



REGULAR MEETING AGENDA

Date: 1/12/2021
Time: 5:00 p.m.
Location: Joinwebinar.com – ID# 375-714-811

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

On March 19, 2020, the Governor ordered a statewide stay-at-home order calling on all individuals living in the State of California to stay at home or at their place of residence to slow the spread of the COVID-19 virus. Additionally, the Governor has temporarily suspended certain requirements of the Brown Act. For the duration of the shelter in place order, the following public meeting protocols will apply.

Teleconference meeting: All members of the City Council, city staff, applicants, and members of the public will be participating by teleconference. To promote social distancing while allowing essential governmental functions to continue, the Governor has temporarily waived portions of the open meetings act and rules pertaining to teleconference meetings. This meeting is conducted in compliance with the Governor Executive Order N-25-20 issued March 12, 2020, and supplemental Executive Order N-29-20 issued March 17, 2020.

- How to participate in the meeting
 - Submit a written comment online:
menlopark.org/publiccommentJanuary12*
 - Record a comment or request a call-back when an agenda topic is under consideration:
 Dial 650-474-5071*
 - Access the regular meeting real-time online at:
joinwebinar.com – Regular Meeting ID 375-714-811
 - Access the regular meeting real-time via telephone (listen only mode) at:
 (415) 930-5321
 Regular Meeting ID 861-863-885 (# – no audio pin)
 *Written and recorded public comments and call-back requests are accepted up to 1-hour before the meeting start time. Written and recorded messages are provided to the City Council at the appropriate time in their meeting. Recorded messages may be transcribed using a voice-to-text tool.
- Watch regular meeting:
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Regular Session (Joinwebinar.com – ID# 375-714-811)

A. Call To Order

B. Roll Call

C. Public Comment

Under “Public Comment,” the public may address the City Council on any subject not listed on the agenda. Each speaker may address the City 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 City Council cannot act on items not listed on the agenda and, therefore, the City Council cannot respond to non-agenda issues brought up under public comment other than to provide general information.

[Web form public comment received on item C.](#)

D. Consent Calendar

- D1. Accept the City Council meeting minutes for November 23, 2020, December 8, 9, 11, and 15, 2020 ([Attachment](#))
- D2. Waive second reading and adopt Ordinance No. 1074 amending Ordinance No. 924, modifying the City Council’s regular meeting schedule ([Staff Report #21-002-CC](#))
- D3. Receive the comprehensive annual financial report for the fiscal year ended June 30, 2020 ([Staff Report #21-003-CC](#))
- D4. Amend the agreement with Golder Associates, Inc. for the design of the Bedwell Bayfront Park landfill leachate and gas collection and control systems improvements ([Staff Report #21-005-CC](#))
- D5. Authorize the Mayor to sign the City’s response to the San Mateo County’s grand jury report: “Second Units: Adding New Housing In The Neighborhoods” ([Staff Report #21-004-CC](#))

E. Public Hearing

- E1. Consideration of the final approvals for the Menlo Park Community Campus project located at 100-110 Terminal Avenue ([Staff Report #21-011-CC](#)) ([Informe de Personal #21-011-CC](#)) ([Presentation](#))

F. Recess

G. Regular Business

- G1. Amend the fiscal year 2020-21 budget and authorize the city manager to waive bid requirements and increase award authority for specified projects ([Staff Report #21-006-CC](#)) ([Presentation](#))
- G2. Provide direction on the annual goal/priority setting process ([Staff Report #21-007-CC](#)) ([Presentation](#))

[Web form public comment received on item G2.](#)

- G3. Authorize the city manager to accept the grant deed for 555 Hamilton Avenue, execute all documents necessary to complete the purchase and approve the appropriation of below market rate housing funds not to exceed \$525,500 to purchase and retain the property in the below market rate housing program ([Staff Report #21-010-CC](#))
- G4. Approve a budget amendment of \$15,000 in below market rate housing funds and authorize the city manager to execute an agreement with HouseKeys Inc. to provide below market rate housing program administration services ([Staff Report #21-009-CC](#))
- G5. Adopt Resolution No. 6606 authorizing transfers and sales to adjoining property owners of vacated alley currently owned by the Successor Agency to the now dissolved Menlo Park Community Development Agency ([Staff Report #21-008-CC](#))

H. Informational Items

- H1. City Council agenda topics: January 2021 to February 2021 ([Staff Report #21-001-CC](#))

[Web form public comment received on item H1.](#)

I. City Manager's Report

J. City Councilmember Reports

K. Adjournment

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 any matters of public interest not listed on the agenda, members of the public have the right to directly address the Council on any item listed on the agenda at a time designated by the chair, either before or during the City Council's consideration of the item.

At every special meeting of the City Council, members of the public have the right to directly address the City Council on any item listed on the agenda at a time designated by the chair, either before or during consideration of the item. For appeal hearings, appellant and applicant shall each have 10 minutes for presentations.

If you challenge any of the items listed on this agenda in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Menlo Park at, or prior to, the public hearing. Any writing that is distributed to a majority of the City Council by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available by request by emailing the city clerk at jaherren@menlopark.org. Persons with disabilities, who require auxiliary aids or services in attending or participating in City Council meetings, may call the City Clerk's Office at 650-330-6620.

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at menlopark.org/agenda and can receive

email notification of agenda and staff report postings by subscribing to the "Notify Me" service at menlopark.org/notifyme.
Agendas and staff reports may also be obtained by contacting City Clerk at 650-330-6620. (Posted: 1/7/2021)



SPECIAL MEETING MINUTES – DRAFT

Date: 11/23/2020
Time: 3:00 p.m.
Location: Teleconference (Closed Session)
Joinwebinar.com – ID# 863-956-843 (Special Meeting)

Closed Session (Teleconference)

A. Call To Order

Mayor Taylor called the meeting to order at 3:05 p.m.

B. Roll Call

Present: Carlton, Combs, Mueller, Nash, Taylor
Absent: None
Staff: City Manager Starla Jerome-Robinson, Interim City Attorney Cara Silver, Assistant City Manager Nick Pegueros

C. Closed Session

C1. Threat to Public Services or Facilities (Government Code § 54957)

Consultation with: City of Menlo Park Director of Emergency Services and Interim City Attorney

C2. Closed session conference with labor negotiators pursuant to Government Code §54957.6 regarding labor negotiations with the American Federation of State, County, and Municipal Employees Local 829 (AFSCME) and Confidential employees; Service Employees International Union Local 521 (SEIU); Menlo Park Police Sergeants Association (PSA); Menlo Park Police Officers' Association (POA); and Unrepresented Management

Attendees: City Manager Starla Jerome-Robinson, Assistant City Manager Nick Pegueros, Interim City Attorney Cara Silver, Human Resources Director Theresa DellaSanta

Mayor Taylor adjourned the special meeting at 3:55 p.m.

Special Meeting (Joinwebinar.com – ID# 863-956-843)

D. Call To Order

Mayor Taylor called the meeting to order at 4:10 p.m.

E. Roll Call

Present: Carlton, Combs, Nash, Mueller, Taylor
Absent: None

Staff: City Manager Starla Jerome-Robinson, Interim City Attorney Cara Silver, City Clerk
Judi A. Herren

F. Report from Closed Session

Interim City Attorney Cara Silver reported on the San Mateo guidelines and precautions for COVID-19 and discussed the safety of the public and employees.

G. Regular Business

- G1. Request direction from City Council on whether to temporarily close City facilities and make other emergency orders to protect public from anticipated spikes in COVID-19 exposure during winter holidays

City Manager Starla Jerome-Robinson made the presentation (Attachment).

The City Council discussed the impacts of COVID-19 to the community, staff, and public. The City Council discussed the statistics reported by San Mateo County and the concerns of the upcoming holiday season. The City Council reiterated precautions including frequent hand washing and socially distancing.

H. City Manager's Report

None.

I. City Councilmember Reports

None.

J. Adjournment

Mayor Taylor adjourned the meeting at 4:22 p.m.

Judi A. Herren, City Clerk

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 - Submit a written comment online:
[menlopark.org/publiccommentNovember23*](https://menlopark.org/publiccommentNovember23)
 - Record a comment or request a call-back when an agenda topic is under consideration:
Dial 650-474-5071*
 - Access the special meeting real-time online at:
joinwebinar.com – Special Meeting ID 863-956-843
 - Access the special meeting real-time via telephone (listen only mode) at:
(213) 929-4232
Special Meeting ID 187-255-741 (# – no audio pin)
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REGULAR MEETING MINUTES – DRAFT

Date: 12/8/2020
Time: 5:00 p.m.
Location: Joinwebinar.com – ID# 589-216-979

Regular Meeting (Joinwebinar.com – ID# 589-216-979)

A. Call To Order

Mayor Taylor called the meeting to order at 4:10 p.m.

B. Roll Call

Present: Carlton, Combs, Nash, Mueller, Taylor
Absent: None
Staff: City Manager Starla Jerome-Robinson, Interim City Attorney Cara Silver, City Clerk Judi A. Herren

C. Public Comment

None.

D. Presentations and Proclamations

D1. Proclamation: Recognizing State Senator Jerry Hill (Attachment)

Mayor Taylor read the proclamation (Attachment).

Senator Jerry Hill accepted the proclamation.

D2. Presentation: Ruby Bridges Walk to School Day (Presentation)

Transportation Demand Management Coordinator Nick Yee made the presentation (Attachment).

D3. Proclamation: Recognizing Henry Pemberton Organ (Attachment)

Mayor Taylor read the proclamation (Attachment).

E. Consent Calendar

E1. Accept the City Council meeting minutes for November 10, 11, and 17, 2020 (Attachment)

E2. Authorize the city manager to execute a new funding agreement with the Bohannon Development Company for the Chrysler stormwater pump station and adopt Resolution No. 6601 terminating the previous 2017 funding agreement (Staff Report #20-259-CC)

E3. Authorize the Mayor to sign the City’s response to San Mateo County’s 2019-20 civil grand jury report: “Ransomware: It is not enough to think that you are protected” (Staff Report #20-256-CC)

- E4. Authorize the city manager to terminate a power purchase agreement with Cupertino Electric (Staff Report #20-260-CC)

The City Council discussed options for the outdated solar panels.

- E5. Authorize the city manager to execute a contract amendment with Hello Housing for the administration of below market rate housing programs and loan servicing not to exceed \$145,000 and extend the term of the agreement through January 31, 2021 (Staff Report #20-257-CC)

ACTION: Motion and second (Mueller/ Carlton), to approve the consent calendar, passed unanimously.

F. Public Hearing

- F1. Conduct rate protest hearing and adopt Resolution No. 6603 to increase solid waste rates for 2021, 2022, 2023, 2024 and 2025 and encumber up to \$1.5 million in the solid waste fund to smooth customer rate increases over the five-year period (Staff Report #20-264-CC) (Presentation)

Sustainability Manager Rebecca Lucky made the presentation (Attachment).

Mayor Taylor opened the public hearing.

- Stephen Kerman spoke in support of lower rates for customers with limited income and usage.

Mayor Taylor closed the public hearing.

The City Council discussed rates and tiers.

ACTION: Motion and second (Nash/ Carlton), to adopt Resolution No. 6603 to increase solid waste rates for 2021, 2022, 2023, 2024 and 2025 and encumber up to \$1.5 million in the solid waste fund to smooth customer rate increases over the five-year period, passed unanimously.

G. Regular Business

- G1. Adopt Resolution No. 6605 authorizing implementation of a pilot program between January 1, 2021 and June 30, 2021 to provide financial relief on residents' solid waste and water bills and appropriate \$164,000 from general fund (Staff Report #20-265-CC) (Presentation)

Sustainability Specialist Joanna Chen made the presentation (Attachment).

The City Council received clarification on percentage and fixed rate options. The City Council discussed discounts based on container size and on providing additional funding to a third party to assist residents with the cost of utilities to alleviate City administrative costs.

ACTION: Motion and second (Mueller/ Carlton), to adopt Resolution No. 6605 authorizing implementation on pilot program Option No. 1 between January 1, 2021 and June 30, 2021 to provide financial relief on residents' solid waste and water bills, appropriate \$164,000 from the general fund, and provide regular updates to the City Council on the program, passed 4-1 (Nash dissenting).

The City Council took a break at 6:57 p.m.

The City Council reconvened at 7:25 p.m.

- G2. 1) Authorize the city manager to enter into a funding agreement with Real Social Good Investments, LLC 2) adopt Resolution No. 6603 to establish no parking zones on Laurel Street; and 3) approve installation of “No right turn on red when bicycles are present” signs (Staff Report #20-263-CC) (Presentation)

Associate Transportation Engineer Rene Baile made the presentation (Attachment).

- Katie Behroozi spoke in support of alternative No. 1
- Kim Novella spoke in opposition of the project.
- Adina Levin spoke in opposition of alternative No. 2.

The City Council discussed impacts to organizations that are effected by the removal of parking, public outreach, and bike lanes. The City Council received clarification on the time sensitivity of project and option of returning to the Complete Streets Commission.

ACTION: Motion and second (Mueller/ Combs), to 1) authorize the city manager to enter into a funding agreement with Real Social Good Investments, LLC 2) adopt Resolution No. 6603 to establish no parking zones on Laurel Street; and 3) approve installation of “No right turn on red when bicycles are present” signs Alternative No 1., passed unanimously.

- G3. Adopt Resolution No. 6602 approving the City Council Community Funding Subcommittee’s recommendations regarding the 2020-21 community funding allocation and amending the fiscal year 2020-21 budget (Staff Report #20-261-CC)

Assistant Administrative Services Director Dan Jacobson made the presentation (Attachment).

The City Council discussed City Councilmembers serving and volunteering on various organizations that are on the funding list. The City Council received clarification on how funding was distributed amongst the applicants.

ACTION: Motion and second (Combs/ Carlton), to adopt Resolution No. 6602 approving the City Council Community Funding Subcommittee’s recommendations regarding the 2020-21 community funding allocation and amending the fiscal year 2020-21 budget, passed unanimously.

- G4. Approve outdoor dining grant program (Staff Report #20-258-CC)

Web form public comment on item G4. (Attachment).

Assistant City Manager Nick Pegueros made the presentation.

The City Council discussed temporary verse permanent structures, funding equally across Menlo Park Districts, and specific classifications.

ACTION: Motion and second (Mueller/ Carlton), to approve outdoor dining grant program for up to \$10,000 to include as many restaurants as possible, deemed as essential construction, removal of the full kitchen requirement, not to distribute equally to districts but understand the needs in each, preference to those who

have not received previous grants, return to city council with updates if little to no responses result to the grant in January 2021, authorize the city manager to enter into an agreement with San Mateo County Economic Development Association (SAMCEDA) and San Mateo Credit Union (SMCU) Community Fund for administering the program, and approve the SMCU Community Fund requests an administration fee of \$10,000, passed unanimously.

H. Informational Items

- H1. City Council agenda topics: December 2020 to February 2021 (Staff Report #20-255-CC)
- H2. Transmittal of the comprehensive annual financial report as of June 30, 2020 (Staff Report #20-262-CC)
- H3. Second quarter personnel update (Staff Report #20-266-CC)

I. City Manager's Report

None.

J. City Councilmember Reports

City Councilmember Carlton reported out on the opening of a new electric bicycle business in Menlo Park, the Recology coat drive, and Peninsula Clean Energy (PCE) grants for electric cars.

City Councilmember Nash reported out on the opening of a new exercise business in Menlo Park and on the amenities list subcommittee.

City Councilmember Mueller reported out on an upcoming item for City Council consideration regarding the creation of an equity stakeholders group and on the holiday tree lighting in Fremont Park and at the Onetta Harris Community Center.

Mayor Taylor reported out on the Bayfront homelessness subcommittee.

K. Adjournment

Mayor Taylor adjourned the meeting at 10:22 p.m.

Judi A. Herren, City Clerk

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- How to participate in the meeting
 - Submit a written comment online:
menlopark.org/publiccommentDecember8*
 - Record a comment or request a call-back when an agenda topic is under consideration:
Dial 650-474-5071*
 - Access the regular meeting real-time online at:
joinwebinar.com – Regular Meeting ID 589-216-979
 - Access the regular meeting real-time via telephone (listen only mode) at:
(631) 992-3221
Regular Meeting ID 832-723-150 (# – no audio pin)
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SPECIAL MEETING MINUTES – DRAFT

Date: 12/9/2020
Time: 4:00 p.m.
Location: Teleconference (Closed Session)
Joinwebinar.com – ID# 967-438-987 (Special Meeting)

Closed Session (Teleconference)

A. Call To Order

Mayor Taylor called the meeting to order at 4:26 p.m.

B. Roll Call

Present: Carlton, Mueller, Nash, Taylor
Recused: Combs
Staff: City Manager Starla Jerome-Robinson, Interim City Attorney Cara Silver

C. Closed Session

- C1. Conference with Legal Counsel – Anticipated Litigation: Significant exposure to litigation pursuant to § 54956.9(b) Number of cases – 1

No reportable actions.

Mayor Taylor adjourned the special meeting at 4:46 p.m.

Special Session (Joinwebinar.com – ID# 967-438-987)

D. Call To Order

Vice Mayor Combs called the meeting to order at 4:58 p.m.

E. Roll Call

Present: Carlton, Combs, Mueller, Nash
Absent: Taylor
Staff: City Manager Starla Jerome-Robinson, Interim City Attorney Cara Silver, City Clerk Judi Herren

F. Regular Business

- F1. City Council direction on holiday tree lighting

Web form public comment received on item F1. (Attachment).

City Councilmember Mueller introduced the item.

The City Council discussed mental health impacts to the holiday tree lighting and the encouragement to support the Downtown businesses by increasing pedestrian traffic. The City Council directed staff to publicize the lighting of holiday trees.

ACTION: Motion and second (Mueller/ Carlton), to approve the city manager to enter into an agreement for \$40,000 to light the trees at Fremont Park and the Onetta Harris Community Center and notify the public of the tree lighting, passed 3-1-1 (Nash dissenting and Taylor absent).

G. Adjournment

Vice Mayor Combs adjourned the meeting at 5:28 p.m.

Judi A. Herren, City Clerk

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

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menlopark.org/publiccommentDecember9*
 - Record a comment or request a call-back when an agenda topic is under consideration:
Dial 650-474-5071*
 - Access the special meeting real-time online at:
joinwebinar.com – Special Meeting ID 967-438-987
 - Access the regular meeting real-time via telephone (listen only mode) at:
(415) 655-0052
Special Meeting ID 586-785-188 (# – no audio pin)
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SPECIAL MEETING MINUTES – DRAFT

Date: 12/15/2020
Time: 5:00 p.m.
Location: Joinwebinar.com – ID# 959-575-707

Special Session (Joinwebinar.com – ID# 959-575-707)

A. Call To Order

Mayor Taylor called the meeting to order at 5:07 p.m.

B. Roll Call

Present: Carlton, Combs, Mueller, Nash, Taylor
Absent: None
Staff: City Manager Starla Jerome-Robinson, Interim City Attorney Cara Silver, City Clerk Judi A. Herren

Presentations and Proclamations

State of the City

Mayor Taylor made the presentation.

C. Consent Calendar

- C1. Transmittal of the annual report on the status of the transportation impact, storm drainage, recreation in-lieu, below market rate housing in-lieu, and construction impact fees collected as of June 30, 2020 (Staff Report #20-254-CC)
- C2. Adopt Resolution No. 6579 declaring the canvass of votes cast and results of the General Municipal Election held in the City of Menlo Park November 3, 2020 (Staff Report #20-267-CC)

ACTION: Motion and second (Carlton/ Nash), to approved the consent calendar, passed unanimously.

D. Regular Business

- D1. Recognition of outgoing City Councilmember
 - Pamela Jones spoke in appreciation of City Councilmember Carlton’s service to the City.
 - Ragnda Karajah spoke in appreciation of City Councilmember Carlton’s service to the City.
 - Lynne Bramlett spoke in appreciation of City Councilmember Carlton’s service to the City.
 - Assemblymember Marc Berman spoke in appreciation of City Councilmember Carlton’s service to the City.
 - Millbrae City Councilmember Gina Papan spoke in appreciation of City Councilmember Carlton’s service to the City.
 - Laurence Ainouz spoke in appreciation of City Councilmember Carlton’s service to the City.



Mayor Taylor read the proclamation (Attachment).

City Councilmember Carlton accepted the proclamation.

D2. Recognition of outgoing Mayor

Web form public comment received on item D2. (Attachment).

- Julie Shanson commended Mayor Taylor on her term as Mayor.
- Millbrae City Councilmember Gina Papan commended Mayor Taylor on her term as Mayor.
- Josie Gaillard commended Mayor Taylor on her term as Mayor.
- Lynne Bramlett commended Mayor Taylor on her term as Mayor.
- Café Zoe owners Zoe and Cathleen commended Mayor Taylor on her term as Mayor.
- Pamela Jones commended Mayor Taylor on her term as Mayor.

Vice Mayor Combs read the proclamation (Attachment).

Mayor Taylor accepted the proclamation.

D3. Swearing in City Councilmembers

City Clerk Judi A. Herren introduced the item.

Gabe, Naomi, and Johan Wolosin administered the oath of office to City Councilmember Wolosin.

Kristen Shima, Max and Elle Mueller administered the oath of office to City Councilmember Mueller.

D4. Selection of the 2021 Mayor and Vice Mayor (Staff Report #20-268-CC)

City Clerk Judi A. Herren introduced the item.

ACTION: Motion and second (Taylor/ Wolosin), to appoint Drew Combs as Mayor, passed unanimously.

ACTION: Motion and second (Mueller/ Wolosin), to appoint Betsy Nash as Vice Mayor, passed unanimously.

D5. Appoint City Council representatives and alternates to various local and regional agencies and as liaisons and members to City Council advisory bodies (Staff Report #20-271-CC)

City Clerk Judi A. Herren introduced the item.

The City Council discussed the Bay Area Water Supply and Conservation Agency (BAWSCA) term limited to currently appointed City Councilmembers.

ACTION: Motion and second (Nash/ Taylor), to make appointments as representatives and alternates to various local and regional agencies and as liaisons and members to City Council advisory bodies, passed unanimously (Attachment).

- D6. Appoint City Councilmembers to various standing and ad hoc subcommittees, disband inactive ad hoc subcommittees, and direct a review of ad hoc subcommittee objectives and estimated duration (Staff Report #20-272-CC)

City Clerk Judi A. Herren introduced the item.

ACTION: Motion and second (Wolosin/ Combs), to make appointments to various standing and ad hoc subcommittees, disband inactive ad hoc subcommittees, and direct a review of ad hoc subcommittee objectives and estimated duration, passed unanimously (Attachment).

- D7. Provide direction to the City's voting delegate regarding regional vacancies for the next City Selection Committee meeting December 18, 2020 (Staff Report #20-269-CC)

City Clerk Judi A. Herren introduced the item.

ACTION: Motion and second (Mueller/ Nash), to select Mayor Combs as the City's voting delegate regarding regional vacancies for the next City Selection Committee meeting December 18, 2020, passed unanimously.

- D8. Introduction and first reading of Ordinance No. 1074 amending Ordinance No. 924, modifying the City Council's regular meeting schedule and adoption of 2021 City Council meeting schedule (Staff Report #20-270-CC)

Interim City Attorney Cara Silver introduced the item.

The City Council discussed the proposed meeting calendar and directed staff to retain the April 13, 2021 meeting and remove the April 20, July 27, and August 10, 2021 meetings. The City Council also requested that breaks and closed session times be agendized.

ACTION: Motion and second (Nash/ Taylor), to introduce and complete the first reading of Ordinance No. 1074 amending Ordinance No. 924, modifying the City Council's regular meeting schedule and adoption of 2021 City Council meeting schedule, passed unanimously.

E. City Manager's Report

City Manager Starla Jerome-Robinson reported on relaxed parking enforcement from December 12, 2020 through January 4, 2021, the upcoming Youth Advisory Commission meeting on December 17, and the opening of the police chief recruitment.

F. City Councilmember Reports

City Councilmember Wolosin reported on the exciting transition from a member of the public to a City Councilmember.

G. Adjournment

Mayor Combs adjourned the meeting at 7:59 p.m.

Judi A. Herren, City Clerk

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

On March 19, 2020, the Governor ordered a statewide stay-at-home order calling on all individuals living in the State of California to stay at home or at their place of residence to slow the spread of the COVID-19 virus. Additionally, the Governor has temporarily suspended certain requirements of the Brown Act. For the duration of the shelter in place order, the following public meeting protocols will apply.

