N/A

Community Facilities: N/A

Policy and Miscellaneous Programs/Projects:

- Information & Referral Activities
- Housing Commission
- Legislation
- Tax-Sharing Agreements/Pass-Through to Schools, County, etc.

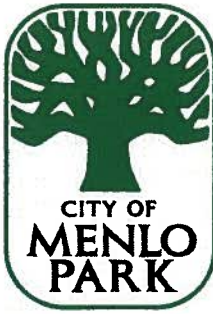
RICHARD CLINE
MAYOR

KIRSTEN KEITH
MAYOR PRO TEM

ANDREW COHEN
COUNCIL MEMBER

KELLY FERGUSSON
COUNCIL MEMBER

PETER OHTAKI
COUNCIL MEMBER



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City Manager's Office
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FAX 650.327.1653

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FAX 650.327.4314

Transportation
TEL 650.330.6770
FAX 650.327.5497

September 29, 2011

California Department of Housing and Community Development
1800 Third Street
Sacramento, CA 95811-6942

Re: Annual Report of the Menlo Park Housing Authority

The Menlo Park Housing Authority was created by an act of the City Council on February 8, 2011. At that time, the Council authorized the transfer of approximately \$2.2 million from the Menlo Park Community Development Agency Housing Set-aside Fund for use in the development of affordable housing. On March 1, 2011, City Council authorized the conveyance of a 2.1 acre development site on Hamilton Avenue to the Housing Authority. The property had been purchased with Housing Set-aside funding in 2001. On April 5, 2011, Council authorized a transfer of \$3,150,333 from the Community Development Agency Non-housing Fund to the Housing Authority to reimburse the fund for the purchase of the Hamilton Avenue site. The ownership of the site, however, remains with the Housing Authority.

At the end of fiscal year 2010-2011, the cash balance (unaudited) in the Housing Authority Fund (Fund 863) was \$5,468,608.39. The fund balance (unaudited) was \$6,054,584.89, including unrealized interest income and other unpaid receivables. The Housing Authority assets also include the development site on Hamilton Avenue, which is now the subject of a Request for Qualifications in search of a developer who would build housing on the site.

The Housing Authority has no other activities to report for FY 2010-2011.

If you have any questions, please feel free to call me at (650) 330-6724.

Respectfully,

Douglas W. Frederick, PhD
Housing Manager

Potential Housing Element Implementation Programs Zoning Ordinance Amendments

Chapter 16.79 - Secondary Dwelling Unit Ordinance

In May 2014, the City Council adopted amendments to the secondary dwelling unit ordinance. These modifications were intended to provide greater flexibility in the development regulations and the applicability within the City while still providing safeguards to protect the overall character of single-family neighborhoods.

Section 16.79.040 - Development Regulations

Implementation of Program H.4.E (Modify Secondary Dwelling Unit Development Standards and Permit Process) allowed for changes and clarifications to several development regulations, including the unit size to accommodate disabled access, minimum yards, daylight plane, and tenancy. A secondary dwelling unit, either attached to the main dwelling unit or detached, is a permitted use in all single-family residential zoning districts subject to certain requirements.

An attached secondary dwelling unit may result from conversion of a portion of the main dwelling, a new addition to the main dwelling, or the construction of an entirely new main dwelling with an attached secondary dwelling unit. The existing regulations explicitly differentiate the minimum yards requirement between attached and detached secondary dwelling units, but the text is unclear how to regulate other development standards such as daylight plane and height. Staff is proposing modifications that would be two-fold: 1) to clearly identify how to regulate attached versus detached secondary dwelling units and 2) to clearly identify how to regulate a new secondary dwelling unit addition to the main dwelling versus a conversion of a portion of main dwelling unit into a secondary dwelling unit.

Staff proposes to add language that would clarify how an attached secondary dwelling unit would be regulated in cases of a conversion versus a new addition. When an attached secondary dwelling unit is constructed new as an addition to the main dwelling unit, the new construction must comply with the setback, height and daylight plane requirements of the main dwelling unit. When a portion of the main dwelling unit is converted into a secondary dwelling unit, however, the existing conditions with respect to minimum yards, height and daylight plane would be able to remain, even if nonconforming. The nonconformity would not be allowed to be intensified or extended during the conversion process. In this situation, the secondary dwelling unit would not be considered nonconforming, but the structure would remain legal, nonconforming and would be subject to the nonconforming value calculation. Depending on the scope of work, a use permit may or may not be triggered.

Section 16.79.045 – Conversion of Accessory Buildings

New to the secondary dwelling unit ordinance in 2014 was the establishment of a conversion process for legally built and constructed accessory buildings, per Housing Element implementation program H4.F. The purpose of the program was to try to increase the housing stock by counting buildings that may effectively function like secondary dwelling units, but do not meet the technical requirements. Section 16.79.040 (d) of the Zoning Ordinance indicates that the accessory building must meet all of the development regulations of the secondary dwelling unit ordinance with the exception of minimum yards. Staff recognizes that other development factors, such as daylight plane and height, could also potentially be “grandfathered” to help facilitate conversions that might otherwise not qualify and/or limit the amount of structural work to an existing building. The potential change would be comparable to the potential changes to the secondary dwelling unit ordinance for an attached secondary dwelling unit conversion, where certain nonconformities would be able remain so long as the building was legally built and the nonconformity is not being intensified or increased.

Accessory Structures/Accessory Buildings

In May 2014, the City Council also adopted amendments to the accessory structures and accessory buildings ordinance. These changes were coupled with the modifications to the secondary dwelling unit ordinance in an effort to more clearly distinguish between accessory buildings and secondary dwelling units, more clearly define accessory buildings and accessory structures, resolve internal inconsistencies in how accessory buildings and structures is used in the Zoning Ordinance, and to reformat the section for ease of use.

Two items have been identified at this time as possible “clean-up” items. The first item relates to noise-generating pool equipment in soundproof enclosures and the second is a clarification regarding “garden features”.

Section 16.70.020 of the Zoning Ordinance states that “all sound producing equipment, such as filters, pumps and motors for such pools shall be contained in a soundproof enclosure.” The intent of the regulation was to help minimize noise and was established at a time when the City did not have an adopted Noise Ordinance. The need for a soundproof enclosure also has its limitations on where equipment can be located since the enclosure would need to comply with the development regulations of an accessory building. Staff is suggesting amending the accessory building definition to include an exception for pool equipment enclosures that meet certain criteria. The proposed change would provide greater flexibility in where sound generating pool equipment can be located while still providing assurances for noise control.

Staff is also recommending that the accessory structure definition be amended to state that an accessory structure does not include a “garden feature” to eliminate any potential ambiguity.

Chapter 16.20 - R-3 Infill Around Downtown

In 2013, the City Council adopted an ordinance to amend the R-3 (Apartment) Zoning District to implement Housing Element Program H4.A (Modify Development Standards to Encourage Additional Infill Housing) of the 2007-2014 Housing Element. The purpose of the modification was to encourage the development of infill housing in appropriate areas, where access to transit and services are in close proximity and infrastructure exists. The amendment focused on R-3 zoned lots that are 10,000 square feet or more in area and within one of three defined areas around the El Camino Real/Downtown Specific Plan area. In the select infill areas, the permitted density increased to allow up to 30 dwelling units per acre (du/ac) from a previous range of 6.2 du/ac to 18.5 du/ac (depending on total lot area), and the maximum floor area ratio (FAR) increased from 45 percent to 75 percent. However, the floor area ratio correlates to the density decrease on an even gradient from 75 percent for a 30 du/ac project to a 35 percent for a 13.1 du/ac project.

Since the ordinance adoption, there have been no applications for new development within the R-3 infill area. One application, which remains on hold, was on file prior to ordinance adoption and will need to comply with the new regulations if the project moves forward. Staff has received a number of inquiries about what could be built on property within the infill area, which has led to staff identifying the need for two clarifications to the ordinance discussed below.

As discussed above, the R-3 Infill Area FAR allowance is designed on a sliding scale; the higher the density, the higher the permitted FAR. However, this was implemented with the intent of discouraging developments with a few number of large units. When this ordinance was drafted, the primary focus was on new development. This could have unintended consequences for existing multi-family residential developments located on lots that are 10,000 square feet or greater, particularly newer condo developments that are less likely to comprehensively redevelop. Staff has come across an instance where a homeowner within of condo development would like to expand a unit. While the development was approved with less FAR than the 45 percent maximum permitted at the time, the current FAR exceeds what is permitted today given the sliding scale regulation. Staff believes that it would be appropriate to create a provision in the R-3 infill regulations that would allow condo developments approved prior to May 2013 and under the maximum FAR at the time of approval to increase the gross floor area up to a specified maximum amount or up to the previously permitted FAR in the Zoning Ordinance, subject to use permit and architectural control approval.

Staff is also reviewing the relationship between the densities and permitted FAR. The second potential revision to the R-3 Infill ordinance would be to better align the permitted densities with the sliding FAR scale. Because of rounding, the minimum density for a project would likely be higher than 13.1 du/ac and the maximum density would likely result in something less than 30 du/ac. The potential amendments to the ordinance would not increase the maximum density or FAR currently allowed.

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