Teleconference meeting: All members of the City Council, city staff, applicants, and members of the public will be participating by teleconference. To promote social distancing while allowing essential governmental functions to continue, the Governor has temporarily waived portions of the open meetings act and rules pertaining to teleconference meetings. This meeting is conducted in compliance with the Governor Executive Order N-25-20 issued March 12, 2020, and supplemental Executive Order N-29-20 issued March 17, 2020.

- How to participate in the meeting
 - Submit a written comment online:
menlopark.org/publiccommentDecember15*
 - Record a comment or request a call-back when an agenda topic is under consideration:
Dial 650-474-5071*
 - Access the special meeting real-time online at:
joinwebinar.com – Special Meeting ID 959-575-707
 - Access the special meeting real-time via telephone (listen only mode) at:
(562) 247-8422
Special Meeting ID 212-231-354 (# – no audio pin)
(563) Written and recorded public comments and call-back requests are accepted up to 1-hour before the meeting start time. Written and recorded messages are provided to the City Council at the appropriate time in their meeting. Recorded messages may be transcribed using a voice-to-text tool.
- Watch special meeting:
 - Cable television subscriber in Menlo Park, East Palo Alto, Atherton, and Palo Alto:
Channel 26
 - Online:
menlopark.org/streaming

Note: City Council closed sessions are not broadcast online or on television and public participation is limited to the beginning of closed session.

Subject to Change: Given the current public health emergency and the rapidly evolving federal, state, county and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting the City's website www.menlopark.org. The instructions for logging on to the webinar and/or the access code is subject to change. If you have difficulty accessing the webinar, please check the latest online edition of the posted agenda for updated information (menlopark.org/agenda).

According to City Council policy, all meetings of the City Council are to end by midnight unless there is a super majority vote taken by 11:00 p.m. to extend the meeting and identify the items to be considered after 11:00 p.m.



STAFF REPORT

City Council
Meeting Date: 1/12/2021
Staff Report Number: 21-002-CC

Consent Calendar: **Waive second reading and adopt Ordinance No. 1074 amending Ordinance No. 924, modifying the City Council's regular meeting schedule**

Recommendation

Staff recommends that the City Council waive the second reading and adopt Ordinance No. 1074 (Attachment A) amending Ordinance No. 924 (redline version Attachment B), modifying the City Council's regular meeting schedule.

Policy Issues

State law requires two City Council actions, a first reading and second reading, to amend or add to a city's municipal code.

Background

On December 15, 2020, the City Council unanimously voted to introduce Ordinance No. 1074. This ordinance codifies the City Council's current practice of conducting regular meetings on the second and fourth Tuesday of every month with a 5:00 P.M. start time. Having a predictable meeting schedule makes it easier for the public to attend and makes scheduling of other city and regional commission meetings more convenient for city council, staff and the public.

Analysis

An ordinance requires two readings before it can be adopted. This meeting constitutes the second reading of the ordinance.

At the December 15 meeting the City Council also adopted a 2021 meeting schedule which made slight adjustments to the regular meetings to account for holidays and summer break. As the adopted meeting schedule was modified slightly from the schedule attached to the December 15 agenda packet, the updated schedule is also attached to this agenda item as Attachment C.

Impact on City Resources

There is no impact on City resources.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72

hours prior to the meeting.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it is a minor change that will not result in any direct or indirect physical change in the environment.

Attachments

- A. Ordinance No. 1074
- B. Redline – Ordinance No. 924
- C. 2021 adopted schedule

Report prepared by:
Judi A. Herren, City Clerk

Report reviewed by:
Cara Silver, Interim City Attorney

ORDINANCE NO. 1074

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF
MENLO PARK AMENDING SECTION 2.04.010 OF
CHAPTER 2.04 (CITY COUNCIL) OF TITLE 2
(ADMINISTRATION AND PERSONNEL) OF THE MENLO
PARK MUNICIPAL CODE**

WHEREAS, the City of Menlo Park ("City") wishes to change the time when the City Council holds its regularly scheduled meetings and the methods for canceling a City Council meeting.

THE CITY COUNCIL OF THE CITY OF MENLO PARK DOES ORDAIN AS FOLLOWS:

SECTION 1. AMENDMENT OF CODE. Section 2.04.010 of the Menlo Park Municipal Code is amended to read as follows:

2.04.010. Regular Meetings – Days and time. **

A regular meeting of the City Council shall be held on the second and fourth Tuesday of every month commencing at five p.m., unless the City Council adopts a different schedule by resolution at the beginning of the year. A regular meeting of the City Council may be canceled (i) by notice at a prior City Council meeting, or (ii) by notice to all of the City Council members of not less than twenty-four (24) hours prior to the meeting and by posting a notice of cancellation at all locations where public notices are regularly posted by the City.

** For state law as to council meetings, see Gov. Code sections 36805 to 36808, 54950 to 65960.

SECTION 2. EFFECTIVE DATE AND PUBLISHING. This ordinance shall take effect 30 days after adoption. The city clerk shall cause publication of the ordinance within 15 days after passage in a newspaper of general circulation published and circulated in the city or, if none, the posted in at least three public places in the city. Within 15 days after the adoption of the ordinance amendment, a summary of the amendment shall be published with the names of the City Councilmembers voting for and against the amendment.

INTRODUCED on the fifteenth day of December, 2020.

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said City Council on the twelfth day of January, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

//

//

APPROVED:

Drew Combs, Mayor

ATTEST:

Judi A. Herren, City Clerk

ORDINANCE NO. ~~924XXXX~~

AN ORDINANCE OF THE COUNCIL OF THE CITY OF
 MENLO PARK AMENDING SECTION 2.04.010 OF
 CHAPTER 2.04 (CITY COUNCIL) OF TITLE 2
 (ADMINISTRATION AND PERSONNEL) OF THE MENLO
 PARK MUNICIPAL CODE

WHEREAS, the City of Menlo Park ("City") wishes to change the time when the City Council holds its regularly scheduled meetings and the methods for canceling a City Council meeting.

THE CITY COUNCIL OF THE CITY OF MENLO PARK DOES ORDAIN AS FOLLOWS:

SECTION 1. AMENDMENT OF CODE. Section 2.04.010 of the Menlo Park Municipal Code is amended to read as follows:

2.04.010. Regular Meetings – Days and time. **

A regular meeting of the City Council shall be held on ~~each the second and fourth~~ Tuesday of every month commencing at ~~seven five~~ p.m., unless the City Council adopts a different schedule by resolution at the beginning of the year. A regular meeting of the City Council may be canceled (i) by notice at a prior City Council meeting, or (ii) by notice to all of the City Council members of not less than twenty-four (24) hours prior to the meeting ~~date and by notice to the newspapers of general circulation in the City~~ and by posting a notice of cancellation at all locations where public notices are regularly posted by the City.

** For state law as to council meetings, see Gov. Code sections 36805 to 36808, 54950 to 65960.

SECTION 2. EFFECTIVE DATE AND PUBLISHING. This ordinance shall take effect 30 days after adoption. The city clerk shall cause publication of the ordinance within 15 days after passage in a newspaper of general circulation published and circulated in the city or, if none, the posted in at least three public places in the city. Within 15 days after the adoption of the ordinance amendment, a summary of the amendment shall be published with the names of the City Councilmembers voting for and against the amendment. This Ordinance shall become effective thirty (30) days after the date of its adoption. Within fifteen (15) days of its adoption it shall be posted in three (3) public places within the City of Menlo Park and the ordinance, or a summary of the ordinance prepared by the City Attorney, shall be published in a local newspaper used to publish official notices for the City of Menlo Park prior to the effective date

INTRODUCED on the ~~15th-fifteenth~~ day of ~~July~~December, ~~2003~~2020.

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said City Council on the ~~22nd~~-day of ~~July~~, ~~2003~~ by the following vote:

AYES: ~~Jellins, Duboc, Collacchi, Kinney and Winkler~~

NOES: ~~None~~

ABSENT: ~~None~~

ABSTAIN: ~~None~~

//

//

APPROVED:

Nicholas P. Jellins, Mayor

ATTEST:

Silvia M. Ponte
Judi A. Herren, City Clerk



CITY COUNCIL MEETING SCHEDULE 2021

JANUARY

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19*	20	21	22	23
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31

*Goal setting

FEBRUARY

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28						

MARCH

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APRIL

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MAY

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JUNE

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JULY

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AUGUST

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SEPTEMBER

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OCTOBER

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24	25	26	27	28	29	30

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NOVEMBER

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DECEMBER

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26	27	28	29	30	31	

City Council meetings

Note: meeting dates are subject to change

City Hall closed

Administrative Services

**STAFF REPORT****City Council****Meeting Date:****1/12/2021****Staff Report Number:****21-003-CC****Consent Calendar:****Receive the comprehensive annual financial report for the fiscal year ended June 30, 2020****Recommendation**

Staff recommends that the City Council receive and file the comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2020.

Policy Issues

The City is required to issue independently audited financial statements on an annual basis. Management is responsible for preparing the annual financial statements which are subsequently audited by an independent external auditor which reports to the City Council. This package of reports fully transmits the documents required by California State law, granting agencies and generally accepted accounting principles.

Background

Following the close of each fiscal year, the City's external auditors conduct an audit of the City's financial records and assist in the compilation of the CAFR. The paramount objective of general purpose external financial reporting is accountability. The goal of a financial statement audit is to provide reasonable assurance from an independent source that the information presented in the statements is reliable. The audit for the fiscal year ended June 30, 2020, was recently completed by Lance, Soll & Lunghard, LLP (LSL, the Auditor), Certified Public Accountants. LSL was selected by the City Council as the City's independent auditor in 2019, and this is their second year of an initial three-year engagement.

Analysis

Despite the impacts of the public health emergency brought on by the novel coronavirus in early 2020, the City of Menlo Park is in strong financial position with a total government-wide net position, as of June 30, 2020, of \$500.20 million, up 3.5 percent when compared to the prior year. In the general fund, expenditures and transfers-out exceeded revenue and transfers-in by \$0.94 million, driven largely by the economic effects of the aforementioned public health emergency. A detailed analysis of the City's financial position as of June 30, 2020, is included in the CAFR (Attachment A), specifically, in the management discussion and analysis (MD&A) which begins on Page 5 of the document.

As a result of their annual independent audit of the City's financial records and statements, the Auditor has rendered an unmodified opinion, the optimal opinion issued by independent auditors, on the City's financial statements for the fiscal year ended June 30, 2020. In their opinion, "the financial statements... present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of

Menlo Park, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

In accordance with Government auditing standards, the Auditor also identifies any deficiencies in internal control over financial reporting and provides recommendations to City management on correcting these deficiencies. The report on internal control is included in the independent auditor’s report (Attachment B.) Also attached are the Measure A report (Attachment C) and childcare report.

In their report on internal controls beginning on Page 1 of the Independent auditor’s report, the Auditor found that the City has three significant deficiencies in internal controls that could have a material impact on the accuracy of the financial statements. Management has provided a response to the finding in the report and current staffing levels as authorized in the 2020-21 budget, in addition to the ongoing initiative to replace the legacy financial accounting software system, are sufficient to address the Auditor’s findings.

Finance and Audit Committee review

The Finance and Audit Committee (FAC) held a special meeting December 17, 2020 to review the CAFR and provide perspective for the consideration of the City Council and the community. Based on review of the CAFR, the FAC identified several areas where additional context may help the public understand the financial statements. These are transmitted below, including additional explanations as applicable.

Discount rate used for pension liability calculations

Based on a prior recommendation from the FAC, the MD&A for the fiscal year ended June 30, 2020, includes a brief overview of the defined benefit pension plan offered to regular City employees through the California Public Employee Retirement System (CalPERS), included on Page 19 of the document and further explained in Note 12, pages 76-82. Based on review of the CAFR, the FAC expressed concern that the discount rate used for calculations is too high and therefore understates true pension liability. The Auditor provided the explanation that the discount rate is provided by CalPERS and would not typically be altered absent additional third-party actuarial analysis. In accordance with Governmental Accounting Standards Board (GASB) pronouncement 68, discount rate sensitivity is included in Note 12, page 81, to demonstrate liability under different discount rates. Use of a different discount rate for liability calculations would not conform to generally accepted accounting principles (GAAP.)

Solid waste fund

The FAC identified the substantial fund balance in the solid waste fund as a potential case where rates were charged in excess of cost to provide the service. The solid waste fund balance was intentionally built over several years with the expectation of smoothing solid waste rates in future years in anticipation of increased costs under the Recology contract. The City Council took action to encumber \$1.5 million of the fund balance in order to smooth rate increases for solid waste rates, which will reduce the fund balance. Finally, the revenues in the solid waste fund are not exclusively generated by fees charged to solid waste customers, and are therefore not indicative of rates in excess of costs.

Water fund

Two issues were raised by the FAC with respect to the water fund, including the increase in fund balance and the regular transfer from the water fund to the general fund. Regarding the increase in fund balance, it is typical for capital funds to have increases in fund balance in some years, then draw down those fund balances in other years as work progresses on capital projects. A recent study indicated that there was in excess of \$90 million of necessary investment in water infrastructure, so a single-year increase in fund balance does not indicate that excess rates are being charged. Rates were also reviewed with a specialist and set to the appropriate level to cover costs and comply with Propositions 218 and 26.

The second issue, of the transfer from the water fund to the general fund, was raised due to the potential similarity to the recent judgement against the City of Palo Alto for its utility operations. The City does have an annual transfer from the water fund to the general fund, but it is for the purposes of shared services provided by the general fund (recruiting, benefit administration, payroll and accounting, for instance.) This is a different nature than the basis for the Palo Alto suit. The Palo Alto lawsuit was based on the general fund charging the utility fund rent for city hall space. Menlo Park does not charge its utility rent for similar uses. That does not preclude a lawsuit, but does increase the City's likelihood of prevailing in the event of one.

Volume of information available in notes

Another item raised by the FAC was the detail included in a number of the notes to the financial statements, pages 41-90, and the materiality of some of the information included. The information included in these notes follows GASB guidance for proper financial reporting and any reduction would limit the usefulness of the CAFR for some purposes such as to investors.

Formatting and stylistic recommendations

The FAC identified a number of table formatting and stylistic changes throughout the document which may aid in the public's understanding of the CAFR. These recommendations will be incorporated into future CAFR documents.

CAFR publication and review timeline

The Government Finance Officers Association (GFOA), a professional organization, provides best practices in reporting for governmental finances, including publication timelines for financial statements. In prior years, the City has endeavored to publish and transmit the CAFR to the City Council and public in the month of December following the fiscal year ended June 30. Based on the time requirements to close the fiscal year and conduct the audit, such a timeline is not conducive to FAC review before transmittal. The FAC recommended a new review and transmittal timeline, in which the CAFR would be available for FAC review in December, published publicly no later than December 31, and transmitted to the City Council at the first business meeting the following year. As explained by the Auditor, this practice is consistent with the schedules followed by other local governmental agencies.

Impact on City Resources

There is no impact on City resources.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Hyperlink – City of Menlo Park, California CAFR for the fiscal year ended June 20, 2020:
menlopark.org/ArchiveCenter/ViewFile/Item/11900

Staff Report #: 21-003-CC

- B. Independent auditor's report on internal controls for the year ended June 30, 2020
- C. Measure A report for the year ended June 30, 2020

Report prepared by:

Dan Jacobson, Assistant Administrative Services Director

Report reviewed by:

Nick Pegueros, Assistant City Manager



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of Menlo Park, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Menlo Park, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the following deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies: 2020-001; 2020-002; 2020-003.



To the Honorable Mayor and Members of the City Council
City of Menlo Park, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lance, Solt & Lughard, LLP".

Sacramento, California
December 4, 2020



To the Honorable Mayor and Members of the City Council
City of Menlo Park, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Insurance Payable Accrual

Reference Number: 2020-001

Condition:

During our audit test work, we noted that the City did not properly accrue the full General Liability Insurance Payable. As a result, a significant journal entry had to be posted to correct this error in the amount of \$537,864.

Criteria:

The City Should ensure that all liabilities are properly recorded in the financial statements.

Cause of Condition:

The cause of this condition resulted from time constraints on the review process of the year end journal entries.

Effect or Potential Effect of Condition:

This condition caused the City to underreport liabilities which it is obligated, by a total of \$537,864.

Recommendation:

We recommend that the City improve its procedures over the review of liabilities to ensure that all obligations are fully reported.

Management's Response and Corrective Action:

The City agrees with this finding. The City will develop a checklist of recurring, infrequent activities, including year-end liability accruals, in order to ensure that necessary entries are planned and made.

Various Adjusting Journal Entries

Reference Number: 2020-002

Condition:

During our audit test work, we noted that the City did not properly record all journal entries in the final general ledger provided. As a result, various correcting or reclassing entries needed to be made to reflect a correct account balance.

Criteria:

The City should ensure that all journal entries have been posted to the general ledger during the fiscal year end close.

Cause of Condition:

The cause of this condition resulted from time constraints on the review process of the year end journal entries.

Effect or Potential Effect of Condition:

Without all journal entries posted, the financial statements will not accurately reflect the position of the City.

Recommendation:

We Recommend that the City improve its procedures over the review of journal entries to ensure that all entries are posted to the general ledger.

Management's Response and Corrective Action:

The City agrees with this finding. The City is in the process of implementing a new financial accounting software with advanced capabilities to maintain journal entries natively, rather than relying on scripted entries from external systems. This system will help staff ensure that all necessary adjustments are tracked and entered

Duplicate Water Service Charge

Reference Number: 2020-003

Condition:

During our audit test work, we noted a duplicate service charge between the General Fund and the Water fund of \$120,411. As a result, the City needed to provide a correcting entry to reflect the true account balance.

Criteria:

The City should ensure that no duplicate journal entries have been posted to the general ledger during the fiscal year.

Cause of Condition:

The cause of this condition resulted from an incomplete review process of journal entries.

Effect or Potential Effect of Condition:

With duplicate journal entries posted, the financial statements will not accurately reflect the position of the City.

Recommendation:

We Recommend that the City improve its procedures over the review of journal entries to ensure that no duplicate entries are posted to the general ledger.

Management's Response and Corrective Action:

The City agrees with this finding. As with the prior finding, the City is in the process of implementing a new financial accounting software which will better track entries. Internal service charges will be recurring and automated, limiting the opportunity for duplicate entries.

CITY OF MENLO PARK
MEASURE A TRANSPORTATION FUND

INDEPENDENT ACCOUNTANTS'
REPORT ON SCHEDULE OF
RECEIPTS AND DISBURSEMENTS

FOR FISCAL YEAR ENDED JUNE 30, 2020

CITY OF MENLO PARK
MEASURE A TRANSPORTATION FUND

INDEPENDENT ACCOUNTANTS'
REPORT ON SCHEDULE OF
RECEIPTS AND DISBURSEMENTS

FOR FISCAL YEAR ENDED JUNE 30, 2020

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Management Report on Compliance with the Agreement for Distribution of San Mateo County.....	3
Measure A Funds for Local Transportation Purposes	



INDEPENDENT ACCOUNTANTS' REPORT

To the Honorable Mayor and Members of the City Council
City of Menlo Park, California

We have examined management's assertion, included in the accompanying Management's Report on Compliance with the *Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes* (Agreement) between the City of Menlo Park (City) and the San Mateo County Transportation Authority entered into on June 19, 1989, which was extended on January 20, 2009, that the City complied with the requirements of the Agreement during the year ended June 30, 2020. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's assertion on the City's compliance based upon our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the City's compliance with specified requirements.

In our opinion, management's assertion that the City complied with the aforementioned requirements for the fiscal year ended June 30, 2020, is, in all material respects, fairly stated.

A handwritten signature in black ink that reads "Lance, Soll & Lunghard, LLP".

Sacramento, California
December 4, 2020

CITY OF MENLO PARK MEASURE A TRANSPORTATION FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Receipts:

Sales and Use Taxes	\$	914,964
Other Governmental		87,026
Interest Income		31,774
		<hr/>
Total receipts	\$	1,033,764

Disbursements:

Multi-modal management	\$	130
Streets		1,148,199
Transportation demand management program		635,634
		<hr/>
Total disbursements	\$	1,783,963
Receipts under disbursements	\$	(750,199)



November 23, 2020

San Mateo County Transportation Authority
120 San Carlos Avenue
San Carlos, CA 94070

RE: Management's Report on Compliance with the Agreement for Distribution of San Mateo County Measure

Dear San Mateo County Transportation Authority:

The City of Menlo Park (the "City") is responsible for complying with the Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes (the "Agreement") between the City and the San Mateo County Transportation Authority entered into on August 18, 1989, and amended on June 17, 2009. The Agreement states that in return for receiving an annual allocation of a specified portion of the retail transaction and use tax approved by Measure A – San Mateo County Expenditure Plan (the "Measure"), the City, in use of these funds, shall "refrain from substituting funds provided to it pursuant to this Agreement for property tax funds which are currently being used to fund existing local transportation programs and limit the use of said funds to the improvement of local transportation, including streets and road improvements."

With respect to compliance with the Agreement, management attests to the following for the year ended June 30, 2020:

- Management is responsible for establishing and maintaining effective internal controls with respect to compliance with the Agreement;
- Management is responsible for complying with the Agreement;
- Management has evaluated the City's compliance with requirements of the Agreement; and
- All transactions, as summarized in the attached Schedule of Receipts and Distributions for the fiscal year ended June 30, 2020, are in compliance with the Agreement.

If you have any questions, please contact Patricia Barboza, Senior Accountant, at 650-330-6632 or POBarboza@menlopark.org.

Sincerely,

DocuSigned by:
Nick Pegueros
7A264995A264408...

Nick Pegueros
Assistant City Manager



STAFF REPORT

City Council

Meeting Date:

1/12/2021

Staff Report Number:

21-005-CC

Consent Calendar:

Amend the agreement with Golder Associates, Inc. for the design of the Bedwell Bayfront Park landfill leachate and gas collection and control systems improvements

Recommendation

Staff recommends that the City Council authorize the city manager to amend the agreement with Golder Associates, Inc. (Golder) for the design of the Bedwell Bayfront Park Landfill leachate and gas collection system improvements in the amount of \$323,304 with an additional \$35,000 for contingency for a total not-to-exceed amendment amount of \$358,304.

Policy Issues

The agreement is consistent with Goal LU-7 (land use) of the general plan land use element which is intended to “promote the implementation and maintenance of sustainable development, facilities and services to meet the needs of Menlo Park's residents, businesses, workers and visitors.”

Background

Landfill history

The Bedwell Bayfront Park Landfill (BBP Landfill) is a Class III non-hazardous solid waste management facility located at the north end of the City on San Francisco Bay at Bayfront Expressway and Marsh Road. The site is surrounded on three sides by the Don Edwards San Francisco Bay National Wildlife Refuge. Originally referred to as the Marsh Road Landfill, San Mateo County first established solid waste operations at the site in 1957. In 1968, the City of Menlo Park (City) took over the responsibility of the landfill until its closure in 1984. In 1982, the City began the development of Bedwell Bayfront Park on the 160-acre site, of which the landfill covers 155 acres.

The critical aspect of maintaining the closed landfill includes managing the gases that are produced as the waste decomposes (primarily methane) and the water that infiltrates the refuse (known as leachate.) The BBP Landfill typically generates about 127 million standard cubic feet of landfill gas a year. About 3.5 million gallons of leachate are extracted from the landfill and discharged to the sanitary sewer annually through the systems and regulatory permitting requirements described below.

Gas collection and control system

To comply with Bay Area Air Quality Management District (BAAQMD) regulatory requirements and as part of the landfill closure plan, the City covered the refuse with clay. A landfill gas wellfield was installed in two phases, with the first phase built in 1984 and the second phase in 1987. Currently, the wellfield consists of 72 gas extraction wells and a network of gas collection pipes embedded just beneath the surface of the landfill cap. During that time, the City awarded a gas lease to Fortistar, a contract operator, to build, maintain and operate a gas-to-energy plant near the far end of the park. Internal combustion engines were

used to generate electricity from the landfill. The electricity was sold to Pacific Gas and Electric (PG&E.) The gas-to-energy plant was decommissioned in 2013 when the contract with PG&E expired and due to equipment wear and a decrease in landfill gas production. A new flare was built in 2013 and the landfill gas is combusted in compliance with the BAAQMD permit.

In 2016 CB&I Environmental and Infrastructure, Inc. performed an evaluation of the gas collection and control system (GCCS) at the BBP Landfill. The report is included as an appendix to the Bedwell Bayfront Park Master Plan, dated February 15, 2018 (Attachment A.) The goals of this evaluation were to:

- Locate and assess the vertical landfill gas recovery wells;
- Update the GCCS components map;
- Determine the liquid level within each recovery well;
- Determine each recovery well's overall condition;
- Incorporate site conditions by the Third Party Operator at the time (Fortistar);
- Collect and review landfill gas wellfield readings;
- Determine what improvements could be made in order to improve gas recovery operations to protect human health and the environment; and
- Evaluate the potential for a beneficial use of the GCCS.

The landfill GCCS is currently operated and maintained by APTIM Environmental and Infrastructure, Inc. (formerly CB&I) under a five-year contract awarded by the City Council in April 2017 (Attachment B.)

Leachate collection and treatment system

The City has the responsibility to monitor, collect samples and dispose of the leachate generated from the landfill. Leachate is groundwater that has migrated through landfill fill material and requires treatment through the sanitary sewer system. The monitoring system consists of seven groundwater monitoring wells, two surface water monitoring locations, six leachate wells, five piezometers, the 12 leachate extraction sumps and one leachate monitoring location at a sanitary sewer manhole.

To comply with the San Francisco Bay Regional Water Quality Control Board (RWQCB) requirements seven leachate sumps were installed in 1986 and 1987, followed by the installation of five additional extraction sumps in 1998-99. In 1991, automated submersible pumps were installed in the older sumps, which originally consisted of gravel filled trenches with horizontal perforated piping at the base. The sumps installed in 1998-99 consist of gravel filled trenches with perforated piping at the base that slope toward risers equipped with automated submersible pumps and level control. Once the leachate is captured, it is discharged to the sanitary sewer system, operated by the West Bay Sanitary District (WBSD), for conveyance to the wastewater plant for treatment, which is operated by Silicon Valley Clean Water (SVCW) (formerly the South Bayside System Authority.)

The operation and maintenance of the system is also done under the APTIM contract discussed above.

Golder agreement

In May 2019, staff issued a request for proposals (RFP) for the necessary services to design landfill gas and leachate collection systems improvements at the BBP Landfill in accordance with all regulatory requirements.

The RFP included four tasks as follows:

- Task 1 - Evaluation of the effectiveness of the existing leachate collection and GCCS
- Task 2 - Design of leachate collection and GCCS systems improvements
- Task 3 – Project management
- Task 4 – Construction administration

Staff requested that project proposers submit cost and project approach on just the evaluation phase (Task 1) and associated project management to complete the evaluation phase. The design and construction administration phase was to follow the results and recommendations from the evaluation phase.

The City received three proposals for the first phase of the project June 5, 2019. These included Golder, SCS Engineers and APTIM Environmental and Infrastructure, LLC. Staff reviewed the proposals and conducted interviews with Golder and SCS Engineers. APTIM was not interviewed as their proposal did not fully satisfy the RFP requirements.

Staff chose Golder for the work as their proposal was considered the most comprehensive of the three and their project team had the most relevant experience including work of similar scope at the Palo Alto Byxbee Park landfill. The costs of both the Golder and SCS proposals were equivalent.

On August 14, 2019, the city manager entered into a professional services agreement with Golder to conduct the evaluation phase of the project for a cost not to exceed \$56,300.

Golder submitted their phase one evaluation report July 13, 2020. A link to the report can be found as Attachment C.

Analysis

Evaluation report conclusions and recommendations

The Bedwell Bayfront Park landfill evaluation report accomplished the following objectives:

- Verification of the previous 2016 CB&I report conclusions regarding the status of the landfill gas recovery system;
- Review and analyze the recent landfill gas wellfield readings and estimate current and future productivity of the wells;
- Summarize applicable regulations and long term landfill gas collection system compliance requirements;
- Estimate life-cycle costs for implementing a technically feasible beneficial use of the landfill gas;
- Assess the performance of the existing perimeter leachate collection system and potential leachate sources; and
- Recommend cost-effective improvements required to address site compliance, and protect human health and the environment for the duration of landfill post-closure and park maintenance.

The Bedwell Bayfront Park landfill evaluation report concluded that the existing leachate collection and GCCS systems do not require major replacement or expansion of extraction capacity to meet current regulatory requirements since they have continued to comply with the current RWQCB and BAAQMD permits. However, both systems are in need of maintenance repairs and upgrades to improve long-term operability and to make park use safe, particularly on the public access trail system. On December 21, 2020 the BAAQMD issued a Notice of Violation citing two GCCS system wells that had leaks exceeding allowable methane gas limits at a November 12, 2020 site inspection. Both wells were repaired within the five day BAAQMD requirement and were found to be in compliance on the follow-up December 21 site

inspection. These well leaks verify the need to perform the system improvements recommended in the Golder report. The estimated construction value of the proposed work is approximately \$1.62 million before contingencies.

Landfill gas beneficial use

A life-cycle cost analysis was prepared for a potential power generation system at the BBP Landfill using the current landfill gas (methane) generated by waste decomposition. The cost-benefit of using a 390 kilowatt (kW) microturbine was evaluated as the most viable technology, though other systems are also described in the report (Section 7.) A model of landfill gas (LFG) generation was updated to project potential LFG methane quantity and quality constraints for fueling a beneficial use project.

Engineering estimates for a 390kW microturbine plant are approximately \$1.8 million for design and construction. As summarized in the report, it is expected that methane production will decrease over time as the waste continues to decompose. It is expected that no more than 10 years of methane production remains. Therefore, the life-cycle of a potential project was evaluated for a 10-year period. Given the current methane production, which will continue to decrease over the next 10 years, the 10-year net present value cash flows resulting from this potential project would be a negative \$1.27 million. The analysis also included sensitivity analysis to determine if revenue from carbon credits and supplemental fuel use would be able to achieve substantive improvement in the net present value of a potential gas-to-energy project. In conclusion, the energy value of the LFG methane produced by the BBP Landfill is not enough to offset the relatively high cost of developing and operating a small power generation plant at the site, even with carbon credits or other such strategies.

BBP Landfill improvements design

In September 2020, Golder submitted a proposal for the second phase of the BBP Landfill improvement project consisting of the design and construction administration of the recommended leachate and GCCS system improvements (Attachment D.)

Following is a summary the scope-of-work for the design phase of the project:

- Design Development – Golder will perform inspections and evaluations to better assess the current conditions of the leachate and landfill gas collection and control systems components.
- Conceptual Layout and Design – Golder will provide a conceptual layout of the proposed gas well and piping modifications as the basis for the design and construction of system improvements and future system operation and maintenance. Golder will also show leachate sump and piping components to be repaired on the conceptual layout.
- Construction Drawings and Specifications – Golder will develop the approved conceptual layout to bid/construction level drawings and specifications for the leachate and gas collection systems improvements. The construction drawings will also include final cover regrading and drainage improvements as required by the RWQCB permit. Any landfill surface regrading will not impact the existing trail system and Spirit Pathway. A construction cost estimate for the improvements will also be prepared.
- Regulatory Agency Liaison – Golder will work with both the RWQCB and BAAQMD during the design of the leachate and LFG improvements to meet the landfill operating permit requirements. This will include all necessary permit applications for construction of the improvements.
- Engineering Support During Bidding – Golder will provide continuing engineering support to the City during bidding.
- Construction Administration – Golder will provide construction quality assurance and construction management services to the City during construction of the leachate and LFG systems improvements.

This will include observation and documentation of contractor activities, acceptance testing of system components, response to contractor requests for information (RFIs), review of contractor change order requests, and review of contractor payment requests. Golder will also review and sign-off on contractor as-built plans.

The design phase of the project is anticipated to be completed by summer of 2021 with construction completion by summer 2022.

Impact on City Resources

The capital improvement program (CIP) budget includes the project to repair and upgrade both the GCCS and leachate collection systems at the BBP Landfill. The project currently has an available fund balance of \$4,017,997 from the landfill fund. With the recommended amendment, the Golder agreement would include a total amount of \$414,604. The estimated construction value of the proposed work is \$1,624,000 before contingencies. No additional appropriations are anticipated to complete this maintenance work at this time.

Environmental Review

This project is categorically exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15301 Existing Facilities.

Public Notice

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

Attachments

- A. Hyperlink – Bedwell Bayfront master plan: menlopark.org/1170/Bedwell-Bayfront-Park-Master-Plan
- B. Hyperlink – April 18, 2017, City Council Staff Report #17-082-CC: menlopark.org/DocumentCenter/View/13404/12---Bayfront-Park-Maintenance-Agreement?bidId=
- C. Hyperlink – Golder evaluation report: menlopark.org/DocumentCenter/View/26580/BBP-LGCS-and-Leachate-assessment-evaluation-report
- D. Golder proposal

Report prepared by:
Mike Sartor, Senior Project Manager

Reviewed by:
Chris Lamm, Assistant Public Works Director



September 21, 2020

Proposal No. CX20352179

Mike Sartor

City of Menlo Park
Department of Public Works
701 Laurel Street
Menlo Park, CA 94025

**RE: PROPOSAL FOR 2020 LFG COLLECTION SYSTEM EXPANSION DESIGN
BEDWELL BAYFRONT PARK LANDFILL**

Dear Mr. Sartor:

Golder Associates Inc. (Golder) appreciates the opportunity to submit this proposal for Phase 2 engineering services for leachate and landfill gas (LFG) collection and control system (GCCS) expansion at the Bedwell Bayfront Park (BBP) Landfill.

1.0 PROJECT UNDERSTANDING

Golder recently completed *Evaluation of Effectiveness of Existing Leachate Collection and Gas Collection and Control Systems*. The report included:

- Verifying previous evaluation conclusions regarding vertical landfill gas (LFG) collection wells, especially the severity of liquid level impacts
- Estimating current and future productivity of the LFG collection wells based on recent LFG wellfield readings
- Recommendations of cost-effective improvements required to address site compliance, and protect human health and the environment during the landfill post-closure period, and park maintenance

Key conclusions/recommendations from the report include:

- The majority of LFG collection wells may be substantially obstructed by leachate
- Available data supports that the current LFG collection declines are reasonable for a landfill of this age, although LFG collection system component effectiveness may be responsible for some of the decline
- The LFG collection system has achieved regulatory compliance despite reported system maintenance issues
- Based on historical LFG collection system data, methane generation could decline to below the current regulatory threshold (3 million Btu per hour) between 2027 and 2030 at the earliest

- Although methane generation estimates may not require continuous LFG collection and control operation, the site's use as public open space likely precludes complete shutdown of the LFG collection and control system
- Due to a lack of potential for a significant increase in LFG collection, there is no substantial benefit of a major replacement or expansion of the LFG collection system
- Short-term field pump testing of candidate dual LFG-leachate extraction wells would better assess the potential benefits of expanding the number of existing leachate collection locations
- Tidal water level changes have an effect on water levels in the leachate sumps indicating an interaction between San Francisco Bay water and leachate; although precipitation also is a significant source of leachate
- Existing leachate sumps exhibit various problems with pumps, pump motors, wiring, transducers, level sensors, and timers
- Additional inspection, maintenance repairs, and upgrades to improve long-term operability as appropriate

Because the site is used as an open space recreational facility, we understand the City wants the leachate and LFG collection and control systems to be unobtrusive and to not pose an attractive nuisance. The City of Palo Alto Landfill was mentioned as an example of what the City is looking for.

Based on our previous discussions, we have included a design development task in order to more fully assess field conditions and to inform our design work.

2.0 SCOPE OF SERVICES

Task 1 – Design Development

Golder will perform inspections and evaluations to better assess the current conditions of leachate and LFG collection and control systems components. Key design development tasks are described below.

Task 1.1 - Video Inspection of LFG Header/Lateral Pipes

We propose to video inspect up to 3,500 linear feet of LFG header/lateral pipes, depending on access, to more accurately define locations and affected pipe lengths with condensate accumulation. Sections of LFG header/lateral pipes will be selected based on suspected low spots and relative ease of access. Comparison of topographic maps will be used to identify potential low spots.

The video inspection will be performed in conjunction with potholing and pipe surveying in suspected problem areas.

The video inspection and pipe surveying results will be used to determine whether LFG header/lateral pipes should be regraded or replaced. Depending on the depth and/or damage of the LFG header/lateral pipe, it may be more cost-effective to abandon the existing pipe in place and replace the pipe at a shallower depth.

Task 1.2 - Short-Term Pumping Tests

A substantial number of LFG collection wells may be obstructed with leachate affecting the wells collection efficiency. Converting some LFG collection wells to dual leachate and LFG collection may have operational benefits. To determine the feasibility of dual leachate and LFG collection wells, we propose to perform short-term pumping tests on up to 33 candidate dual leachate and LFG collection

wells. Some of the candidate wells will be located near existing piezometers with the piezometers being used as an observation well during the pumping.

After measuring leachate levels in the wells, low-volume pumps will be used to pump leachate from the wells for approximately 60 minutes. The volume of leachate removed will be metered. Following pumping, the wells will be allowed to recharge and the time to recharge will be noted.

The pumping and recharge information will be used to determine the feasibility of dual leachate and LFG collection wells. Assuming dual wells are feasible, the well modifications to be prepared during Task 3 and 4 will include dual leachate and LFG collection wells, including piping to convey the leachate to the existing leachate piping system.

The leachate level information will be compared to the previously obtained leachate level information to determine the differences in the current leachate levels to the previous levels.

Task 1.3 - Evaluation of Leachate Sump Pumps

During the previous phase of work, nine of the twelve leachate sump pumps were found to be inoperable or unable to start manually. Golder will contract with an electrician experienced with landfill leachate sump pumps to evaluate the pumps. He will evaluate the sump pumps to determine the condition of the pumps, pump motors, and controls. Based on his evaluation, he will recommend whether the entire pump, pump motor, or controls should be replaced, or if maintenance is required.

The electrician's recommendations will be reflected in the design plans.

Task 1.4 - Evaluation of Leachate Sump Pump Electrical Wiring

While the electrician is evaluating the leachate sump pumps, he will also evaluate the sump pump wiring. The cause of a non-operating pump could be the pump wiring. The voltage and current delivery will be measured. High voltage drops or current draws could indicate damaged wiring that needs to be repaired or replaced to improve pump operation.

The electrician's recommendations will be reflected in the design plans.

Task 1.5 - Evaluation of Groundwater Monitoring Well Surface Completions

Groundwater monitoring wells are located along the landfill perimeter. We will evaluate the groundwater monitoring wells surface completions to determine if any improvements or modifications may be necessary to make the wells less noticeable or less potentially subject to damage.

Task 1 Deliverables: Technical memorandum summarizing the results of the design development tasks.

Task 2 – Regulatory Agency Liaison

The landfill is governed by regulations contained in Title 27, which is administered by the San Mateo County Health Department, Environmental Health Services Division acting as the local enforcement agency (LEA) and San Francisco Bay Regional Water Quality Control Board (RWQCB), and Title 17 and Rule 8-34 administered by the Bay Area Air Quality Management District (BAAQMD). Additionally, the landfill operates consistent with Waste Discharge Requirements contained in RWQCB Order No. 97-073 and BAAQMD Permit to Operate 17478.

Based on our review of the Permit to Operate, an Authority to Construct will be required to decommission LFG collection wells. Golder will prepare the Authority to Construct application for City review before submittal to BAAQMD. We assume any application fee will be paid by the City.

We will prepare notifications to the RWQCB of the proposed remedial grading and to the LEA of the proposed remedial grading to improve drainage and modifications to the LFG collection system.

During this task, we will review all major work items before they are initiated to determine if there are any regulatory or permit implications. If we believe there may be regulatory or permit implications, we will notify the City and incorporate any necessary modifications in the upcoming work.

Task 2 Deliverables: Draft and final Authority to Construct application, draft and final Permit to Operate application, draft and final notifications to the RWQCB and LEA

Task 3 – Conceptual Layout and Design

Task 3.1 – LFG Collection System Modifications

The proposed LFG collection system modification design includes reviewing the test results and available recent LFG collection system data to identify modification of LFG extraction well and piping locations to improve LFG collection operations throughout the landfill. Golder will complete review of the design and recent operational information provided by the City. Golder will summarize the proposed dual leachate and LFG collection well locations and piping modifications in conceptual design drawings. These drawings will be based on our review and use of the following:

- Well monitoring and surface emissions monitoring data and operator information
- Leachate levels and current effective depth of existing LFG extraction well casings
- Condensate and leachate collection and recovery system (LCRS) as-built drawings
- As-built plans of the existing GCCS and other underground facilities

Golder will provide a conceptual layout of the proposed well and piping modifications as the basis for discussion of design, construction, and operating issues with City. The conceptual layout will be based on the latest available field survey conditions. The conceptual layout will include:

- Proposed decommissioning of existing inoperable LFG extraction wells
- Proposed dual leachate and LFG collection wells with pump installation
- Compressed air supply lines and leachate discharge piping for dual wells
- Header and lateral HDPE piping replacement and realignments
- Road/bench crossing encasements (if required)
- LFG header tie-in locations and details (integrated with existing header/sub-header)
- Pipe sizes, grades, and other material notes

Task 3.2 – Leachate Extraction System Modifications

Based on the results of the design development tasks, leachate sump and piping components to be repaired or replaced will be indicated on the conceptual layout. Components to be included are:

- Sump pumps
- Pump motors
- Electrical wiring
- Transducers, level sensors, timers

- Piping

Following submittal of the conceptual layout, we propose a meeting with City staff to review the conceptual layout. The conclusions of the review meeting will be incorporated in the construction drawings.

Task 3 Deliverables: Conceptual layout, details in digital (PDF) format

Task 4 – Construction Drawings and Specifications

The scope of work for this task includes developing the approved conceptual layout to bid/construction level drawings and specifications for the leachate and LFG collection systems modifications. The drawings and specifications will be finalized to reflect review comments received from the City. We will incorporate mutually-agreed-to revisions based on two cycles of review comments to be compiled by the City.

We assume the City will provide a recent site topographic map for use in preparing the construction drawings.

Task 4.1 – Construction Drawings

Golder anticipates preparing construction drawings to include:

- Existing conditions and decommissioning plan
- Plan sheet(s) showing piping system design layouts and connection points with survey points list and other information to enable proper staking, grade checking, and construction
- Piping plan and profile sheets for LFG headers and sub-headers
- Landfill gas well and piping connection and decommissioning details, e.g. low-flow wellheads, dual extraction wellheads, orifice flow meters, well borehole seals, flexible wellhead connections, access to sound casings
- Condensate sump installation and leachate well connection details
- Pneumatic auto-pump manifolds and controls
- Upgraded air compressor, if needed
- Valve, clean-out, and vault installation details
- Sump pumps, wiring, and controls
- Leachate pipe manifolds, basket strainers, and pipe anchors
- Valved sample ports
- Leachate flow meters
- Vault clean-out, repair, regrading
- Groundwater monitoring well surface completion modifications, as needed
- Final cover regrading and drainage improvements
- Final cover restoration details, including gravel trail or paved road crossings
- Painting

City comments shall be provided as red-line markups. Golder will revise the draft construction drawings to incorporate construction phasing and one set of mutually agreed upon revisions, as provided by the City reviewers. The final construction drawings will be suitable for implementation phasing, survey staking, agency review, final material quantities estimation, and bidding and completion of construction by experienced landfill construction contractors. The final construction drawings shall be reviewed and approved by the City before issuing for bid or construction. All final Golder construction drawing sets will be signed and sealed by a California-registered engineer.

Task 4.2 – Construction Specifications

Concurrent with preparation of the construction drawings, Golder will provide draft and final technical specifications. Golder will include sole-source products and suppliers, and owner-provided materials as requested by the City. Golder anticipates providing the following specification sections (at a minimum) in Contract Specifications Institute (CSI) format:

- General Requirements
 - Measurement and Payment
 - Mobilization/Demobilization
 - Protection of Facilities and Controls, including integration of BBP requirements and conditions
 - Health and Safety
 - Equipment Testing and Start-up
- Decommissioning
- Earthwork and Trenching
- Final Cover and Landscape Restoration consistent with BBP requirements
- Landfill Gas Extraction Wells and Wellheads
- Condensate Sump and Pump
- Leachate Collection System
- Compressed Air Supply Equipment
- Piping, Valves, Sample Ports, and Vaults
- Basic Electrical Requirements

The leachate collection system construction specifications would typically include the following:

- Recommended pump size, required appurtenances, and air requirements
 - Dual LFG/leachate extraction wellhead and downhole hose, tubing or cables
 - Flow meter or air stroke counter
 - Pump connection details with fittings, isolation valves, sample ports, etc.
- Air and leachate piping material and size specifications for approved LCRS design capacities
 - Provisions for protecting buried and exposed air and leachate pipe from damage

- Pipe trenching and utility clearance information
- Trail, road, and/or pavement replacement details
- Sizing and specification of air supply compressor and appurtenances for approved LCRS design capacities
 - Air filtration and cooling equipment units
 - Electrical power supply

Task 4.3 - Engineers' Cost Opinion:

Golder will submit an engineer's cost opinion for the anticipated improvements construction. A preliminary material quantity take-off and budgetary estimate will be provided with the draft construction drawings and specification. Golder will receive and incorporate detailed City review comments on the draft deliverables as discussed above. Golder will submit the final engineers' cost opinion in both detailed material take-off and construction bid format.

Task 4 Deliverables: Construction drawings (60%, 90%, final), construction specifications (60%, 90%, final), MTO, engineer's cost estimate and bid form will be provided in digital (PDF) format, and one (1) digital copy of the drawings in AutoCAD 2019™ format will be provided.

Task 5 - Engineering Support During Bidding

Golder will provide continuing engineering support to the City during bidding. Golder's anticipated level of involvement during construction is expected to include:

- Attend pre-bid meeting
- Respond to bidder RFIs
- Prepare bid addenda, as necessary
- Review submitted bids

Task 5 Deliverables: Pre-bid meeting minutes, draft and final RFI responses, draft and final bid addenda

Task 6 – Construction Monitoring

This task consists of providing construction quality assurance (CQA) services for the leachate and LFG collection and control systems modifications. In estimating the cost for Construction Monitoring, we assumed a full-time construction monitor for the estimated 4-month construction period. If we determine that a full-time construction monitor is not required, we will reduce the monitoring time.

Golder proposes to provide the following CQA services for the project:

- Preparation of a Health and Safety Plan to address Golder staff
- Attend pre-construction meeting
- Daily observation of leachate and LFG collection and control systems modifications
- Documentation of contractor activities
- Facilitate communication between the City, construction contractor, and Golder's design team
- Observation of the completed LFG well and leachate sump modifications, and piping

- Observation of acceptance testing of dual leachate and LFG collection wells, condensate auto-pumps, and leachate sump pumps
- Preparation of a final CQA report including well installation logs and as-built survey (by others)

Task 6 Deliverables: A draft copy of the CQA report will be submitted in PDF format for the City's review within 10 working days after the as-built survey has been received. The final document will include any mutually agreed upon corrections or revisions.

Task 7 – Construction Management

During and after construction Golder will provide the following services as requested by the City:

- Golder will attend and conduct the pre-construction meeting at the site. Prior to the meeting, Golder will prepare a meeting agenda.
- Golder will review contractor submittals as required in the technical specifications for the project and recommend the City's approval or disapproval
- Golder will review and respond to contractor RFIs, as requested by the City, concerning project site conditions and clarification of the plans and specifications
- Golder will review any change orders proposed by the contractor and make recommendations to the City
- Golder will prepare any amendments to the plans or specifications required as a result of site conditions differing from what is presented or change orders
- Golder will review and provide opinions related to schedule, payments, construction progress, quantities, material suitability, and other aspects of the project construction
- Golder will review progress payment requests submitted by the contractor
- Golder will review and sign as-built plans as prepared by the contractor's surveyor
- Golder's project manager or designated staff will attend non-routine meetings to discuss the project or resolve discrepancies.
- Golder will coordinate with APTIM regarding Golder's field activities, project progress, and timing for retuning the collection system and flare

Task 7 Deliverables: Pre-construction meeting minutes, draft and final recommendations regarding contractor submittals, draft and final RFI responses, draft and final change orders, draft and final payment requests.

Task 8 – Project Management

Golder's standard project management and quality control approaches and tools are described in this section. The technical lead for this project will also provide day-to-day project and task management. Per the RFP, the Golder project manager will also coordinate and attend all meetings with the City and agencies, make periodic site visits as requested by the City, and assist with bid package preparation and QA/QC. Other typical Golder project management activities include project set-up, resource coordination, scheduling, and tracking; contracts management; and client invoicing. Golder project directors and senior technical reviewers are also senior project managers and can assist with these functions whenever requested.

Golder provides a comprehensive approach to project management services for all projects. We recognize that project success is equally dependent on effective project management and technical excellence. Golder has proposed an experienced project management team to work on this project, backed up by corporate commitment and senior management oversight to ensure the long-term

success of the work. This section describes our approach to managing the project scope, schedule, budget, and communications to comply with City benchmarks and performance standards.

Golder follows a 'no surprise' approach to project management which is based on strong project controls, reporting, and, most importantly, frequent communications and direction in all aspects of the project, led and facilitated by Golder's project manager. This communication and collaboration are vitally important to meeting the budget and schedule expectations of the City. Goals of this management approach are to submit quality products within time and budget constraints, to commit qualified staff and resources with continuity on specific tasks, to use subcontractors when and where most effective and efficient, and to use cost-effective technical approaches and recommendations. Golder will manage the various elements of the project using the following components:

- Communications
- Cost, Schedule, and Performance Benchmarks
- Subcontractor Management
- Quality Assurance/Document Control

Frequent communication between the City and the Golder project manager is essential in maintaining adherence to scope, budget, and schedule as well as quality. Golder encourages project managers to maintain frequent client contact when a question or issue must be resolved or transmitted to the client. At the client's request, and depending upon the project, Golder will often set up a weekly or bi-weekly call with the client and key team members to discuss project status and to identify potential scope, budget and schedule issues.

Cost and schedule information will be routinely communicated to the City through monthly progress reports and more frequent, informal conference calls as needed. Any schedule or budget variances, along with the corrective actions taken as a result, will be described in this monthly progress report for the month in which they occur. If variances from the project schedule or budget are identified, they will be reported to the City Project Manager and the need for corrective action will be assessed and appropriate measures taken to address the variances.

Golder anticipates utilizing and overseeing subcontractors in support of certain tasks for this project. All Golder subcontractors must meet strict HSE criteria that are updated annually to monitor compliance.

All field procedures, document control/review procedures, design and reporting, and administrative tasks are quality controlled through standardized procedures that provide for repeatable and traceable project activities. All technical work is formally reviewed by an individual of C5 level or higher, who is at least as qualified in the subject as the originator. Calculations are checked and spreadsheets verified. Reviews are documented on appropriate forms and final deliverables require the approval of the Project Director.

All Golder project management and activities first consider health, safety, and the environment (HSE). The Golder HSE policies, requirements and tools will be implemented for all BBPL project tasks. As a company, we are on a journey towards an interdependent culture built on trust, teamwork and ownership of our HSE Management System by all employees. Project directors and managers are responsible for carrying out HSE plans on our clients' projects, consistent with Golder's objectives and standards. Employees in all parts of the company are responsible for complying with HSE standards; participating in activities to improve safety and environmental sustainability; using, caring for and maintaining their personal protective equipment; and reporting hazardous and unhealthy working

conditions and incidents to their supervisor, Office Health and Safety Coordinator, Office Manager, or Region Managing Principal. All employees have the right and responsibility to refuse to perform work that they feel is unsafe.

3.0 PROJECT STAFF

Key project staff are identified below. They will be supported by other Golder staff.

Full resumes for Richard Haughey, Steve Nguyen, and Brian Gulewich are available upon request.

Richard Haughey, PE – Project Director

Rich provides project management services related to civil and environmental engineering projects in support of Golder's solid waste practice and other market sectors. He is a registered professional civil engineer with more than 45 years of experience in solid waste management, and environmental planning and permitting. His specific experience includes solid waste management planning, facility siting, design, permitting, construction, operations, closure, LFG recovery, landfill monitoring and remediation, and landfill end-use development.

Project experience that is relevant to this project includes landfill end-use development, including recreational and commercial uses; landfill gas development and utilization; and financial analysis. He has worked on projects at many bayfront landfills, including East Third Avenue Landfill, Palo Alto Landfill, Sunnyvale Landfill, Santa Clara Landfill; Highway 237 Landfill, Zanker Road Resource Recovery Operation and Landfill, and Tri-Cities Recycling and Disposal Facility. Additionally, Richard oversaw the initial closure and development of Shoreline Park in Mountain View.

Steve Nguyen, PE – Project Manager

Steve is a Professional Engineer and has provided LFG services to MSW landfills for over 17 years. His experience includes all aspects of LFG projects, including LFG migration assessment, all phases of design (preliminary through construction plans), technical specifications, permitting, CQA, GCCS installation and start-up, monitoring, and GCCS O&M. Steve also designs, operates and maintains LCRS systems, including power supplies, pumps, conveyance piping, pretreatment and storage components. He is also responsible for project management and oversight, including development and review of project scope, schedule, budgets, HSE, quality control, data analysis, personnel, and client and regulatory liaison.

Steve recently completed the design of repairs for the Neal Road Landfill LFG collection system that was significantly damaged by the Camp Fire. The repair design was similar to the BBPL project due to the need to determine what components could be utilized or repaired, and what components had to be replaced. Steve was also involved in the repair construction.

Andrew Wang, PE – Project Design

Andy has provided professional LFG and LCRS engineering services to California landfill clients for over 35 years. These services include facility assessment; siting, planning, permitting, engineering, and procurement of GCCS and LCRS; construction management and quality assurance; LFG energy utilization studies; site monitoring and characterization; and system operations and maintenance. Andy has also prepared LCRS designs for many landfills using base containment sumps, vertical extraction wells, and perimeter dewatering trenches. These LCRS designs specified both pneumatic and electrical pumping systems, typically discharging to storage tanks or a sanitary sewer connection.

Andy will support Steve Nguyen during design development, regulatory agency liaison, conceptual layout and design, and preparation of construction drawings and specifications.

Brian Gulewich, EIT – Construction Manager

Brian Gulewich is a civil engineer with experience performing project management, construction management, and construction quality assurance (CQA) services, at municipal solid waste (MSW) landfills, mine sites and power plants. General responsibilities include: landfill grading design, drainage design, construction and project oversight, CQA for geomembrane and leachate collection systems installation, in-situ nuclear density testing, concrete testing, soils sampling and soils testing. Brian has BS degrees in both civil engineering and construction management.

Kris Johnson, PG, CEG – Senior Technical Review

Kris is a geology practice leader responsible for conducting and managing hydrogeologic and engineering geologic projects for landfill, mine, and industrial sites. He is responsible for client development, project management, and communicating with regulatory agencies. He has primary expertise in regulatory compliance and water quality issues at solid waste sites, and the implementation of detection monitoring, evaluation monitoring, and corrective actions. Kris' project experience includes evaluating LFG impacts to groundwater at several MSW landfills; developing perimeter LFG migration monitoring plans for active and closed landfills, including one of the first alternative siting approvals from the regulatory agency; managing operation and maintenance (O&M) of landfill leachate extraction systems, including installation of pressure transducers to monitor leachate levels and evaluations of pumping systems to optimize leachate removal; and managing LFG extraction system operation, maintenance, and compliance reporting programs for several Northern California landfills.

Kris will provide senior technical review throughout the project.

4.0 SCHEDULE

Golder will begin work upon receiving written authorization to proceed from the City. Following the authorization to proceed, Golder will coordinate a kick-off meeting with City staff. The purpose of the kick-off meeting, in part, will be to clarify any questions concerning the scope of work and schedule.

A preliminary project schedule is attached. We assumed a mid-October start date. The design development tasks are expected to take about two months. Following the completion of the design development tasks, we would move into the conceptual layout and then the construction drawings and specifications. We anticipate going out to bid in April 2021. Assuming 4 months for construction, the leachate and LFG collection and controls systems modifications would be complete in October 2021.

5.0 BUDGET ESTIMATE

Golder proposes to complete the scope of services described above for an estimated fee of \$323,304 (see Labor and Cost Estimate table below). We will bill the City on a time and expenses basis and will not exceed our estimate without your prior approval. Our work will be performed in accordance with Golder's Professional Services Agreement (PSA) with the City (August 2019) and the 2020 rate schedule. The estimated cost and proposed scope of work are based on information available to Golder at this time. If conditions change, unforeseen circumstances are encountered, additional work is necessary, or work efforts are redirected, the budget estimate may require modification. Your written authorization will be required before any additional work is performed.

This proposal has taken into consideration certain efforts required due to the COVID-19 pandemic, but it is acknowledged that the full impacts of the COVID-19 pandemic are still not apparent. The proposed

scope of services, cost and schedule do not consider additional potential impacts caused by COVID-19, beyond what has been described in the proposal. Any adjustments required due to any additional impacts to accommodate COVID-19 related concerns (including but not limited to, additional travel restrictions, delays, economic interruption, supply chain issues, or any governmental guidance) will require an equitable adjustment in scope, schedule and cost.

LABOR AND COST ESTIMATE

Task	Task Description	Estimated Hours	Labor Cost (\$)	ODC (\$)	Estimated Cost (\$)
1	Design Development	218	29,726	40,316	70,042
2	Regulatory Agency Liaison	42	7,868	393	8,261
3	Conceptual Layout and Design	154	22,290	39,615	61,905
4	Construction Drawings and Specifications	219	36,548	1,827	38,375
5	Services During Bidding	29	4,990	250	5,240
6	Construction Monitoring	403	55,142	9,426	61,314
7	Construction Management	119	20,808	1,040	21,848
8	Project Management	293	49,092	3,972	53,064
Total Project Estimate:		1,477	\$226,464	\$96,840	\$323,304

6.0 ASSUMPTIONS AND CONTINGENCIES

The proposed scope of work and budget estimate are based on information currently accessible to Golder and on any assumptions stated above and as follows:

- Golder will coordinate field activities with and communicate project progress to APTIM
- This scope of work does not include investigation or design of flare station and related equipment.
- Design, permitting or field investigation for utility crossings or easements are not included in this scope of work.
- The cost estimate includes up to five days of a backhoe and operator to pothole existing piping.
- The cost estimate includes up to 5 days of surveyor time to provide elevations of exposed piping and other system components and design surveying. Construction surveying will be performed by a surveyor employed by the contractor.

- This project is subject to California Prevailing Wage Law and requires compliance with California Labor Code §§ 1771, 1775, 1776, 1777.5, 1813, and 1815, and Wage Determinations.
- The backhoe operator and surveyor will be subject to prevailing wage rates. Our cost estimate is based on the backhoe operator and surveyor working no more than 8 hours per day. Work in excess of 8 hours per day will be subject to overtime rates, which is not included in our estimated cost.
- The electrician will be on site for up to 80 hours to inspect and evaluate the leachate sump pumps, pump motors, controls, and wiring. It is Golder's opinion that the electrician's work would not be applicable to prevailing wage rates. If the City does not agree with this, please let us know.
- The City will provide a recent topographic base map in CAD format to be used for design.
- The estimated cost for Construction Monitoring is based on a part-time construction monitor for the estimated 4-month construction period and an average of 20 hours per week. The construction monitor will monitor work related to the landfill gas collection system and leachate collection system modifications/improvements.
- The City will perform construction monitoring related to earthwork.
- The estimated cost for Construction Management is based on an average of 4 hours per week for the estimated 4-month construction period.
- The estimated cost for Project Management is based on an average of 4 hours per week for the estimated 12 month project period plus 12 meetings.
- Any permit application fees will be paid by the City.
- Regulatory compliance correspondence is not included in this scope of work, unless otherwise stated. Golder will not communicate with regulators about this project without the prior permission of the City. We will not be responsible for any fines or taxes levied on the City for failure to comply with applicable regulations or meet compliance schedules, due to circumstances beyond our control.
- Stormwater pollution prevention and traffic control plans are not included in this scope of work.

We look forward to continuing our relationship with the City and working together on this project. If you have any questions or need additional information, please contact the undersigned.

Best Regards,

Golder Associates Inc.



Steve Nguyen, PE
Project Manager



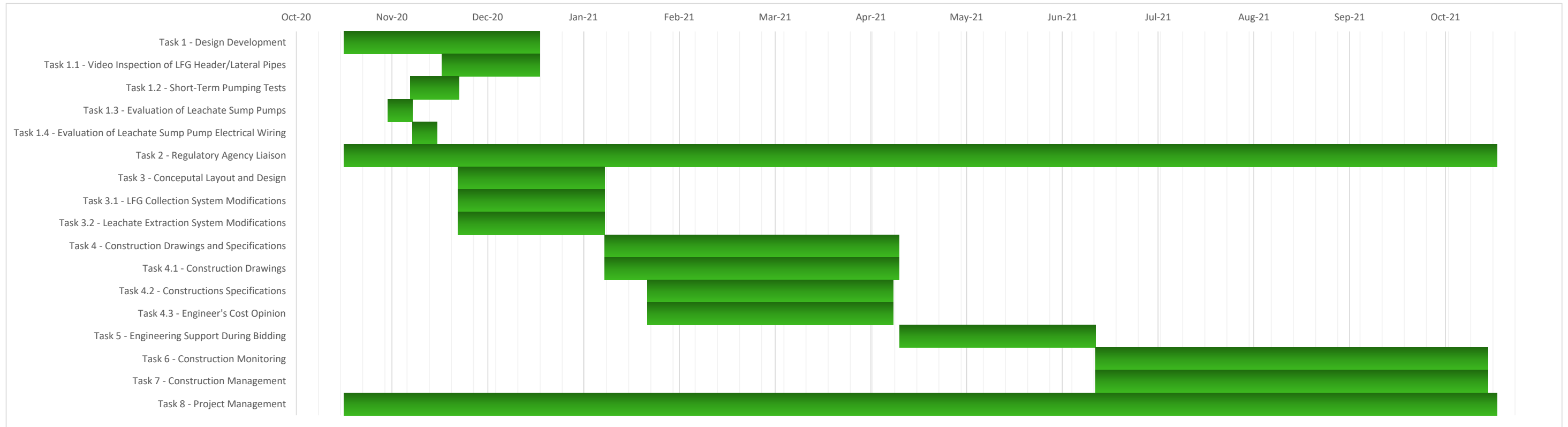
Kris Johnson, PG, CEG
Associate/Practice Leader

CC: Eric Hinkley, City of Menlo Park
Steve Nguyen, Golder Associates Inc.
Richard Haughey, Golder Associates Inc.

Attachments: Preliminary Project Schedule
2020 Professional Rate Schedule

g:\proposals\2020\cx20352179 menlo park ifg system upgrade design\bbp proposal_final_09212020.docx

Bedwell Bayfront Park Landfill Preliminary Project Schedule





Invoices from Golder include all labor charges, other direct costs, and costs associated with in-house services. Charges include only those services directly attributable to the execution of the work. Time spent when traveling in the interest of the work will be charged in accordance with the hourly rates.

Labor charges are based upon standard hourly billing rates for each category of staff. The billing rates include costs for salary, payroll taxes, insurance associated with employment, benefits (including holiday, sick leave, and vacation), administrative overheads, and profit. Rates by labor category are as follows:

ENGINEERS AND SCIENTISTS	RATE
LV1 Engineer/Scientist	\$ 109.00
LV2 Staff Engineer/Scientist	\$ 120.00
LV3 Project Engineer/Scientist	\$ 140.00
LV4 Senior Project Engineer/Scientist	\$ 156.00
LV5 Senior Engineer/Scientist	\$ 187.00
LV6 Senior Consultant	\$ 229.00
LV7 Practice/Program Leader	\$ 250.00
LV8 Senior Practice/Program Leader	\$ 270.00

TECHNICIANS	RATE
LT1 Technician	\$ 81.00
LT2 Staff Technician	\$ 114.00
LT3 Senior Staff Technician I	\$ 120.00
LT4 Senior Staff Technician II	\$ 130.00

DRAFTING/DIGITAL DESIGN	RATE	ADMINISTRATIVE SUPPORT	RATE
LD1 Draftsperson	\$ 88.00	LA1 Admin Support	\$ 73.00
LD2 Staff Draftsperson I	\$ 99.00	LA2 Staff Admin Support	\$ 83.00
LD3 Staff Draftsperson II	\$ 125.00	LA3 Senior Admin Support	\$ 98.00
LD4 Senior Staff Draftsperson	\$ 135.00		

Notes:

The above rates are subject to revision.

¹ A 5% charge will be added to the total labor fees to cover all incidental office disbursements, including production of color and b/w working documents, the production of 3 sets of drawings/documents, as well as associated communication charges (excluding satellite phones). Reproduction of additional copies and drawings/documents will be at cost plus the required time charges.

² A 10% carrying charge will be added to all other disbursements including materials, subcontractor costs, drilling or excavation services and use of external laboratory services.

³ Rates for specialist services, including but not limited to litigation support; expert witness, including time spent in depositions and the preparation and presentations of testimony; and/or senior level consultation, and priority emergency level services are available upon request.

⁴ Rates for laboratory services and use of equipment owned by Golder Associates will be provided upon request.

⁵ The rates and charges listed above exclude applicable local and federal taxes. Taxes will appear as a separate line item on each invoice.



STAFF REPORT

City Council

Meeting Date:

1/12/2021

Staff Report Number:

21-004-CC

Consent Calendar:

Authorize the Mayor to sign the City's response to the San Mateo County's grand jury report: "Second Units: Adding New Housing In The Neighborhoods"

Recommendation

Staff recommends that the City Council approve the City's response to San Mateo County's Civil grand jury report: "Second Units: Adding New Housing In The Neighborhoods" and authorize the Mayor to sign the letter.

Policy Issues

There are no policy implications as a result of the City responding to the grand jury report on second units, also known as accessory dwelling units.

Background

The San Mateo County Civil grand jury is an independent judicial body composed of 19 citizens who serve as the "watchdog for the citizens of the County." Empowered by the state judicial system, the San Mateo County grand jury is a fact-finding body who makes specific recommendations to a wide range of topics to help improve local government operations. The 2019-20 Civil grand jury issued seven final reports, all available online and included via hyperlink in Attachment A.

On October 28, 2020, the 2019-20 San Mateo County Civil grand jury issued a report titled "Second Units: Adding New Housing In The Neighborhoods," included as Attachment B. The City of Menlo Park, like other jurisdictions in the County of San Mateo, is required to submit comments on the findings and recommendations pertaining to the matters over which it has some decision-making authority within 90 days. The City Council's response to the report is due no later than January 26, 2021. Response letters must be approved by the governing body of each jurisdiction at a public meeting.

Analysis

The 2019-20 San Mateo Civil grand jury selected to explore how the County of San Mateo and its cities are supporting homeowners who are considering a new second unit on their property or upgrading a non-permitted one, in response to new State laws, which became effective January 1, 2020. The grand jury made eight findings and four recommendations in its report.

Through the 21 elements effort, City staff has collaborated with other jurisdictions in the County and the County of San Mateo to prepare a response. The 21 elements effort allows the 20 jurisdictions plus the County to partner on a regular basis to collectively address the region's housing needs through shared learning, collaboration and coordinated action. Housing remains a top priority of the City Council, and staff

will continue to regionally collaborate with 21 elements and focus on the preparation of the 2023-2031 housing element. The City of Menlo Park's response to the grand jury's findings and recommendations are included in Attachment C.

Impact on City Resources

Approving and submitting a response to the civil grand jury has no direct impact on City resources. The creation of additional second unit tools and resources will be partially funded through a SB 2 grant. On November 10, 2020, the City Council authorized \$1.5 million for the preparation of the housing element.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Hyperlink – San Mateo County Civil grand jury 2019-20 final reports:
sanmateocourt.org/court_divisions/grand_jury/2019.php
- B. Grand jury report: "Second Units: Adding New Housing In The Neighborhoods"
- C. City of Menlo Park response letter

Report prepared by:
Deanna Chow, Assistant Community Development Director

Report reviewed by:
Justin Murphy, Deputy City Manager



Superior Court of California, County of San Mateo

Hall of Justice and Records
400 County Center
Redwood City, CA 94063-1655

ATTACHMENT B

NEAL TANIGUCHI
COURT EXECUTIVE OFFICER
CLERK & JURY COMMISSIONER

(650) 261-5066
FAX (650) 261-5147
www.sanmateocourt.org

October 28, 2020

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

Re: Grand Jury Report: "Second Units: Adding New Housing In The Neighborhoods"

Dear Councilmembers:

The 2019-2020 Grand Jury filed a report on October 28, 2020 which contains findings and recommendations pertaining to your agency. Your agency must submit comments, within 90 days, to the Hon. Danny Y. Chou. Your agency's response is due no later than January 26, 2021. **Please note that the response should indicate that it was approved by your governing body at a public meeting.**

For all findings, your responding agency shall indicate one of the following:

1. The respondent agrees with the finding.
2. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.

Additionally, as to each Grand Jury recommendation, your responding agency shall report one of the following actions:

1. The recommendation has been implemented, with a summary regarding the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
3. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.
4. The recommendation will not be implemented because it is not warranted or reasonable, with an explanation therefore.

Please submit your responses in all of the following ways:

1. Responses to be placed on file with the Clerk of the Court by the Court Executive Office.

- Prepare original on your agency's letterhead, indicate the date of the public meeting that your governing body approved the response address and mail to Judge Chou.

Hon. Danny Y. Chou
Judge of the Superior Court
c/o Jenarda Dubois
Hall of Justice
400 County Center; 8th Floor
Redwood City, CA 94063-1655.

2. Responses to be placed at the Grand Jury website.

- Copy response and send by e-mail to: grandjury@sanmateocourt.org. (Insert agency name if it is not indicated at the top of your response.)

3. Responses to be placed with the clerk of your agency.

- File a copy of the response directly with the clerk of your agency. Do not send this copy to the Court.

For up to 45 days after the end of the term, the foreperson and the foreperson's designees are available to clarify the recommendations of the report. To reach the foreperson, please call the Grand Jury Clerk at (650) 261-5066.

If you have any questions regarding these procedures, please do not hesitate to contact Paul Okada, Chief Deputy County Counsel, at (650) 363-4761.

Very truly yours,



Neal Taniguchi
Court Executive Officer

Enclosure

cc: Hon. Danny Y. Chou
Paul Okada



Second Units: Adding New Housing In The Neighborhoods

ISSUE

How are the County of San Mateo and its cities supporting homeowners who are considering building a new Second Unit on their property or upgrading a non-permitted one, in response to new State laws, which became effective January 1, 2020?

SUMMARY

Housing availability is a top priority in San Mateo County because while 93,000 new jobs were added between 2010-2018, only 8,500 new housing units were built. Housing considered “affordable” is especially at a crisis point. “Limited land and the large gap between new jobs and available housing lead to high rents and high home prices. As of 2019, median rent in the County for a one-bedroom apartment is \$2,621 and for a two-bedroom apartment it is \$3,349, while only 24% of County households can afford to purchase an entry-level home.”¹

To put this slow-moving catastrophe into further perspective, more than two-thirds (68%) of the County’s land is protected from development because it is either agricultural or open space. At the same time, of the County’s already developed land, two-thirds is occupied by single-family homes.² Simply stated, building more single-family homes cannot begin to solve the County’s housing shortfall. “Second Units” – broadly defined as self-contained living spaces that are on the same property as an existing residence – present a creative and innovative option to addressing the region’s affordable housing crisis.

The number of new Second Units dramatically increased after several State laws went into effect in 2017. This made the construction of Second Units easier for homeowners. The number of new Second Units is expected to further increase as a result of new state laws which went into effect in January 2020. It has become clear to date that Second Units are popular for a variety of reasons. They are attractive as housing for relatives, rental income and personal investment as well as providing the option to downsize. Such units can also supply housing for community members like educators or public safety employees who otherwise would not be able to live in the community in which they work. Factoring in that there are approximately 155,000 single-

¹ Home for All Brochure, Published April 2019. Accessed May 15, 2020. https://homeforallsmc.org/wp-content/uploads/2019/08/HFA_brochure_v16_WEB.pdf

² Home for All Community Convening on Second Units: Maintaining the Momentum, February 27, 2020

family homes in San Mateo County³ and only 4,000 Second Units on those properties⁴, the potential exists for thousands of new Second Units that would significantly impact the county's housing deficit over the years to come.

However, there are significant hurdles facing the development of Second Units. According to housing advocates interviewed by the Grand Jury, the biggest impediments to the construction of new Second Units, as well as upgrading non-permitted Second Units, are: obtaining financing, the lack of contractors willing to work on Second Units, and the need for local governments to recruit and train more inspectors.⁵

“The San Mateo County Board of Supervisors and County Manager’s Office, along with support from the County’s Department of Housing (“DOH”) have been leading the regional effort to allow the development and construction of more Second Units.”⁶ DOH has been working collaboratively with the 20 cities to help address countywide affordable housing issues. DOH has contracted with a consulting firm, Baird & Driskell, on the *21 Elements Project*, to assist the County and cities in this effort. The consulting firm hosts monthly meetings related to Second Units with city and DOH representatives. As part of this effort, DOH is developing a new website and marketing plans that will focus on promoting Second Units.

As a result of this investigation, the Grand Jury recommends the following:

1. The County and its cities should continue their outreach to homeowners informing them about the new laws that simplify and streamline the construction and permitting of Second Units.
2. The County and its cities should determine whether there is a way for the public entities to compile a list of financial partners who can assist homeowners with funding new Second Units and upgrading non-permitted Second Units.
3. The County and its cities should determine whether there is a way for the public entities to develop a comprehensive list of contractor resources and partner with training institutions to recruit and train more general contractors and inspectors.
4. The County and its cities should encourage homeowners who may have non-permitted Second Units to go through the permitting process.

The 2019-2020 Grand Jury commends the current housing efforts of the County and its cities and urges them to embrace the new opportunities. The impact of the laws passed by the California Legislature in 2017 increased the number of Second Units constructed annually by 450%. If the

³ According to San Mateo County housing data, there are 276,444 housing units in San Mateo County (Fig. 1) . Figure 33 says that 56% (155,000) of housing units are single-family, detached homes. When you multiply the two figures, you get 154,808 (which rounds to 155k).

<https://www.towncharts.com/California/Housing/San-Mateo-County-CA-Housing-data.html>

⁴ Grand Juror interviews.

⁵ Grand Jury Interviews

⁶ Home for All collaborative, <https://homeforallsmc.org/>

2020 laws have a similar effect, our County and cities will be well-positioned for adding more affordable housing.

GLOSSARY

Home for All: A collaborative countywide initiative which was undertaken to inspire community action and promote closure of the county's 11:1 jobs/housing gap.⁷ The members of this initiative include the County and 16 of its cities as well as representatives from all sectors of the community who are focused on creating a future where everyone in the County has a home they can afford. It has been led by Supervisors Don Horsley and Warren Slocum. According to its website, this initiative builds on the work and momentum of the Closing the Jobs/Housing Gap Task Force.⁸

Second Unit: An interchangeable term with a granny flat, in-law suite, Accessory Dwelling Unit (ADU), converted garage, backyard cottage or basement apartment. They are always self-contained homes, smaller than the main house and legally part of the same property. Second Units can take many forms and vary in size, but always contain everything someone needs to live, including a kitchen, bathroom and a place to sleep.⁹

Junior Second Unit/Junior ADU: A very small living unit up to 500 square feet, which re-purposes existing space within a residence such as a bedroom, garage or carport within an existing single-family home. These units may contain a basic kitchen utilizing small plug-in appliances and may share central systems as well as a bathroom with the primary dwelling.¹⁰

The "21 Elements Project": A multi-year funded project co-sponsored by DOH and the City/County Association of Governments (C/CAG) through which all jurisdictions in San Mateo County cooperate to update their respective Housing Elements and share information and work on a wide variety of housing policies and programs.¹¹ "21 Elements" is a project of Baird & Driskell Community Planning Consultants, a master housing consultant, which supports all San Mateo County and city jurisdictions, hosting monthly phone conferences related to affordable housing issues (including Second Units), through a contract with DOH.¹²

BACKGROUND

The Bay Area housing crisis can be traced back to the 1970s when local cities experienced an economic boom, and property taxes were rising with them. Then Proposition 13 put a cap on

⁷ Supra, note 1

⁸ <https://homeforallsmc.org/about-us/>

⁹ Second Unit Inspiration brochure, page 3. The booklet was produced as a joint project of Home for All and 21 Elements, 2018. www.SecondUnitCenterSMC.org

¹⁰ Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs), California Department of Housing and Community Development, accessed May 20, 2020. <https://www.hcd.ca.gov/policy-research/AccessoryDwellingUnits.shtml>

¹¹ <https://sanmateocounty.legistar.com/LegislationDetail.aspx?ID=4068159&GUID=1D7B2118-0312-4351-88E6-9E4BAB9C37B5>

¹² <http://21elements.com/second-units>

how much could be raised from property taxes each year. Cash-hungry cities zoned more land for commercial use so they could collect more sales tax. That meant more retail property was built than private housing. In addition, steep impact fees pushed developers to prioritize expensive homes rather than multi-unit housing. Then, Silicon Valley businesses grew and brought huge numbers of tech jobs to the Bay Area. “The housing crisis has been a slow-moving storm that has been churning for decades.”¹³

The number of jobs in San Mateo County has grown beyond the number of new housing units available.¹⁴ Between 2010-2018, for example, 93,000 jobs were added but only 8,500 new housing units were built. To put this serious situation in perspective, more than two-thirds (68%) of the County’s land is either agricultural or open space, and two-thirds of the County’s *developed* land is occupied by single-family homes.¹⁵ Simply stated, building more single-family homes on the remaining available land cannot begin to solve the County’s housing shortfall.

“Limited land and the large gap between new jobs and available housing lead to high rents and high home prices. In the County, median rent for a one-bedroom apartment is \$2,621 and for a two-bedroom apartment it is \$3,349.”¹⁶ Approximately two thirds of San Mateo County households cannot afford to purchase an entry-level home. Among those affected are important members of the County’s workforce including teachers, firefighters and other public employees who are unable to live in the areas they serve.¹⁷ Lack of affordable housing is an issue for San Mateo County and throughout the State of California.¹⁸

¹³ Melissa Colorado, “Making It in the Bay: How the Bay Area’s Housing Crisis Spiraled Out of Control” February 10, 2020. <https://www.nbcbayarea.com/news/local/making-it-in-the-bay/making-it-in-the-bay-how-the-bay-areas-housing-crisis-spiraled-out-of-control/2230410/>

¹⁴ According to a San Mateo County spokesperson at a Home for All Community Convening on Second Units: Maintaining the Momentum, Belmont, February 27, 2020

¹⁵ Home for All Community Convening on Second Units: Maintaining the Momentum, Belmont, February 27, 2020.

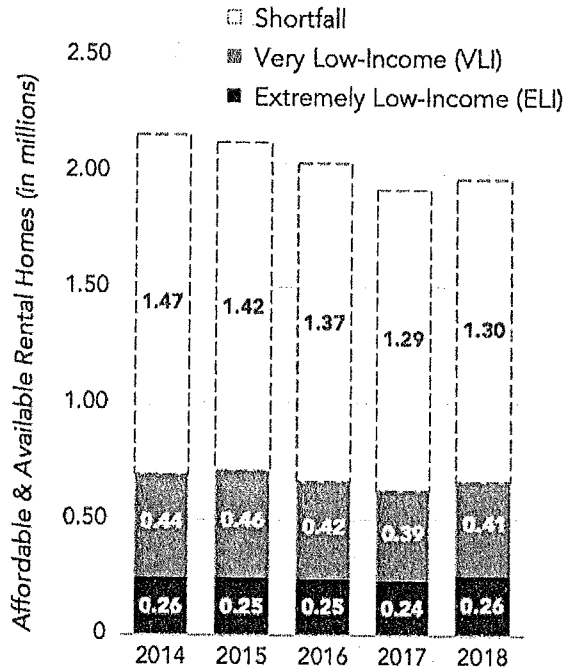
¹⁶ Home for All brochure, Published April 2019. https://homeforallsmc.org/wp-content/uploads/2019/08/HFA_brochure_v16_WEB.pdf

¹⁷ Second Unit Inspiration Brochure, produced by Baird + Driskell Community Planning, page 4, 2018. www.SecondUnitCenterSMC.org.

¹⁸ California Housing Partnership analysis of 2018 1-year American Community Survey (ACS) PUMS data with HUD income levels https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2020/03/CHPC_HousingNeedsReportCA_2020_Final-.pdf

CALIFORNIA NEEDS 1.3 MILLION MORE AFFORDABLE RENTAL HOMES

While the shortfall has declined by 11% since 2014, the share of housing need not being met has remained relatively constant because the number of low-income households has also declined.⁴



Source: California Housing Partnership analysis of 2018 1-year American Community Survey (ACS) PUMS data with HUD income levels. Methodology was adapted from NLIHC gap methodology.

⁴The proportion of total unmet housing demand for low-income renters (shortfall / total demand) from 2014 to 2018, was 68%, 67%, 67%, 67%, and 66%, respectively.

Throughout the County, the housing shortage is being addressed in a variety of ways including: development of multi-unit complexes along transit corridors; shared housing; and the subject of this report, building Second Units on single family properties. According to Grand Jury interviews with local government officials and housing advocates, building and upgrading Second Units is a relatively fast and efficient option and one component of a multi-faceted strategy to address the County's affordable housing shortage.¹⁹

California laws passed in 2017 dramatically increased the number of new Second Units in the County to an average of 269 Second Units per year from an average of just 60 Second Units per year from 2010-2016. (See Appendix A).

¹⁹ Grand Jury interviews.

The laws which went into effect on January 1, 2020, include:²⁰

- **AB 68/AB 881** - Requires local agencies to approve or deny an ADU project more quickly and prohibits local agencies from adopting ADU ordinances that impose minimum lot size requirements, set certain maximum dimensions, or require replacement off-street parking in certain situations. Also allows for an ADU as well as a "junior" ADUs where certain access, setback and other criteria are met.
- **SB 13** - Provides, until January 1, 2025, that cities may not condition approval of ADU building permit applications on the applicant being the "owner-applicant" of either the primary dwelling or the ADU, and prohibits impact fees on ADUs under 750 square feet.
- **AB 587** - Provides that local agencies may now allow ADUs to be sold or conveyed separately from a primary residence if certain conditions are met. This law is expected to increase the ability of affordable housing organizations to sell deed-restricted ADUs to eligible low-income homeowners.
- **AB 670** - Prevents homeowners' associations from barring ADUs. AB 670 makes unlawful any HOA condition that "prohibits or unreasonably restricts" the construction of ADUs on single-family residential lots.
- **AB 671** - Requires local governments to include in their General Plan housing elements plans to incentivize and promote the creation of affordable ADUs. The law also requires HCD to develop, by December 31, 2020, a list of state grants and financial incentives for ADU development.

The new 2020 laws solve a number of key zoning and construction restraints which previously held back less expensive housing options. Second Units can now be built or remodeled into 800 square-foot rental units with construction approved by the respective cities within 60 days and do not require owner occupation, additional parking or impact fees (if 750 square feet or less).

In the case of amnesty, non-permitted Second Units are acceptable if they meet health and safety standards, e.g., operating fire detectors and electric wiring. Of note is that units cannot be used for short-term vacation rentals as the various laws were intended for rental to singles or families who cannot otherwise afford a single-family dwelling or an apartment rental near their workplace.²¹

²⁰ <https://www.hklaw.com/en/insights/publications/2019/10/californias-2020-housing-laws-what-you-need-to-know>. Additionally, a more complete summary of the 2020 statutes impacting the construction or permitting of Second Units can be found in Appendix B.

²¹ New state laws for ADU/Second Unit construction, effective January 1, 2020: AB 670 (Friedman), AB 671 (Friedman), AB 68 (Ting), AB 587 (Friedman), AB 881 (Bloom), SB 13 (Wieckowski) are designed to help narrow the shortfall in affordable housing in California. Another bill is being worked on to tie all bills together. (Appendix B: Summary of bills)

DISCUSSION

In December 2019, the San Mateo County Grand Jury surveyed the city managers of all 20 cities in the County regarding passage of California laws concerning Second Units. The survey inquired about plans for the implementation of these new laws in each jurisdiction.²² With the exception of East Palo Alto and Millbrae, all of the jurisdictions responded to the survey, and all were aware of the new laws. Many were preparing to find ways to initiate the development of more Second Units in their jurisdictions. Their main concerns included:

- short amount of time between passage of the laws and the need to implement them;
- perceived conflicts and inconsistencies within the new State laws;
- loss of local control might lead to community backlash;
- inadequate staffing to handle the potential increase in Second Unit interest;
- homeowner's ability to secure funding for the construction costs; and
- availability of sufficient extra neighborhood parking.

Opportunity for New Second Units

Housing advocates consider Second Units to be “low-hanging fruit” for the development of new housing inventory. There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units. Since 2010, there has been a steady growth in Second Unit approvals throughout the county, according to San Mateo County's Annual Jurisdiction Survey.²³

To take full advantage of new opportunities for ADUs created by the 2020 State bills, cities throughout the county are updating their zoning ordinances to be in compliance with the new State laws. Additionally, many cities are focused on streamlining their individual Second Unit permitting process as well as the process that will provide amnesty for pre-existing, non-permitted Second Units.²⁴

Several new online tools – including tools at <https://secondunitcenter.org/> (a website maintained by the County) – identify potential sites for Second Units, calculate estimated costs, and streamline the process of building a Second Unit, thereby making Second Unit development an easier option for homeowners to consider.²⁵ They include:

- <https://build.symbium.com/>
Using this link, residents and planners in Redwood City, Pacifica, and Unincorporated San Mateo County can quickly determine whether a Second Unit is allowed at a particular address and if so, what specific development standards (State and local rules) apply. More cities will be added to this list in the near future.²⁶

²² Survey questions are listed in Appendix C.

²³ “Accessory Dwelling Units Approved by Jurisdiction” (2010-2018, with 2019 data added), Annual Jurisdiction Survey. See chart and graph in Appendix A.

²⁴ Grand Jury interviews.

²⁵ Online Tools from companies like Symbium allows anyone to understand whether a Second Unit is allowed on a particular parcel. See <https://build.symbium.com>

²⁶ Second Unit Resource Center handout. <https://secondunitcentersmc.org/>

- <http://calculator.secondunitcentersmc.org/>
San Mateo County's Second Unit Calculator helps a homeowner get an estimate for what a Second Unit project might cost, and calculates the amount it might yield as an investment. It also allows a user to change assumptions such as location, unit size, type of unit and much more.
- <https://secondunitcentersmc.org/>
The County's website focuses on Second Unit development and, according to Grand Jury interviews, will be further updated in the future.

Amnesty for Non-Permitted Second Units

The actual number of non-permitted Second Units in the County is unknown.²⁷ However, whatever this number might actually be, these units are important affordable housing as long as they meet minimum health and safety codes.

The San Mateo County Planning and Building Department and nonprofits such as "Rebuilding Together Peninsula"²⁸ are focused on encouraging owners of non-permitted Second Units in the unincorporated area of the County and East Palo Alto respectively to develop plans that would make more of them safer and healthier and thereby permitted.

In January 2020, the County initiated a pilot program for homeowners who wished to consider upgrading their non-permitted Second Units.²⁹ If this pilot program is successful, it will be expanded and marketed as a model that cities in the County could adopt. The program allows:

- existing Second Units to be brought up to code and become permitted;
- applicants to explore whether the amnesty program for non-permitted units might work for them;
- a *no-risk* assurance which enables the homeowner to back out of the permitting process at any time with no obligation on their end to bring their non-permitted unit up to health and safety standards;
- a variety of enforcement suspensions included in the laws that took effect this past January; and
- some previously non-permitted construction features (so some homeowners no longer need amnesty.)

Rebuilding Together Peninsula is a non-profit organization that focuses on home repair. Eighty five percent of its home repair projects are in San Mateo County, primarily garage-conversion Second Units in East Palo Alto.^{30 31} Much of that work is focused on upgrading non-permitted Second Units. Grand Jurors toured the Redwood City offices and learned that the nonprofit

²⁷ Grand Jury interviews.

²⁸ RebuildingTogetherPeninsula is a non-profit that is focused on working with other local agencies to upgrade non-permitted second units in East Palo Alto. It has a focus on repairs of garage-conversions, not new construction. <https://sites.google.com/rebuildingtogetherpeninsula.org/epa-adu-initiative/home>

²⁹ See the SMC Second Unit Amnesty Website: <https://planning.smcgov.org/second-unit-amnesty>

³⁰ Grand Jury interview.

³¹ Rebuilding Together the Peninsula EPA Garage Conversion/ADU Legalization Initiative, <https://sites.google.com/rebuildingtogetherpeninsula.org/epa-adu-initiative/home>

works on one project at a time, relying on volunteers who are good at making repairs. Most of these Second Units are for relatives and friends, not for revenue. Rebuilding Together's five year plan targets low income communities of color. Second Unit goals for Rebuilding Together in East Palo Alto are:

- legalizing non-permitted units;³²
- repairing units to make them safer for occupants;
- streamlining the repair process;
- sharing learnings;
- training and workforce development; and,
- transitioning East Palo Alto Second Unit projects to "EPA CAN DO"³³ leadership.

Moving Forward

Step One: *Home for All* Initiative

The County's *Home for All* Initiative builds on the work and momentum of the San Mateo County Board of Supervisors' *Closing the Jobs/Housing Gap Task Force*.³⁴ "The Second Unit Center" is a program of the *Home for All* Initiative which is aimed at providing information and tools to make it easier for homeowners to build second units to help increase the housing supply in San Mateo County. According to the Second Unit Center website, on August 6, 2019, the Board of Supervisors approved the creation of a new *One Stop Shop*³⁵ pilot program to help homeowners with Second Unit construction. Through this program, participating homeowners can receive no-cost support from the nonprofit *Hello Housing*, a member of the Mid-Peninsula Housing family of companies.

Hello Housing will provide up to 100 hours of free feasibility and project management support at no cost in connection with the design, permitting, and project management involved with building a Second Unit. The *One Stop Shop* pilot program is a partnership of DOH, *Hello Housing*, and the cities of East Palo Alto, Pacifica, and Redwood City. Residents of these three cities and the unincorporated County will be eligible to apply for inclusion in this pilot program.³⁶ If the pilot program is successful, it is hoped that it can be scaled to serve all jurisdictions.³⁷

To prepare for the eventual scaling up of this pilot program, the County and its cities are reaching out to residents to inform, educate, and support homeowners who are considering building or improving a Second Unit.³⁸ As part of this effort, DOH and the City/County Association of Governments of San Mateo County (C/CAG) have co-sponsored and coordinated

³² Cost of a garage conversion or "permitted" to codes of the day is about \$70,000 according to Rebuilding Together the Peninsula. This can include adding insulation, upgrading electrical, sealing and leveling a concrete floor, reviewing the safety of the roof, creating a new share wall and a proper wall to replace the garage door, and make garage electric/energy efficient and heated.

³³ <https://epacando.org/>

³⁴ Closing the Jobs/Housing Gap Task Force, The Task Force began in September 24, 2015 to build a common understanding of the challenge, learn what is already being done both inside and outside the county and finish by exploring possible solutions. <https://bos.smcgov.org/task-force>

³⁵ <https://secondunitcentersmc.org/onestopshop/> (accessed on 7/22/2020)

³⁶ *ibid.*

³⁷ Grand Jury interviews.

³⁸ Grand Jury interviews.

the “21 Elements Project” which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units. As part of this effort, monthly meetings and/or conference calls are convened by *21 Elements*.³⁹

Step Two: Raising Awareness and Enthusiasm

It is critical that interested residents become aware of Second Unit opportunities and resources that are available to them for building Second Units on their property. To get the attention of homeowners, there will need to be a variety of outreach strategies. The following are efforts by the County of San Mateo and its cities, and for comparison, the City of San Jose.

County of San Mateo initiatives:

There has been a great deal of effort already put into the development of a Second Unit Initiative in San Mateo County. During the past couple of years, as the need for a multi-pronged housing initiative became apparent, the County took a number of critical steps.

The County developed two notable booklets -- *Second Unit Inspiration* and *Second Unit Workbook*; initiated a collaborative partnership between the County and its cities through the *21 Elements Project*; created two pilot programs (one focused on the process of building new Second Units and the other on homeowners successfully obtaining amnesty for non-permitted Second Units); and are developing an updated DOH Second Unit website and marketing plan.⁴⁰

City-level initiatives

In their responses to the Grand Jury survey, city managers identified the following communication methods:

- informational handouts - hard copies and digital (i.e., Second Unit designs, checklists, development of some standard designs, lists of pre-approved contractors);
- posting key Second Unit resource links;
- publishing articles and/or promotions in local news media; and
- community meetings and workshops;

Funding for the development of some of these programs and materials may be acquired with SB 2 Planning Grants. SB 2 provides funding and technical assistance to all local governments in California to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production.⁴¹

The City of San Jose (Santa Clara County)

The City of San Jose hired an Alternative Dwelling Unit (ADU) Ally acting much like an expeditor for homeowners desiring Second Units. San Jose City’s ADU Ally has become a valuable resource in assisting San Jose homeowners through the process of developing Second Units. The ADU Ally:

- is a dedicated staff person who coordinates and connects homeowners to city services and demystifies the process for homeowners who are exploring the process of building a

³⁹ 21Elements, <http://21elements.com/second-units>, Baird & Driskell Community Planning Consultants.

⁴⁰ <https://secondunitcentersmc.org> accessed May 19, 2020.

⁴¹ <https://hcd.ca.gov/grants-funding/active-funding/planning-grants.shtml>

Second Unit;

- creates online tools, handouts and information, including a Second Unit Universal Checklist which offers step-by-step guidance; and,
- helped produce a YouTube video tutorial on how to build a Second Unit in San Jose.

An official from San Jose informed the Grand Jury that the resources created by this department would be available for use during the San Mateo County Second Unit effort.

Home for All San Mateo held a summit in February 2020, at which the ADU Ally delivered a featured presentation. While this dedicated specialist seems to be making an impact, only time and hard data will tell.⁴²

Step Three: Amnesty for Non-Permitted Second Units

There are thought to be a large but unidentified number⁴³ of non-permitted Second Units in San Mateo County. In order to successfully increase the number of housing units countywide, it is critical that these Second Units be upgraded to comply with applicable health and safety codes and maintained as viable housing units. The new State laws make it easier for those units to be made safer by providing amnesty to the homeowners who built these non-permitted units and encouraging them to bring their units up to permitting standards.

If the County pilot program for homeowners who wish to obtain permits for their non-permitted Second Units⁴⁴ is successful, it will have the potential to be expanded and marketed as a model program that cities throughout the County could modify and/or adopt for their own use. This action by the cities would help preserve these critical housing units. Interestingly, in the Grand Jury's December 2019 survey, only Belmont referred to amnesty. New construction appears to be a higher priority for most cities.

The City of East Palo Alto and nonprofits such as Rebuilding Together Peninsula⁴⁵ are also focused on developing other plans that would make non-permitted Second Units safer and ultimately permitted.

Barriers to Building or Upgrading Second Units:

While state law has been amended to make Second Units easier to develop, based on Grand Jury interviews with housing advocates, it is clear that there are still significant barriers that hinder and sometimes block homeowners from adding Second Units. For example, those barriers include:

⁴² Grand Jury interview. See more in Appendix D

⁴³ Grand Jury Interview.

⁴⁴ SMC Second Unit Amnesty Website: <https://planning.smcgov.org/second-unit-amnesty>

⁴⁵ RebuildingTogetherPeninsula is a non-profit that is focused on working with other local agencies to upgrade non-permitted second units in East Palo Alto. It has a focus on repairs of garage-conversions, not new construction. <https://sites.google.com/rebuildingtogetherpeninsula.org/epa-adu-initiative/home>

- The process of financing new Second Units or upgrading non-permitted Second Units. At the time of this writing, only one local lender, San Mateo Credit Union,⁴⁶ has committed to providing lending for these projects. At the same time, homeowners who might consider building a new or upgrading non-permitted Second Units, are often unaware of financing options;⁴⁷
- The recent booming Bay Area building environment has made it very difficult to find and engage contractors willing to work on relatively small projects such as Second Units, especially due to the demand for rebuilding homes lost to recent wildfires. During its investigation, several interviewees suggested that local governments may wish to provide options in which contractors could utilize “handy men” (who are not licensed as contractors) to do work that the contractors would officially supervise;⁴⁸
- Some homeowners find the building and permitting process complex and intimidating according to the interviews of housing advocates;⁴⁹
- Local public entities may lack a sufficient number of inspectors to handle building inspections and amnesty approvals;⁵⁰
- A misunderstanding by homeowners that the construction of a Second Unit could result in the reassessment of their entire property as opposed to an increase, based on the value of the Second Unit alone. (Adding an ADU will not impact the original home assessment, but homeowners will get a supplemental bill.)⁵¹
- Some jurisdictions on the County’s coast are unclear as to whether the new State laws apply to coastal areas;⁵² and
- The uncertainty of the Covid-19 environment.

As the County and its cities continue to focus on the shortage of available and affordable housing, Second Units are an important option to consider. They are a popular alternative to single-family homes and can be developed more quickly. This is even more important given the COVID-19 pandemic because the number of households without an affordable place to live will grow. For example, Matt Schwartz, President and CEO of CA Housing Partnership, says income inequality was a problem before COVID-19. Before the pandemic, about 1.5 million households were living without an affordable place in California and now that number will grow. He says

⁴⁶ San Mateo Credit Union, <https://www.smcu.org/Loans/Home-Loans/ADU-Loan>

⁴⁷ Grand Jury interviews.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² “City Flooded with Requests for ADU Permits.” *Half Moon Bay Review*, March 4, 2020, https://www.hmbreview.com/news/city-flooded-with-requests-for-adu-permits/article_0d5a9920-5e49-11ea-b933-c7de1fa420c.html (viewed again on 4/27/2020)

the state will still need to house the homeless. Interest rates are low, so this is the time to continue to address the homelessness crisis.⁵³

FINDINGS

- F1. The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.
- F2. From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.
- F3. There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.
- F4. The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.
- F5. Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.
- F6. DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.
- F7. The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.
- F8. The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

RECOMMENDATIONS

- R1. The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

⁵³ Bay Area Housing Post-Covid-19 <https://www.kqed.org/news/11818184/bay-area-housing-post-pandemic-whats-in-store>

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

R2. By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

R3. The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

R4. The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

REQUEST FOR RESPONSES

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

From the following governing bodies:

City Councils and County Board of Supervisors should respond to R1-R4.

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda, and open meeting requirements of the Brown Act.

METHODOLOGY

Documents

Alternative Dwelling Unit (ADU) SurveyMonkey Survey, December 2019.
ADU growth Survey by SMC Housing,

Interviews

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

Eight interviews were conducted with representatives of San Mateo County, San Mateo County Housing Department, San Mateo County Planning and Building Department, San Mateo Rebuilding Together Peninsula, Baird & Driskell and City of San Jose Building Division - Permit Center.

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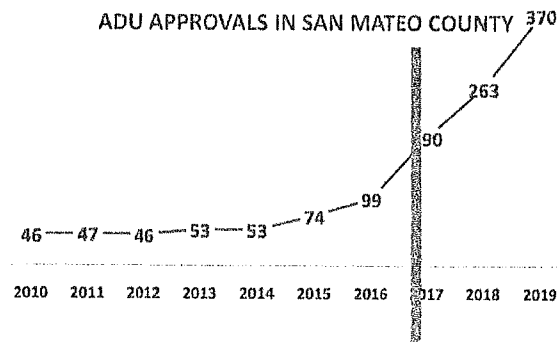
April 17, 2020. <https://secondunitcentersmc.org/> or
<https://planning.smcgov.org/second-unit-ordinance> (Accessed 7/23/2020)

APPENDIX A: Accessory Dwelling Units Approved by Jurisdiction
 “Accessory Dwelling Units Approved by Jurisdiction” (2010-2018, with 2019 data added),
 Annual Jurisdiction Survey, County of San Mateo.

Jurisdiction	1/1/17: effective date of new state laws										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Atherton	1	5	7	8	4	10	9	11	13	13	68
Belmont	1		1	2	1	0	0	4	9	10	18
Brisbane		0	0	0	1	0	3	3	6	3	16
Burlingame	0	0	0	0	0	2	3	5	8	10	28
Colma	0	0	0	0	0	0	0	0	0	0	0
County of San Mateo	0	0	4	1	2	6	7	8	34	38	62
Daly City	6	8	3	7	3	4	11	33	23	68	166
East Palo Alto*					2	0	4	4	1	8	11
Foster City	0	0	0	0	0	0	0	0	0	2	2
Hillsborough	13	13	17	16	15	19	8	15	15	11	131
Half Moon Bay					0	0	3	3	3	13	22
Menlo Park					3	8	7	13	15	Sent Followup	46
Millbrae					0	0	0	0	0	Sent Followup	0
Pacifica					0	5	1	4	11	11	32
Portola Valley	6	4	3	7	8	5	13	11	6	7	63
Redwood City	1	1	2	1	2	2	13	35	34	39	130
San Bruno	6	3	3	1	3	1	4	14	13	10	58
San Carlos	1	1	1	2	1	1	1	n/a	19	15	42
San Mateo*	2	2	2	2	2	2	2	16	24	50	104
South San Francisco	1	3	1	3	2	6	8	5	22	46	51
Woodside	8	7	2	3	4	3	2	6	7	16	58
Total	46	47	46	53	53	74	99	190	263	370	1108

Source: Annual Jurisdiction Survey

* Estimates provided by cities prior to 2018 when tallies unavailable



APPENDIX B: Provision of New California Laws for Second Units

Provisions of the laws AB670, AB671, AB587, AB68, AB881, and SB13 include:

1. One Second Unit and one Junior Second Unit will be allowed on a single-family lot.
2. There will be no minimum lot size for the addition of a Second Unit.
3. No setback will be required if the Second Unit is the conversion of an existing structure at the property line.
4. Second Units with a size up to 800 square feet that follow building construction standards must be allowed.
5. Second Units under 800 square feet can be 16 feet tall and can have a setback of four feet on the side and rear of the unit.
6. Cities have 60 days to review permit applications. If they fail to do so, they are automatically approved.
7. No replacement parking for the main house is required if converting a garage.
8. No parking is required for a Second Unit if it is within a half mile walk of transit.
9. No impact fees apply to Second Units less than 750 square feet. If larger than 750 square feet, impact fees must be proportional to the main house.
10. Second Units that receive building permits between 1/1/2020 and 12/31/2024 are exempt from owner-occupancy rules.
11. Mandatory five-year stay of enforcement on non-permitted Second Units if health and safety standards are met. This is based on Government Code Section 65852.2(n), which will sunset in 2025.⁵⁴
12. No short-term rentals of Second Units or Junior Second Units will be allowed for less than 30 days to discourage vacation rentals.
13. Second Units will be allowed in multi-family and mixed-use zones. Second Units will be allowed in multifamily buildings - up to two detached Second Units, plus allowing for the conversion of uninhabited spaces for multiple Second Units (up to 25% of units in multifamily buildings)
14. Home Owner’s Associations cannot ban Second Units or Junior Second Units, regardless of any existing rules doing so. Home Owner’s Associations can set reasonable design guidelines for Second Units and Junior Second Units.

⁵⁴ Government Code Section 65852.2(n)

APPENDIX C: December 2019 Survey Questions

Questions from “Alternative Dwelling Unit (ADU)” SurveyMonkey Survey, December 2019.

1. Among your city leadership, who is aware of the passage of these laws? (AB 68, AB 587, AB 670, AB 671, AB 881 and SB 13). Please identify leaders by name with contact information.
2. Will your city be actively encouraging your residents to take advantage of these Second Unit laws? (What might that entail?)
3. Do you think there will/could be at least 50 parcels in your city, which might be eligible for a Second Unit?
4. Do you anticipate that your city's homeowners as well as landlords will take advantage of this opportunity?
5. How will you encourage your homeowners as well as landlords to take advantage of this opportunity?
6. What obstacles do you anticipate encountering?
7. What kinds of support might you need in order to be able to actively implement these new state laws?
8. Name (and contact information) of the person filling out the response to this survey.

APPENDIX D: San Jose’s ADU Ally

San Jose City’s ADU Ally has become a valuable resource in assisting San Jose homeowners through the process of developing Second Units. Having a dedicated person for this initiative has had an impact on the San Jose City’s effort. Some of the actions that have resulted from this singular dedicated staff person include:

1. Serving as the dedicated staff person who is the
 - o contact person who deals with people and points them in the right direction.
 - o coordinator and connector of homeowners to all city services and who demystifies the process.
 - o *tour guide* for homeowners who are exploring the process of building a Second Unit.
 - o “hand holder” holds a homeowner’s hand as they walk through the process. The ADU Ally is quoted as saying, “I can see them all of the way through to the end of the project, help them to submit or resubmit plans, and then through permit issuance. And when they need to schedule inspections, I can connect them to the right city staff members.”
2. Online tools, handouts and information have been created including a Second Unit Universal Checklist which offers step-by-step guidance. The City of San Jose Planning Department’s ADU website is an example of a comprehensive and easy-to-read site, See sanjoseca.gov/business/development-services-permit-center/accessory-dwelling-units-adus
3. The ADU Ally helped produce a YouTube video tutorial on how to build a Second Unit in San Jose. This attracted more than 2,900 views, before it was taken down due to recent changes in ADU regulations and Zoning Ordinances.

4. The San Jose ADU Ally has said that the resources created by this department would be available for use during the San Mateo County Second Unit effort.

Issued: October 28, 2020



January 12, 2021

Hon. Danny Y. Chou
Judge of the Superior Court
c/o Jenarda Dubois
Hall of Justice
400 County Center; 8th Floor
Redwood City, CA 94063-1655

RE: Civil Grand Jury Report: “Second Units: Adding New Housing In The Neighborhoods”

Dear Honorable Judge Chou:

Thank you for the opportunity to review and comment on the above-referenced Grand Jury Report filed on October 28, 2020. The City Council of the City of Menlo Park (City) voted at its public meeting on January 12, 2021 to authorize this response to the report.

Response to Grand Jury Findings

F1. The number of jobs in San Mateo County has grown beyond the number of new housing units available. More housing is needed and Second Units are one solution.

City response: *The City of Menlo Park agrees that jobs have outpaced the growth of housing in San Mateo County and more housing is needed, including second units or accessory dwelling units.*

F2. From 2016 to 2020, the number of Second Units constructed annually within the County dramatically increased by 450% (823) after related State laws were enacted in 2017. Effective January 1, 2020, several additional new State laws were enacted in order to make the construction of new Second Units easier for homeowners.

City Response: *The City of Menlo Park agrees that the production of second units has increased in recent years and new State laws targeted at second units will reduce barriers to production.*

F3. There are about 155,000 single-family homes in San Mateo County with only 4,000 Second Units on those properties, so there is a potential for thousands of new Second Units.

City Response: *The City of Menlo Park agrees in part with this finding. It is our understanding that the 4,000 units cited in this statistic are known, legal second units, and an unknown number of unpermitted second units also exist. However, there is potential for many more second units.*

F4. The County has an unknown but large number of non-permitted Second Units. The new 2020 State laws are intended to make it easier for those units to be made safer, and potentially to be brought up to permitting standards.

City Response: *The City of Menlo Park agrees that there is an unknown number of non-permitted second units in the County and new state laws makes it easier for those units to be made safer.*

F5. Barriers to building new Second Units and for upgrading non-permitted Second Units include: a lack of knowledge by homeowners as to potential lenders in financing the construction of a Second Unit and a lack of lenders in the region that have indicated their willingness to engage in such financing, homeowners' difficulty in finding contractors willing to work on "small" projects such as Second Units, and the need to recruit and train more inspectors.

City Response: *The City of Menlo Park agrees in part with this finding. Construction of a second unit can be expensive and a lack of homeowner awareness of the process and financing options can be obstacles to second unit construction. However, the City is not aware that building inspections are an obstacle to construction. Inspection timelines are generally dependent on the overall volume of construction projects subject to inspection, and the City believes that second units have been affected no more or no less by this factor than other construction projects.*

F6. DOH and the City/County Association of Governments of San Mateo County have co-sponsored and coordinated the "21 Elements Project" which aids all jurisdictions in the County to work together on addressing their housing needs, including the development of Second Units.

City Response: *The City agrees that participation in 21 Elements has been very beneficial for collaborating with the County and other jurisdictions in San Mateo County.*

F7. The San Mateo County Department of Housing is updating its website and marketing plan that focuses on Second Units.

City Response: *The City of Menlo Park agrees in part with this finding. While it is true that the County is updating its website and marketing plans focused on Second Units, the wrong department is cited in this finding. Home for All, the County initiative which is responsible for both of these tasks, is co-chaired by Supervisors Don Horsley and Carole Groom and administratively supported by staff from multiple County departments.*

F8. The City of San Jose has developed a Second Unit initiative that is worth examining closely and possibly emulating. (See Appendix D).

City Response: *The City of Menlo Park agrees that the City of San Jose’s program is a good resource to explore and possibly emulate.*

Response to Grand Jury Recommendations

R1. The County and its cities should continue to develop or enhance existing outreach to homeowners about the new laws that simplify and streamline the construction and permitting of Second Units including but not limited to the following:

- posting relevant information on their websites regarding the process for the construction and permitting of Second Units including materials such as checklists and flowcharts;
- increasing social media and other outreach regarding the above-referenced resources;
- offering workshops (live or online) regarding the process for the construction and permitting of Second Units at least quarterly.

City Response: *This recommendation has been partially implemented. The City adopted urgency ordinance no. 1066 in February 2020 to comply with new state law accessory dwelling unit regulations to further ADU production. Since then, staff has worked on enhancing the information on the City’s website (menlopark.org/1491/Accessory-dwelling-units) to assist the public navigate through the changes in state law, and will continue to create educational materials and tools to aid ADU production as part of an SB2 grant that was awarded to the City in April 2020. When in-person community events are able to resume, outreach will also include attendance at community fairs such as farmer’s markets and block parties to promote second units.*

In addition, many efforts are made at the Countywide level. The County of San Mateo is continuing to enhance its resources, which are shared on the City of Menlo Park’s accessory dwelling unit webpage. The 2021 Home for All workplan includes expanded outreach to homeowners through virtual workshops and marketing tools. County staff is also currently refreshing the Second Unit Center website and social media content to promote the existing resources. The Home for All program uses its regular newsletter to provide updates on second units and works to engage with cities through its partnership with 21 Elements. Home for All will increase its outreach and promotion through existing newsletters and social media accounts, as well as cross-promote second unit resources through other county media channels, to boost awareness of this information to homeowners countywide.

Home for All has been effective in its reach. In addition to appearing at realtor workshops and other events that reached over 500 people in 2019, Home for All hosted an in-person Second Unit resource fair in October 2019 that drew approximately 400 attendees. At this resource fair, Home for All made available live lecture-style presentations on second unit topics and had over 30 second unit

businesses available to connect with homeowners about their offerings. An additional Second Unit resource fair was planned for May 2020, but was postponed due to the outbreak of COVID-19. A virtual webinar series for homeowners about second units is planned for early 2021. These webinars will be recorded and made available “on demand” for homeowners to review in future. The City will explore how we can partner with Home for All to present about second units at additional events.

R2. By December 31, 2020, the County and its cities should commit to meeting for the purpose of finding collaborative solutions for:

- developing and publicizing additional financial partners to help homeowners finance the construction of new Second Units as well as the upgrading of non-permitted existing Second Units;
- developing solutions to address the shortage of licensed contractors willing to work on small projects including, but not limited to, the feasibility of licensed contractors engaging and supervising non-licensed “handymen”
- identifying and collaborating with training institutions to recruit and train more general contractors and inspectors.

Such meetings may occur in connection with 21 Elements Project meetings regarding Second Units, or through a separate platform.

City Response: *This recommendation is in the process of being implemented. The City of Menlo Park is currently participating in collaborative meetings with the 21 Elements consortium on this topic. On December 3, 2020, the City of Menlo Park staff attended a 21 Elements meeting, which was held to explore second unit construction aspects and amnesty programs for non-conforming second units. With regards to Second Unit financing, the City will connect with the County of San Mateo who is actively participating in the “ADU Finance Committee” of the Casita Coalition, a statewide alliance of Second Unit supporters. Their “ADU Finance Committee” is working to improve structural aspects of second unit financing, such as consistent appraisals. The Casita Coalition has also recently released a Second Unit Financing Guide for homeowners which presents the common second unit financing strategies present in California. With regards to contractor availability and training, the City of Menlo Park will connect with the County who has relationships with workforce development agencies through the San Mateo County Recovery Initiative.*

R3. The County and each city should develop a marketing plan to focus on the needs and concerns of homeowners who have non-permitted units. This should be done by the end of the calendar year 2020.

City Response: *This recommendation is in the process of being implemented. Unpermitted second units has not been a significant issue in the City, but when they are discovered, staff from Planning, Building and Code Enforcement works with the property owner on how to bring the unit into compliance. Staff is also creating a process for homeowners to seek delayed enforcement for unpermitted second units per recent changes to State and local law. Staff will continue to review other best practices such as the County’s pilot program and partner on regional solutions by connecting with, supporting and participating with the County through the 21 Elements efforts.*

R4: The County and its cities should determine whether it is feasible to retain an outside resource that can be shared among cities and the County to leverage Second Unit expertise. This determination should be made by December 31, 2021.

City Response: *This recommendation requires further analysis and is being explored. In 2019, the County of San Mateo retained the nonprofit Hello Housing, a licensed general contractor, to partner with the County of San Mateo and the Cities of Pacifica, East Palo Alto, and Redwood City on a pilot “One Stop Shop” program of free technical assistance and project management for homeowners seeking to build a second unit. The County continues to learn more from this program about the particular needs of San Mateo County homeowners and how the County can best support those needs in future. The County also is learning from the experience of the San Jose “ADU Ally” and how this kind of assistance can support homeowner success. Furthermore, San Mateo County continues to learn from the Napa-Sonoma ADU Center, which combines direct technical assistance with homeowner education in their effort to support more second units in Napa and Sonoma Counties. San Mateo County will also continue to monitor additional best practices through its engagement with the Casita Coalition, a statewide association of second unit professionals and advocates. The County is currently supporting the production of a white paper that explores the pros and cons of the three models, and the Second Unit Task Force, in coordination with cities, will explore and evaluate the applicability of these models to San Mateo County in 2021. The City of Menlo Park will continue to pursue solutions by connecting with, supporting and participating with the County in these efforts, through 21 Elements.*

Sincerely,

Drew Combs
Mayor

**STAFF REPORT****City Council**

Meeting Date: 1/12/2021
Staff Report Number: 21-011-CC

Public Hearing: **Consideration of the final approvals for the Menlo Park Community Campus project located at 100-110 Terminal Avenue**

Recommendation

Staff recommends that the City Council approve the following for the Menlo Park community campus (MPCC) located at 100 Terminal Avenue:

1. Adopt Resolution No. 6607 for the architectural control for the construction of a new multigenerational community campus building in the PF (Public Facilities) district and use permit for the use and storage of hazardous materials including diesel for a backup mobile generator and pool chemicals (Attachment A.)
2. Authorize the city manager to execute the funding and improvement agreement for the project with Facebook. (Attachment B.)

Policy Issues

Facebook's generous offer to build a new public facility in the Belle Haven neighborhood provides an exciting opportunity for the community for generations to come. On multiple occasions over the past year, the City Council has established this project as one of the City's top priorities.

Background

In October 2019, Facebook announced its intent to collaborate with the community and the City to build a new multigenerational community center and library on the site of the current Onetta Harris Community Center (OHCC), Menlo Park Senior Center and Belle Haven Youth Center located at 100-110 Terminal Avenue. The scope of the original project has expanded to include reconstruction of the Belle Haven Pool with funding from the City. Information related to the project, including all previous meetings, is available on the City-maintained webpage (Attachment C.)

AnalysisPlanning Commission review of land use entitlements

On October 12, 2020, the Planning Commission held a study session to provide feedback on the initial project proposal. The Planning Commission was generally supportive of the project, but offered modest design suggestions, including urging the applicant to find a better balance between the warm proposed materials, and the relatively corporate and boxy feel of the building. The Commission also discussed the appropriateness of the proposed use of a diesel backup generator. Minutes from the October 12, 2020 study session are included in Attachment D.

On December 14, 2020, the Planning Commission unanimously recommended approval (6-0-1, Commissioner Kennedy absent) of the architectural control and use permit proposals. The Commission was supportive of the project in general and was appreciative of Facebook and Hart Howerton's willingness to work with the community to develop the best possible project. The Commission also commended Hart Howerton on their efforts to address their design concerns from the study session. The Commission heard three public comments, which were generally supportive of the project, and speakers could not thank Facebook and Hart Howerton enough for their community outreach efforts. However, one speaker expressed concern that the design of the project appeared to reduce the amount of space dedicated to senior services when compared to existing conditions given the change from a one-story building to a two-story building. Although these comments were not immediately addressed at the meeting, the design team did follow up with the commenter. The one design concern the Commission maintained was that the entryway appeared to be understated and they would have liked to see an entry that was more apparent and welcoming to the community. The Commission also questioned the necessity of the diesel generator, particularly if the project is proposed to include solar energy storage and a microgrid. The Commission was supportive of use of the generator after staff's explanation that the solar energy and storage, alone, was not enough to meet emergency energy demand in part of the winter when energy production would be at its lowest. The staff report from the December 14, 2020 Planning Commission meeting are included as Attachment D.

Changes since Planning Commission meeting

Fire access and PG&E easements

Through the evolution of the project plans, staff and the design team have coordinated closely with the Menlo Park Fire Protection District to ensure adequate fire access, a key consideration in site planning. The Fire District has issued a conditional approval based on the City providing emergency access through the PG&E-owned land to the south of the site. An exhibit showing the proposed access is included as Attachment E. Staff has met with PG&E representatives regarding this access and it seems feasible, but it will require focused attention over the next 6-12 months to ensure that the access easement receives all of the necessary approvals from PG&E and the California Public Utility Commission, if applicable. Since Facebook's offer, staff has worked to research and confirm existing rights that the City has on various pieces of the PG&E land that runs through the project site. In addition to the fire access, the City may need to obtain utility easements from PG&E. PG&E has these access and utility easements may require compensation and staff would return to City Council at the appropriate time with the cost estimates. In terms of the overall project benefits, these easement costs would be relatively nominal.

Pool facilities

The new pool facilities would be constructed in approximately the same location as the existing pool. The existing pool house, which is located at the southeast corner of the lot, would be demolished and a new pool equipment building would be constructed near the southern property line, close to the PG&E substation. The pool design utilizes the 2017 Belle Haven Pool Audit and Master Plan as a guiding document to develop programmatic features. Most notably, the document identifies emerging trends in newer aquatic facilities to transition to more family friendly activities and play features. The proposed facility includes two separate pools with varying water temperatures. A six-lane 25-yard performance pool for lap swim, water polo and other more traditional pool activities has remained relatively constant through the design process. The second shallower warm water pool that can be utilized for children's lessons, aquatics classes and that contains fun interactive play features in a shallow depth area potentially tying in to splash pad features as well has been updated as shown in Attachment F. An additional focus to provide more leisure seating and social gathering area is incorporated with a slightly increased pool deck area.

Funding and improvement agreement

On September 15, 2020, the City Council approved a term sheet (Attachment G) that would serve as the guide to prepare a more detailed legal agreement to articulate the respective obligations of Facebook and the City to bring this project to fruition for the benefit of the community. The attached Funding and Improvement Agreement would be executed by the City Manager and Facebook upon approval by the City Council. The agreement is consistent with the term sheet with one primary exception and two supplements of note, all of which are beneficial to the City, reflective of Facebook's spirit of collaboration. In regard to the exception, it was originally thought that Facebook could not incorporate the reconstruction of the pool into its construction contract. As such, the City would need to hire its own a contractor, which would present logistical challenges. Facebook worked creatively and diligently to arrive at a win-win outcome through the creation of a development lease in which Facebook would lease the project site during the construction period. At the end of construction, the improvements would revert to the City as the property owner. Concerning the two supplements, Facebook agreed to work in good faith with the construction contractor on the following:

- record construction materials purchases/sales as sales originating within the City in order for the City to receive the applicable sales tax revenue.
- work with JobTrain on referrals for qualified job postings with a priority for Menlo Park residents.

Consistent with the term sheet and the deliberations of the City Council in September, October and November, the project includes City-funded enhancements and estimated costs, for both design and construction as detailed in Exhibit A of the agreement and summarized here with the total costs:

1. New swimming pool: \$7.400 million
2. Red Cross evacuation center: \$0.750 million
3. Emergency backup power (diesel mobile generator): \$0.150 million
4. Solar carports: \$0.750 - \$1.500 million
5. LEED Platinum (Leadership in Energy and Environmental Design) upgrade plus additional rooftop solar: \$0.350 - \$0.600 million
6. Renewable energy microgrid (battery backup): \$0.600 - \$1.200 million
7. Building deconstruction versus demolition: \$0.400 million
8. Water main replacement: \$0.800 million
9. Recycled water connection from Chilco Street: \$0.414 million
10. Utility undergrounding: \$0.250 million

As construction proceeds, Facebook would invoice the City for completed work based on invoices submitted by Facebook's consultants and contractors.

The agreement has termination provisions up until building demolition. Upon demolition, Facebook would be contractually obligated to deliver the project.

Subcommittee review

Since the November 10 City Council meeting, the staff met with the City Council subcommittee twice. In December, staff met with then Mayor Taylor and City Councilmember Carlton to review a draft of the funding and improvement agreement. Then in January staff meet with the re-constituted subcommittee comprised of Vice Mayor Nash and City Councilmember Taylor to review an updated version of the agreement, receive updates regarding fire access and the pool layout, and confirm the action items needed for final approvals. The subcommittee expressed support for the overall project including the actions for approval, but did pose questions related to the pool layout.

Project schedule

If the project is approved in January 2021, this would result in the following schedule for project completion assuming this remains a high priority project for the City:

- June 2021 – Facility closures
- July to August 2021 – Remediation and demolition
- Spring 2023 – Facilities re-opening

Additional considerations and updates

Although not subject to any specific action January 12, staff is providing a few additional considerations and updates.

Power purchase agreement

Multiple project enhancements desired on the site lend themselves to funding through a Power Purchase Agreement (PPA.) A PPA allows the financing entity to take advantage of tax credits not available to the City helping to offset the ‘profit’ built into the agreement and for the City to pay down the improvements over a defined period by purchasing the power generated on-site. Rooftop and carport solar panels, the microgrid battery system, and additional EV charging stations (above reach code requirements) can all be incorporated into such an agreement. Staff is currently working on developing a request for proposals (RFP) to select a service provider for these elements. The City entered into a similar type agreement for the existing solar installations at the roof of the Onetta Harris Community Center and various buildings at the Civic Center Campus. Concurrently, staff is working with the project design team to establish design criteria to include in the RFP to ensure that adequate equipment is designed into the building. Subsequent approval of the PPA will require a separate City Council action.

Solar carports

As shown in the project plans, there are two potential locations on the site to install solar carports and staff is continuing to evaluate the costs and benefits associated with both locations. Based on energy load calculations, it is anticipated that only one of the two locations, in addition to the rooftop solar, will be necessary to generate the power desired for the site. If constructed in the new parking area, the construction work will likely be more cost efficient with the area being disturbed by other activities. If constructed near Kelly Field, there is potential to receive additional benefit of providing shade along the edge of the track giving reprieve to the sun on warm days to visitors. Currently, staff is proposing constructing the carports at the Kelly Field location, but either location is viable and both are under evaluation.

Sea level rise

The site currently is not located in a special hazard flood zone associated with tidal flooding, however, the building finished floor elevation of 14.75 feet as proposed would exceed the City’s requirements of being a minimum of 2 feet above the nearest known tidal flood elevation. Using the sea level rise projection tools, we would expect sea level rise to begin to impact the building at a little over 6.6 feet of sea level rise. That amount is associated with roughly 60 years of sea level rise. Implementation of the SAFER Bay Project would mitigate the need to raise the building or site to account for future sea level rise. Staff does not recommend any redesigns to further raise the building and/or site due to financial and logistical constraints.

On-site parking

The Planning Commission staff report includes a parking analysis to confirm that the proposed number of parking spaces would be adequate for the proposed site, including projected peak demand in the early evenings. The City currently has an agreement with Beechwood School to allow Beechwood to use portions of the existing parking lot. Given the change to the layout of a portion of the parking lot, staff intends to memorialize this change with a side letter agreement. The Beechwood School administrative team has been engaged throughout the process and generally supports the project. Nevertheless, Beechwood School did re-iterate a concern about vehicles parked overnight that impact the availability of parking near the school. Staff intends to pursue options for addressing this issue prior to commencing construction on the project. It is likely that the solution would require City Council action to accomplish the necessary enforcement of applicable parking restrictions.

Interim recreational services

Although the City Council solidifying plans for interim senior services and child care services, staff identified the need for additional outreach regarding interim recreational services in particular related to transportation needs. In December, staff conducted a telephone survey of the 320 regular users of the OHCC's recreational programs for whom contact information is on file. The survey asked OHCC users whether they would attend OHCC programs if they were temporarily located at the Arrillaga Family Recreation Center (ARC) during the transition and whether they would require transportation to the ARC. The survey also asked for users' city of residence. A total of 78 responses were received, for a response rate of 24%. This response rate is statistically significant, but is lower than the response rate of a similar survey conducted of senior center users. The difference may be attributed to the far higher level of continuous contact that staff has maintained with senior center users during the pandemic in the form of wellness checks and meal deliveries. In the OHCC user survey, 84 percent of the respondents indicated that they would attend programs at the ARC. Only 8 percent of respondents indicated that they would require transportation. Eighty-seven percent of respondents live in Menlo Park; the rest live in East Palo Alto. While this information provides a helpful indicator of interest by users to attend programs at the ARC as well as their transportation needs, staff recommends that additional outreach be conducted to confirm the preliminary indications in more detail and with a larger pool of responses, and will proceed as such over the next several weeks.

Future programming and naming

The programming of the new facility and the naming will be important considerations over the coming two years. The near-term focus will continue to be on ensuring that the project progresses to the construction stage. Given the current pandemic and the construction timeline, 2022 appears to be the appropriate year to focus on naming. In terms of programming, it would likely integrate with an overall effort toward rebuilding library and community services in the City post pandemic. Both of these efforts are likely to involve a robust public engagement process.

Impact on City Resources

Staff estimates the value of the offer at approximately \$40 million. On July 28, the City Council approved the capital improvement project (CIP) budget for fiscal year 2020-21, which allocated an additional \$3.850 million, plus carry-over funds of \$2.132 million for a total project budget of approximately \$5.952 for the City's base-level commitments, including interim services, as detailed in Table 1.

Table 1: Base level budget funding	
Item	Budget
General fund CIP	\$2.098
Library system improvement fund	\$1.484
Recreation in lieu fund	\$1.570
Water capital fund	\$0.800
Total	\$5.952

On November 10, 2020, the City Council appropriated an additional \$9.8 million for the project enhancements, with a funding strategy comprised of the following:

- Grants and donations with a target of \$1 million
- Measure T general obligation recreation bonds with a target of \$8.8 million

The Menlo Park Library Foundation (Foundation) graciously stepped forward with an offer to fundraise for the project with an ambitious goal of \$2-3 million in donations. Facebook and staff met with the Foundation and will coordinate on these efforts. In regard to Measure T, staff will initiate the process to ensure that the funds are available in a timely manner for the project. This effort, in and of itself, will require a concerted effort over the next six months. One item that will require future City Council input is whether to issue bonds for the full remaining bonding capacity estimate at \$14 million to fund other capital recreation projects, such as those identified in the Parks and Recreation master plan.

Environmental Review

This project is categorically exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15302 Replacement of Existing Facilities. The project has substantially the same purpose and capacity as the existing facilities, and this exemption allows for reasonable increases in square footage to accommodate replacement facilities. The proposed square footage of 37,080 square feet would be an approximately 8.8 percent increase in square footage from the existing facilities currently located on the site. This determination has the concurrence of the city attorney’s office.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. Public notification also consisted of publishing a notice in the local newspaper and notification by mail of owners and occupants within a one-quarter mile radius of the subject property, as well as to all residents and property owners west of Chilco Street between Terminal Avenue and Ivy Drive. In addition, the City sent electronic notices via Nextdoor, Facebook and directly to project email and text update subscribers from the project page (Attachment C.)

Attachments

- A. Resolution No. 6607
- B. Funding and improvement agreement
- C. Hyperlink – project page: menlopark.org/communitycampus
- D. Hyperlink: December 14, 2020 Planning Commission staff report –

menlopark.org/DocumentCenter/View/26911/F3_-MPCC-Staff-Report?bidId

- E. Revised fire access
- F. Revised pool layout
- G. Term sheet

Report prepared by:

Justin Murphy, Deputy City Manager

Chris Turner, Assistant Planner

Chris Lamm, Assistant Public Works Director

Sean Reinhart, Library and Community Services Director

RESOLUTION NO. 6607**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK APPROVING FINDINGS AND CONDITIONS FOR ARCHITECTURAL CONTROL AND A USE PERMIT FOR THE PROJECT LOCATED AT 100-110 TERMINAL AVENUE**

WHEREAS, the City of Menlo Park ("City") has received an application from the City of Menlo Park ("Applicant"), for an architectural control permit for a new multigenerational community campus, and a use permit to allow the use and storage of hazardous materials for pool chemicals and diesel fuel for a mobile backup generator located at 100-110 Terminal Avenue ("Project Site");

WHEREAS, the findings and conditions for Architectural Control and a Use Permit would ensure that all City requirements are applied consistently and correctly as part of the project's implementation;

WHEREAS, the proposed project meets the PF (Public Facilities) zoning district requirements and satisfies peak-hour parking demand; and

WHEREAS, all required public notices and public hearings were duly given and held according to law; and

WHEREAS, after notice having been lawfully given, a public hearing was scheduled and held before the Planning Commission of the City of Menlo Park on December 14, 2020 whereat all persons interested therein might appear and be heard; and

WHEREAS, the Planning Commission of the City of Menlo Park having fully reviewed, considered and evaluated all the testimony and evidence submitted in this matter voted affirmatively to recommend to the City Council of the City of Menlo Park to approve/deny the findings and conditions for the Architectural Control and Use Permit; and

WHEREAS, after notice having been lawfully given, a public hearing was scheduled and held before the City Council of the City of Menlo Park on January 12, 2021 whereat all persons interested therein might appear and be heard; and

WHEREAS, the City Council reviewed the project on January 12, 2021, and found the project to be categorically exempt under Class 2 (Section 15302), "Replacement or Reconstruction" of the current California Environmental Quality Act (CEQA) Guidelines, based on the proposed project's replacement of existing facilities with a limited increase in gross floor area; and

WHEREAS, the City Council of the City of Menlo Park having fully reviewed, considered and evaluated all the testimony and evidence submitted in this matter voted affirmatively to approve/deny the findings and conditions for Architectural Control and a use permit.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Menlo Park hereby approves the findings and conditions for Architectural Control and a use permit attached hereto as Exhibit A and incorporated herein by this reference.

I, Judi A. Herren, 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 City Council on this twelfth day of January, 2021, 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 twelfth day of January, 2021.

Judi A. Herren, City Clerk

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

LOCATION: 100-110 Terminal Avenue	PROJECT NUMBER: PLN2020-00010	APPLICANT: City of Menlo Park	OWNER: City of Menlo Park
REQUEST: Request for architectural control to demolish the existing Onetta Harris Community Center, Menlo Park Senior Center, Belle Haven Youth Center, and Belle Haven Pool, and construct a new multi-generational community center and library on a lot in the PF (Public Facilities) district. The proposal includes a request for a use permit for the use and storage of hazardous materials including pool chemicals and diesel fuel for a mobile backup generator.			
DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <ol style="list-style-type: none"> 1. Make a finding that the project is categorically exempt under Class 2 (Section 15302, “Replacement or Reconstruction”) of the current California Environmental Quality Act (CEQA) Guidelines, based on the proposed project’s replacement of existing facilities with a limited increase in gross floor area. 2. Adopt the following findings, as per Section 16.68.020 of the Zoning Ordinance, pertaining to architectural control approval: <ol style="list-style-type: none"> a. The general appearance of the structures is in keeping with the character of the neighborhood. The buildings will feature a contemporary style with warm, inviting materials and will meet the relevant standards of the PF zoning district. The application of materials will provide variety and visual interest. The proposed exterior materials and finishes would be high quality in nature and would reinforce the neighborhood compatibility. b. The development will not be detrimental to the harmonious and orderly growth of the City. The project would meet the relevant development standards of the PF zoning district. c. The proposed community campus would create a community gathering place and provide critical services to the Belle Haven neighborhood, and the City as a whole, and the use will not impair the desirability of investment or occupation in the neighborhood. d. The development provides 164 parking spaces which has been determined by parking study to be adequate for the needs of the proposed uses on the property, and has made adequate provisions for access to such parking. e. The subject site is not part of a specific plan area. 3. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use and storage of hazardous materials will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City. 4. Approve the architectural control and use permit subject to the following standard conditions: <ol style="list-style-type: none"> a. The applicant shall be required to apply for a building permit within one year from the date of approval (by TBD, 2022) for the use permit to remain in effect. b. Development of the project shall be substantially in conformance with the plans prepared by Hart Howerton consisting of 36 plan sheets, dated received on December 8, 2020, 			

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

LOCATION: 100-110 Terminal Avenue	PROJECT NUMBER: PLN2020-00010	APPLICANT: City of Menlo Park	OWNER: City of Menlo Park
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DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
ACTION:			
<p>approved by the City Council on TBD, except as modified by the conditions contained herein, subject to review and approval of the Planning Division.</p> <ul style="list-style-type: none"> c. Minor modifications to building exteriors and locations, fence styles and locations, signage, and significant landscape features may be approved by the Community Development Director or designee, based on the determination that the proposed modification is consistent with other building and design elements of the approved Architectural Control and will not have an adverse impact on the character and aesthetics of the site. The Director may refer any request for revisions to the plans to the Planning Commission for architectural control approval. A public meeting could be called regarding such changes if deemed necessary by the Planning Commission. d. Major modifications to building exteriors and locations, fence styles and locations, signage, and significant landscape features may be allowed subject to obtaining an architectural control permit from the Planning Commission, based on the determination that the proposed modification is compatible with the other building and design elements of the approved Architectural Control and will not have an adverse impact on the character and aesthetics of the site. e. Major revisions to the development plan which involve material changes, or expansion or intensification of development require public meetings by the Planning Commission and City Council. f. 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. g. Prior to building permit issuance, the applicant shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project. h. Prior to commencing any work within the right-of-way or public easements, the applicant shall obtain an encroachment permit. i. Simultaneous with the submittal of a complete building permit application, Stormwater Pollution Prevention Program Best Management Practices (BMPs) for construction shall be implemented to protect water quality, in accordance with the approved Stormwater Pollution Prevention Plan (SWPPP). BMP plan sheets are available electronically for inserting into Project plans. j. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans for: 1) construction safety fences around the periphery of the 			

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

LOCATION: 100-110 Terminal Avenue	PROJECT NUMBER: PLN2020-00010	APPLICANT: City of Menlo Park	OWNER: City of Menlo Park
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DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <p>construction area, 2) dust control, 3) air pollution control, 4) erosion and sedimentation control, 5) tree protection fencing, and 6) construction vehicle parking. The plans shall be subject to review and approval by the Building, Engineering, and Planning Divisions. The fences and erosion and sedimentation control measures shall be installed according to the approved plan prior to commencing construction.</p> <ul style="list-style-type: none"> k. Simultaneous with submittal of a complete building permit application, the applicant shall submit a draft “Stormwater Treatment Measures Operations and Maintenance (O&M) Agreement” with the City subject to review and approval by the Engineering Division. The property owner will be responsible for the operation and maintenance of stormwater treatment measures for the project. l. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a Grading and Drainage Plan for review and approval. Post-construction runoff into the storm drain shall not exceed pre- construction runoff levels. A Hydrology Report will be required to the satisfaction of the Engineering Division. Slopes for the first 10 feet perpendicular to the structure must be 5% minimum for pervious surfaces and 2% minimum for impervious surfaces, including roadways and parking areas, as required by CBC §1804.3. m. Simultaneous with submittal of a complete building permit application, the applicant shall submit engineered Off-Site Improvement Plans (including specifications & engineers cost estimates), for approval by the Engineering Division, showing the infrastructure necessary to serve the Project. The Improvement Plans shall include, but are not limited to, all engineering calculations necessary to substantiate the design, proposed roadways, drainage improvements, utilities, traffic control devices, retaining walls, sanitary sewers, and storm drains, pump/lift stations, street lightings, landscaping and other project improvements. All public improvements shall be designed and constructed to the satisfaction of the Engineering Division. n. Prior to building permit issuance, the applicant shall submit plans to remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for the review and approval of the Engineering Division. o. During the design phase of the construction drawings, all potential utility conflicts shall be potholed with actual depths recorded on the improvement plans submitted for City review and approval. p. Simultaneous with the submittal of a complete building permit application, the applicant shall provide documentation indicating the amount of irrigated landscaping. If the project proposes more than 500 square feet of irrigated landscaping, it is subject to the City's Water Efficient Landscaping Ordinance (Municipal Code Chapter 12.44). 			

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

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REQUEST: Request for architectural control to demolish the existing Onetta Harris Community Center, Menlo Park Senior Center, Belle Haven Youth Center, and Belle Haven Pool, and construct a new multi-generational community center and library on a lot in the PF (Public Facilities) district. The proposal includes a request for a use permit for the use and storage of hazardous materials including pool chemicals and diesel fuel for a mobile backup generator.			
DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <ul style="list-style-type: none"> q. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a plan for any new utility installations or upgrades for review and approval of the Planning, Engineering and Building Divisions. All utility equipment that is installed outside of a building and that cannot be placed underground shall be properly screened by landscaping. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes. r. If construction is not complete by the start of the wet season (October 1 through April 30), the applicant shall implement a winterization program to minimize the potential for erosion and sedimentation. As appropriate to the site and status of construction, winterization requirements shall include inspecting/maintaining/cleaning all soil erosion and sedimentation controls prior to, during, and immediately after each storm event; stabilizing disturbed soils through temporary or permanent seeding, mulching, matting, tarping or other physical means; rocking unpaved vehicle access to limit dispersion of much onto public right-of-way; and covering/tarping stored construction materials, fuels, and other chemicals. Plans to include proposed measures to prevent erosion and polluted runoff from all site conditions shall be submitted for review and approval of the Engineering Division prior to beginning construction. s. The applicant shall retain a civil engineer to prepare "as-built" or "record" drawings of public improvements, and the drawings shall be submitted in AutoCAD and Adobe PDF formats to the Engineering Division prior to Final Occupancy. t. Simultaneous with the submittal of a complete building permit application, a design-level geotechnical investigation report shall be submitted to the Building Division for review and confirmation that the proposed development fully complies with the California Building Code. The report shall determine the project site's surface geotechnical conditions and address potential seismic hazards. The report shall identify building techniques appropriate to minimize seismic damage. u. All public right-of-way improvements, including frontage improvements and the dedication of easements and public right-of-way, shall be completed to the satisfaction of the Engineering Division prior to building permit final inspection. v. Prior to building permit issuance, the applicant shall submit a finalized version of the Stormwater Control Plan, which shall provide stormwater treatment for the project site pursuant to the latest regulations specified in the San Mateo County C.3 Technical Guidance Manual. The Stormwater Control Plan shall include a written report identifying existing and proposed project conditions, and all applicable source controls, and mitigation measures (i.e. bioretention areas, flow through planters, etc.) implemented to meet NPDES compliance. 			

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

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DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <ul style="list-style-type: none"> w. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a heritage street tree preservation plan, detailing the location of and methods for all tree protection measures. x. All agreements shall run with the land and shall be recorded with the San Mateo County Recorder’s Office prior to building permit final inspection. y. Prior to building permit issuance, the applicant shall submit plans for construction parking management, construction staging, material storage and Traffic Control Handling Plan to be reviewed and approved by the City. z. Prior to final inspection, the applicant shall submit a landscape audit report. aa. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance and the arborist report required herein by condition of approval 5.b. <p>5. Approve the use permit and architectural control subject to the following <i>project-specific</i> conditions:</p> <ul style="list-style-type: none"> a. Simultaneous with the submittal of a complete building permit application, the applicant shall submit full color elevations of the proposed pool equipment accessory building, which shall have a design, colors, and materials that are architecturally compatible with the main community campus building, subject to review and approval by the Planning Division. b. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a complete arborist report indicating the size, species, and conditions of all trees in the vicinity of the project, and determine tree protection measures for trees proposed to remain, subject to review and approval by the Planning Division and City Arborist. c. Prior to building permit issuance, the applicant shall submit the final Hazardous Materials Business Plan (HMBP) to be reviewed by the Menlo Park Fire Protection District, West Bay Sanitary District and the San Mateo County Environmental Health Services Division, and submit revised plans as necessary addressing any comments from reviewing agencies. d. Simultaneous with the submittal of a complete building permit application, the applicant shall submit elevation drawings of the proposed trash enclosure. Outdoor trash enclosures shall have a solid roof covering the entire area of the enclosure. Runoff from the roof shall be routed to bioretention areas. The trash enclosure(s) shall be sized to accommodate bins/containers for garbage, recyclables, and organics, subject to review and approval of 			

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DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <p style="padding-left: 40px;">the Building Division, Planning Division, and Engineering Division.</p>			

FUNDING AND IMPROVEMENT AGREEMENT FOR THE MENLO PARK COMMUNITY CAMPUS

This Funding and Improvement Agreement for the Menlo Park Community Campus (this “**Agreement**”), is entered into as of _____, 2021 (the “**Effective Date**”), by and between Facebook, Inc., a Delaware corporation (“**Facebook**”), and the City of Menlo Park, a municipal corporation of the State of California (the “**City**”) (each sometimes referred to as a “**Party**” and collectively referred to as the “**Parties**”).

RECITALS

WHEREAS, the City currently owns and operates the Onetta Harris Community Center, Menlo Park Senior Center, and Belle Haven Youth Center (collectively, the “**Existing Community Center**”), which provides approximately 35,000 square feet of multi-purpose, community, and recreational space located at 100-110 Terminal Avenue, Menlo Park, CA 94025 (the “**Property**”). The Existing Community Center offers residents of Menlo Park, including the adjacent Belle Haven neighborhood, a range of facilities for events, classes, recreation programs, fitness, and sports.

WHEREAS, the City also owns and operates the Belle Haven Pool (the “**Existing Belle Haven Pool**”), which includes a 25-meter outdoor swimming pool and a small children’s wading pool, that is open to the public and located adjacent to the Existing Community Center on the Property.

WHEREAS, the City currently operates the Belle Haven Branch Library as a joint use facility, consisting of approximately 3,500 square feet, located at 413 Ivy Drive at the Belle Haven School, which is owned by the Ravenswood City School District.

WHEREAS, in 2018, the City and its architect, Noll & Tom Architects, evaluated the Existing Community Center and the Existing Belle Haven Pool and determined that both facilities were at the end of their useful lives.

WHEREAS, in December of 2019, as part of Facebook’s ongoing efforts to collaborate with the City on important initiatives that improve the quality of life for the surrounding community, Facebook submitted a proposal to the City to explore funding and development of a new multi-generational community center and library (the “**New Community Campus**”) located in Menlo Park’s Belle Haven neighborhood, which would replace the Existing Community Center with a new facility of substantially the same size.

WHEREAS, on January 28, 2020, the City adopted Resolution No. 6537, accepting Facebook’s proposal and committing to collaborate with Facebook as the developer the New Community Campus and to prioritize its implementation.

WHEREAS, the City and Facebook have subsequently engaged in an extensive community outreach process, and received input from the local community and other stakeholders.

WHEREAS, on October 13, 2020, the City Council identified ten additional improvements related to the New Community Campus which the City desires to fund, including but not limited to a new swimming pool to replace the Existing Belle Haven Pool, as well as certain enhancements to the New Community Campus which have been incorporated into the design of the New Community Campus as further described below.

WHEREAS, a portion of the site for the New Community Campus is owned in fee by PG&E and the Parties acknowledge that as a condition precedent to developing the Project, the City must secure approval from

PG&E to access, and cause Facebook’s design consultants and general contractor to perform work and services within, the portion of the site owned by PG&E.

WHEREAS, on November 10, 2020, the City Council approved the final interim services plan for continuing some of the services currently provided at the Onetta Harris Community Center.

WHEREAS, on December 14, 2020, the Planning Commission held a public hearing and provided a recommendation to the City Council to approve architectural control for the New Community Campus project and a use permit for the use and storage of hazardous materials including diesel for a backup generator and pool chemicals.

WHEREAS, on [January 12, 2021], the City approved the plans and project specifications for the New Community Campus described on Exhibit A (the “**Base Project**”), and approved an initial maximum design budget for the Project Enhancements in the amount of \$1,184,900, and an initial maximum construction budget for the Project Enhancements of \$9,415,900. The improvements described on Exhibit A, together with any Approved Project Enhancements which the City determines to proceed with pursuant to Section 4.1 and as further described on Exhibit B, any Facebook Modifications approved pursuant to Section 4.2, and any City Modifications approved pursuant to Section 4.3, are collectively referred to as the “**Project**.” The Parties acknowledge that by virtue of Facebook’s offer to fund and develop the New Community Campus, and because it would be unduly burdensome and practically infeasible for the Project to be constructed pursuant to multiple construction contracts with significant overlap given the nature of the Project Enhancements, the only practical way to develop the Project is pursuant to a single construction contract with Facebook paying for all construction costs (including advancing payment for those costs associated with the Project Enhancements), and the City subsequently reimbursing Facebook for the costs of the Approved Project Enhancements (defined below) as provided for in Section 4.1.4 and Section 5 of this Agreement. WHEREAS, the Parties intend to enter into a lease agreement whereby the City, as landlord, will lease the Property to Facebook, as tenant, to provide Facebook with access to the Property during the lease term.

WHEREAS, the Parties now desire to set forth their respective rights, duties, obligations, and procedures to facilitate cooperation concerning the development and funding for the Project.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

SECTION 1: FACEBOOK’S OBLIGATIONS

1.1 Facebook’s Obligations. Facebook will do the following:

- 1.1.1 Engage a licensed general contractor to demolish the Existing Community Center and the Existing Belle Haven Pool and construct the Base Project in accordance with the plans and project specifications described on Exhibit A, any Approved Project Enhancements (as defined below) which the City requests be constructed at the City’s expense pursuant to Section 4.1, any Facebook Modifications (as defined below) approved pursuant to Section 4.2, and any City Modifications (as defined below) approved pursuant to Section 4.3. Facebook will have sole discretion over selection and engagement of the architect, engineers, and design consultants (collectively, the “Design Team”), and the general contractor.
- 1.1.2 Prepare a budget for the Project, including a budget for any Project Enhancements or modifications approved pursuant to Section 4.
- 1.1.3 Obtain from the Design Team and submit to the City Manager or her designee for review and comment, plans and specifications for the Project at 50% and 100% of design development.

- 1.1.4 Cause its general contractor to pay prevailing wages for work performed on the Project.
- 1.1.5 Engage with the City and community members to reasonably minimize construction related impacts on the neighborhood.
- 1.1.6 Assist the City's efforts to pursue approvals within PG&E's property to accommodate the Project.
- 1.1.7 Request and obtain from its general contractor fixed bids and pricing for the Project Enhancements identified on Exhibit B to assist the City in determining whether to proceed with any Project Enhancements.
- 1.1.8 In developing the Project, comply with all applicable federal, state, and local laws and regulations applicable to the Project.
- 1.1.9 If the general contractor that Facebook engages for the Project holds a reseller permit issued by the California State Board of Equalization ("**BOE**"), and the contract with the general contractor exceeds Five Million Dollars (\$5,000,000), Facebook will use diligent, good faith efforts, to negotiate and include a provision in the contract to require such general contractor to obtain sub-permits from the BOE to book and record construction materials purchases/sales as sales originating within the City; if a sub-permit is required, the City's designated representative shall provide assistance to Facebook or its general contractor, the general contractor's subcontractors, or material suppliers to obtain the sub-permit from the BOE.
- 1.1.10 Cause its general contractor to use good faith efforts to engage with and utilize JobTrain as a first referral source for qualified entry-level construction positions, including offering first priority job postings to Belle Haven and Menlo Park residents, provided that nothing in this Agreement shall be construed as requiring Facebook to (i) obligate the general contractor to hire any particular applicant or (ii) prohibit the general contractor from considering applicants referred or recruited through other sources.
- 1.1.11 Enter into a Development Lease Agreement with the City as described in Section 2.1.1 of this Agreement.
- 1.1.12 Be solely responsible for funding the design and construction costs for the Base Project, excluding costs incurred by Facebook associated with the Approved Project Enhancements or any approved City Modification.

1.2 Project Schedule. The schedule for the Base Project is attached as Exhibit C to this Agreement (the "**Project Schedule**"). Facebook will use good faith efforts to adhere to the Project Schedule and require that its general contractor completes the construction of the Project within 24 months of demolition of the Existing Community Center; however, the Project Schedule is provided for informational purposes only and Facebook will not be liable to the City in case of delays in meeting any milestone, regardless of their cause or duration. Facebook will provide the City with monthly updates to the Project Schedule. The monthly updates will include, (a) an explanation of the status of all design and construction activities, (b) the current critical path construction schedule prepared by the general contractor, and (c) a narrative that explains all modifications to the Project Schedule and issues that may impact substantial completion.

SECTION 2: THE CITY'S OBLIGATIONS

2.1 The City's Obligations. The City will do the following:

- 2.1.1 Enter into a Development Lease Agreement in the form attached hereto as Exhibit D (the "**Development Lease**") to provide Facebook, its agents, consultants, Design Team, general contractor, and the general contractor's subcontractors and suppliers the right to use the Property to develop the Project pursuant to this Agreement during the term of the Development Lease.
- 2.1.2 Timely review and provide comments on the progress of design development plans and timely process all building permit applications. The City shall make a good faith effort to expedite the plan check process and issuance of building permits, with the goal of issuing building permits within two months after Facebook or its general contractor submits complete building permit applications.
- 2.1.3 Waive all costs in connection with processing Project approvals and building permits, including, but not limited to, staff time, permits, plan check, and inspections.
- 2.1.4 Waive all applicable mitigation fees, impact fees, connection fees, or similar one-time charges or costs typically imposed on new development.
- 2.1.5 Upon request, make a good faith effort to assist Facebook with outreach to public agencies, utilities, and neighboring property owners in order to resolve permitting issues.
- 2.1.6 Subject to Section 4, reimburse Facebook for all approved design and construction costs that Facebook incurs as developer in connection with the Approved Project Enhancements or any approved City Modifications, including, without limitation, costs associated with change orders arising therefrom.
- 2.1.7 Work with the community to develop and implement a plan to accommodate interim community programs to temporarily replace the programs that utilized the Existing Community Center, including, without limitation, providing temporary facilities to accommodate the programs. The interim community programs will not have access to the Property, and Facebook will not be obligated to provide any interim facilities or programming.
- 2.1.8 At its sole cost and expense, (i) perform all work and provide all programming, furniture, fixtures, and equipment (such as electronic equipment, data cabling, and similar equipment) that the City wants or requires and that are not included in the Project and (ii) operate and maintain the Project after completion. Facebook's sole obligation is to complete development of the Project (i.e., the work described on Exhibit A, and any Approved Project Enhancements, Facebook Modifications, or City Modifications approved pursuant to Section 4).
- 2.1.9 During construction, (i) close the Property to the public except that vehicular and pedestrian access will be maintained to Beechwood School, to the facilities housing interim services, and to the sports field located at Kelly Park and (ii) cooperate with Facebook on other reasonable road closures and traffic diversions that Facebook or its general contractor requests.
- 2.1.10 Secure approval from PG&E, if necessary, in order to allow work to occur within PG&E's property.
- 2.1.11 Prior to undertaking any decommissioning activities, including but not limited to removal of furniture and fixtures within the Existing Community Center, provide written notice to Facebook

at least ten (10) days prior to commencement of any decommissioning activities and maintain records of all out-of-pocket expenses incurred in connection with such decommissioning of the Existing Community Center prior to demolition.

- 2.1.12 Ensure that all bidding and other requirements of the California Uniform Public Construction Cost Accounting Act, the California Public Contract Code, and the Menlo Park Municipal Code Requirements for Public Projects are fulfilled to the extent any work to be performed pursuant to this Agreement is subject to such requirements.

SECTION 3: TERM

The term of this Agreement will commence on the Effective Date and conclude upon the earlier of (a) Final Completion (as defined below) or (b) termination of this Agreement under any of the provisions of Section 8.

SECTION 4: CITY REQUESTED PROJECT ENHANCEMENTS AND MODIFICATIONS

4.1 City Requested Project Enhancements.

- 4.1.1 The City has identified additional improvements beyond those initially proposed by Facebook that it would like to incorporate into the Project. Those improvements and their estimated costs are shown on Exhibit B, attached hereto (the “**Project Enhancements**”).
- 4.1.2 The City shall be solely responsible for funding the design costs for the Project Enhancements and the Approved Project Enhancements (as defined below) and will reimburse Facebook for all out of pocket costs actually incurred by Facebook, as developer, for the design of the Project Enhancements and the Approved Project Enhancements, with an initial maximum design budget of \$1,184,900. Facebook will not incur design costs in excess of this amount without the City’s written approval.
- 4.1.3 Facebook will request and obtain fixed bids and pricing from its general contractor for the construction of the Project Enhancements to assist the City in determining whether to proceed with any Project Enhancements. Within thirty (30) days of receipt of such information from Facebook, the City shall provide Facebook with a written notice to Facebook indicating (i) whether it desires to proceed with the proposed Project Enhancement, (ii) the specific scope of work being approved, (iii) the fixed price to construct the proposed Project Enhancement being approved, and (iv) confirmation that the City has sufficient funds to pay for the Approved Project Enhancements. If the City fails to provide timely notice of its election for any proposed Project Enhancement as set forth above, then the City shall be deemed to have elected not to proceed with the proposed Project Enhancement. The Project Enhancements approved by the City pursuant to this Section 4.1.3 are each referred to as an “**Approved Project Enhancement**” and are collectively referred to as the “**Approved Project Enhancements**”. The sum of the fixed prices approved by the City for the Approved Project Enhancements pursuant to this Section 4.1.3 is collectively referred to as the “**Approved Project Enhancements Fixed Price**”.
- 4.1.4 The City shall be solely responsible for funding the cost to construct the Approved Project Enhancements and will reimburse Facebook in Facebook’s capacity as developer, pursuant to the provisions of Section 5, for all out of pocket costs Facebook incurs, including but not limited to construction and third-party project management costs, actually incurred by Facebook for the Approved Project Enhancements. Notwithstanding the preceding, the costs to construct the Approved Project Enhancements (exclusive of third-party project management costs paid to parties other than the general contractor) may not exceed the Approved Project Enhancements Fixed Price

without the City's prior written approval. The cost for third-party project management paid to parties other than the general contractor will be in addition to the Approved Project Enhancements Fixed Price, and may be subject to a separate cap to be agreed to by the City and Facebook. The City acknowledges that unforeseen circumstances or conditions may necessitate changes to the Approved Project Enhancements that warrant an increase to the Approved Project Enhancements Fixed Price. If there are unforeseen circumstances or conditions that result in a change order request that requires an increase to the Approved Project Enhancements Fixed Price, Facebook will promptly provide the general contractor's change order request to the City for approval. Within thirty (30) days of receipt of such information from Facebook, the City shall provide Facebook with a written notice indicating whether it approves the change order request. If the City does not timely approve the change order request, the Parties shall meet and confer in good faith at a mutually agreeable time and location to determine how to address the change order request, which may include modifying the scope of the applicable Approved Project Enhancement in order to facilitate completion of the Approved Project Enhancement without incurring additional costs. If a mutually agreeable solution is not reached, then Facebook may exclude from its scope of development responsibilities the applicable Approved Project Enhancement and shall not be responsible for completion of such Approved Project Enhancement.

4.2 Facebook Modifications. A modification to the Project requested by Facebook (if any) is referred to as a "**Facebook Modification**." Facebook may make the following Facebook Modifications without the City's prior approval: (i) modifications required to comply with applicable laws or regulations, (ii) modifications required to comply with the requirements of applicable utility providers, and (iii) modifications to address unforeseen conditions. Any other Facebook Modification shall be subject to the City's prior written approval, which approval shall not be unreasonably withheld, conditioned, or delayed. For purposes of this Section 4.2, the City agrees that whether a Facebook Modification is reasonable depends solely on whether it would materially increase the City's maintenance and operational costs or have a material adverse effect on the New Community Campus's appearance or functionality. If there is a disagreement as to whether a Facebook Modification materially increases the City's maintenance and operational costs or has a material adverse effect on the New Community Campus's appearance or functionality, the City and Facebook shall meet and confer in good faith at a mutually agreeable time and location in order to attempt to resolve the matter. Facebook Modifications to the New Community Campus will be at Facebook's sole cost and expense.

4.3 City Modifications. The City may request that Facebook perform additional work not shown on Exhibit A or Exhibit B (each, a "**City Modification**"). Facebook is not obligated to include in its scope of development responsibilities any City Modifications, and may refuse to undertake, as developer, any or all City Modifications in its sole and absolute discretion. Within ten (10) business days of its receipt of a proposed City Modification, Facebook will notify the City whether it conceptually approves of the City Modification. If Facebook conceptually approves of the City Modification, it will promptly cause its general contractor or other consultant to prepare an estimate of the costs to perform that City Modification and deliver that estimate to the City. Within five (5) business days after receipt of the cost estimate for the City Modification, the City must provide written notice to Facebook indicating whether it desires to proceed with the proposed City Modification and confirmation that the City has sufficient funds to pay for the City Modification. If the City elects to proceed with a City Modification, the City will be responsible for all costs, including but not limited to design, construction, and third-party project management costs, associated with the City Modification. The City will reimburse Facebook for all such costs incurred by Facebook for a City Modification pursuant to Section 5 of this Agreement. If Facebook notifies the City that it does not approve any proposed City Modification, Facebook shall state its reasons for such disapproval and the Parties shall meet and confer in good faith to determine if they can resolve any Facebook objections to such proposed City Modification. If the City fails to timely notify Facebook of the City's election to proceed with the proposed City Modification, then the City shall be deemed to have elected not to proceed with the City Modification.

SECTION 5: FUNDING AND PAYMENT

5.1 City Funds. Upon Facebook's request, the City must demonstrate through the delivery of supporting documents and other evidence that it has sufficient funds to reimburse Facebook for any Approved Project Enhancements or City Modifications, including any change orders approved pursuant to Section 4.1.4. The City may satisfy this requirement by providing evidence that the City Council has approved funding for the Approved Project Enhancements and City Modifications (as applicable) and deposited the funds in a dedicated or restricted fund. If the City fails to demonstrate that it has sufficient funds to pay for the Approved Project Enhancements or City Modifications, then Facebook may suspend its Design Team's and general contractor's work and services on the Project, without responsibility or liability for the resulting delay, until the City reasonably demonstrates that it has sufficient funds. In addition, and without limitation to the preceding or any other remedies that Facebook may be entitled to, subject to Section 8 of this Agreement, Facebook may terminate its obligation to develop the Approved Project Enhancements or any City Modifications if the City is unable to reasonably demonstrate that it has sufficient funds available to cover the anticipated cost of the Approved Project Enhancements or the City Modifications (as applicable).

5.2 Project Enhancements / City Modification Costs. Following commencement of design of any Project Enhancements or component thereof or any City Modification (whichever occurs first), Facebook may provide the City with written requests for reimbursement of its costs incurred with respect to its Design Team's design of the Project Enhancements, the general contractor's construction of the Approved Project Enhancements and/or their design and construction of the City Modifications, including any change orders approved pursuant to Section 4.1.4 (each a "**Request for Reimbursement**"). Facebook may not provide more than one Request for Reimbursement per calendar month. Each Request for Reimbursement must include the following: (a) the requested amount to be reimbursed and (b) a list of all invoices to be reimbursed under the current Request for Reimbursement. The City must pay Facebook the amount requested in a Request for Reimbursement within thirty (30) days of its receipt of that Request for Reimbursement. If the City disputes an amount stated in a Request for Reimbursement, the City must notify Facebook in writing of the dispute and the basis therefor prior to the deadline for paying the amount requested under that Request for Reimbursement. All undisputed amounts must be paid on a timely basis. The Parties agree to work together in good faith to informally resolve any disputes. Interest will accrue on any unpaid or overdue balance from the date payment was originally due at a rate of one percent (1%) per month.

SECTION 6: SUBSTANTIAL COMPLETION; FINAL COMPLETION; ACCEPTANCE OF THE PROJECT

6.1 Substantial Completion; Punch List. "**Substantial Completion**" is the stage in the progress of the Project when (a) the Project is sufficiently complete in accordance with this Agreement so that the City can occupy or utilize it for its intended use and (b) a certificate of occupancy (or an equivalent sign-off) has been issued for all improvements that make up the Project. When Facebook believes that Substantial Completion has been achieved, Facebook will submit to the City a draft punch list prepared by its general contractor for the City's review and approval. Upon receipt of the draft punch list, the City will inspect the Project and give Facebook written notice either (i) approving the draft punch list or (ii) specifying additional items to be inserted in the punch list and/or correcting errors in Facebook's draft punch list. The draft punch list approved by the City will become the "**Punch List**." Any damage to the Project by the City upon the City's occupancy, will be the sole responsibility of the City.

6.2. Final Completion. Final completion ("**Final Completion**") is the stage when all work for the Project has been completed in accordance with the contract with Facebook's general contractor, consistent with this Agreement. Facebook will notify the City in writing when Facebook believes that its general contractor has achieved Final Completion. The City will conduct such final inspections and tests necessary to satisfy the City that Final Completion has been achieved. If, in the City's reasonable opinion, the Project fails to conform

to the requirements of the contract with Facebook's general contractor, consistent with this Agreement, the City will promptly notify Facebook in writing, adding any such non-conforming work to the Punch List.

6.3 As-Is; Release. Upon Final Completion, the City will accept the Project in its then "as-is" condition (with all faults) and, at Facebook's request, provide a written acceptance and waiver of liability (including a waiver of its rights under California Civil Code Section 1542, or its equivalent). The City acknowledges and agrees that Facebook is not making any representation or warranty, express or implied, as to the value, uses, habitability, condition, design, operation, utility, or fitness for purpose or use of the Project or the Property (or any part thereof) or any other guarantee, representation, or warranty whatsoever, express or implied, with respect to any portion of the Project or the Property. Further, Facebook will have no liability for any latent, hidden, or patent defect as to the Project or the Property or the failure of either (or any part thereof) to comply with any applicable laws or regulations. Notwithstanding anything to the contrary set forth in this Section 6.3, the City does not waive any claim against any architect, engineer, and/or contractor relating to the plan, design, and/or construction of the Project. The City hereby releases Facebook from all responsibility and liability regarding the value, usability, habitability, condition, design, operation, or utility of the Project or the Property, or its or their suitability for any purpose whatsoever, and to the enforcement of any warranties given or delivered by the general contractor, subcontractors and suppliers.

6.4 Post-Delivery Responsibility. Upon Final Completion, Facebook will not be responsible for any repairs, improvements, replacements, or maintenance of the Project, all of which will be the City's sole responsibility at its sole cost and expense. Without limitation, Facebook will not be liable for any claims for design or construction defects and is not providing the City with any warranties. Upon Final Completion, Facebook will assign to the City all rights it has to architectural, contractor, and supplier warranties or guaranties against defects in materials or workmanship with respect to the Project, and will cooperate in any and all efforts to enforce the warranties or guaranties. Facebook agrees not to enter into any design or construction agreements that will limit or waive any rights the City might have to pursue warranty or defect claims against third parties engaged in design or construction of the Project, without the City's prior approval.

SECTION 7: NAMING RIGHTS

The City shall have the sole discretion to name the Project in accordance with its internal policies; provided, however, that prior to selecting the name, the City must meet and confer with Facebook. The City shall not license, sell, or otherwise commercialize the naming rights for the Project, or provide naming rights to a donor. Facebook shall have the non-exclusive right to use the appearance and image of the Project and refer to the Project's name in its marketing or any other published materials.

SECTION 8: TERMINATION; REMEDIES; LIABILITY

8.1 Termination Prior to Commencement of Demolition.

- 8.1.1 Facebook may, in its sole and absolute discretion, terminate this Agreement for convenience prior to its general contractor's commencement of demolition by giving the City written notice. If Facebook terminates this Agreement for convenience prior to its general contractor's commencement of demolition, the City shall have no claims against Facebook except for (i) the reasonable out of pocket costs associated with processing the Project and (ii) reasonable out of pocket costs actually incurred by the City in connection with the decommissioning of the Existing Community Center and restoring the Existing Community Center to its condition prior to decommissioning, provided that the City has provided written notice to Facebook and Facebook has approved such decommissioning work in its sole discretion. For the purposes of this Agreement, "commencement of demolition" shall mean the demolition of any portion of the Existing Community Center by Facebook.

8.1.2 Facebook may terminate this Agreement for cause prior to its general contractor's commencement of demolition if the City fails to perform any of its obligations under this Agreement and does not timely cure such failure. If Facebook terminates this Agreement for cause prior to its general contractor's commencement of demolition, in addition to all other rights and remedies available to Facebook, this Agreement shall terminate and have no further force and effect and Facebook shall have no further obligations to the City and will not be liable for any costs incurred or damages sustained by the City.

8.1.3 The City may terminate this Agreement for cause prior to commencement by Facebook's general contractor of demolition if Facebook fails to perform any of its material obligations under this Agreement and does not timely cure such failure. If the City terminates this Agreement for cause prior to the commencement by Facebook's general contractor of demolition, the City shall have no claims against Facebook except for the reasonable out of pocket costs associated with processing the Project.

8.2 Termination After Commencement of Demolition.

8.2.1 Facebook may terminate this Agreement for cause after the commencement by Facebook's general contractor of demolition if the City fails to perform any of its obligations under this Agreement and does not timely cure such failure. If Facebook terminates this Agreement for cause after the commencement by Facebook's general contractor of demolition, Facebook will have no further obligations to the City with respect to the Project and will not be liable for any damages to the City, and the City shall determine whether and how to complete the Project at its sole cost and expense.

8.2.2 The City may terminate this Agreement for cause after commencement by Facebook's general contractor of demolition if Facebook fails to perform any of its material obligations under this Agreement and does not timely cure such failure. If the City terminates this Agreement for cause, or Facebook terminates this agreement without cause, after the commencement by Facebook's general contractor of demolition, the City may complete the Project and Facebook shall be responsible for the cost to complete the Project, as well as all damages sustained by the City as a result of delays in completing the Project resulting from the termination of this Agreement.

8.3 Notice of Default. Before terminating this Agreement for cause under Section 8.1 or Section 8.2, the non-defaulting Party must give the other Party written notice of the alleged default. The defaulting Party will then have thirty (30) days to cure such default; provided, however, that if the nature of the default is such that despite a Party's commercially reasonable efforts it cannot be cured within thirty (30) days, then the defaulting Party will have such additional time as is reasonable under the circumstances to cure the default if it commences the cure within thirty (30) days and thereafter reasonably pursues the cure to completion.

8.4 Outside Termination Date. If by September 1, 2021, the City has not issued all permits necessary for Facebook's general contractor to commence demolition and construct the Project, then Facebook shall have the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.4, Facebook will have no further obligations to the City with respect to the development of the Project and will not be liable for any damages to the City.

8.5 Assignment. Notwithstanding Section 11.3, upon termination of this Agreement, with or without cause, Facebook will use commercially reasonable efforts to assign all Project related contracts, including, but not limited to, all design and construction contracts, to the City.

SECTION 9: INDEMNIFICATION AND INSURANCE

9.1 Indemnity by Facebook. Facebook agrees to cause its general contractor to indemnify, defend, and save harmless the City, its officers, representatives, and employees from and against any and all third party claims for loss, injury, or damage resulting solely from the construction of the Project, except to the extent any claim arises out of the negligence or willful misconduct of the City.

9.2 Indemnity by City. The City agrees to indemnify, defend, and save harmless Facebook, its officers, representatives, and employees from and against any and all third party claims for loss, injury, or damage, in any way related to the Project and attributable to the City's negligence or willful misconduct.

9.3 Insurance.

9.3.1 Each Party agrees to maintain comprehensive commercial general liability insurance naming the other Party, its officers, agents, and employees as additional insureds in a combined single limit of not less than \$3,000,000 for the death and injury of any persons in any one occurrence, and for property damage in any one occurrence. The City shall maintain separate casualty insurance for the Project during the course of construction in an amount sufficient to protect against loss or damage in full until Final Completion. Every policy shall be endorsed to state that it shall not be assigned, canceled, or reduced in coverage without thirty (30) days prior written notice to the other Party.

9.3.2 Facebook shall require its general contractor to carry the following insurance:

9.3.2.1 Worker's Compensation and Employer's Liability Insurance providing full statutory coverage. Facebook's contract with its general contractor shall include the following certification by the general contractor, as required by Section 18161 of the California Labor Code: "I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Contract."

9.3.2.2. Bodily Injury Liability and Property Damage Liability Insurance (Commercial General Liability Insurance) on an occurrence basis for protection from any and all claims for damages for bodily injury, including accidental death, as well as claims for property damage which may arise from the general contractor's operations whether such operations be by the general contractor or by any sub-contractor or by anyone directly or indirectly employed by either of them. The amounts of such insurance shall be not less than two million dollars (\$2,000,000) per occurrence and four million dollars (\$4,000,000) in aggregate, or four million dollars (\$4,000,000) combined single limit bodily injury and property damage for each occurrence. The general contractor shall provide the City with acceptable evidence of coverage, including a copy of all declarations of coverage exclusions, and shall name the City as an additional insured in the Commercial General Liability Insurance policy.

9.3.2.3. Automobile Liability Insurance in an amount of not less than one million dollars (\$1,000,000) for each accident combined single limit or not less than one million dollars (\$1,000,000) for any one (1) person, and one million dollars (\$1,000,000) for any one (1) accident, and Three Hundred Thousand Dollars, (\$300,000) property damage.

9.3.3 The City may require Facebook to provide proof of required insurance from Facebook and/or its general contractor before the general contractor commences construction.

9.4 Waiver of Subrogation. Notwithstanding anything in this Agreement to the contrary, in the event that either the City or Facebook sustains a loss by fire or other casualty and such loss is caused in whole, or in part, by acts or omissions of the other party, its agents, employees, contractors, or servants, then the party sustaining the loss agrees that, to the extent that the party sustaining such loss is compensated for such loss by insurance, such party shall waive all rights of recovery against the other party, or the agents, employees, contractors, or servants of the other party; and no third party shall have any right of recovery, by way of subrogation or assignment or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, even though that person or entity did not pay the insurance premium directly or indirectly, and regardless of whether the person or entity had an insurable interest in the property damaged.

SECTION 10: ACCESS TO RECORDS AND RECORD RETENTION

At all reasonable times, Facebook will permit the City, upon request, to access and use all reports, designs, drawings, plans, specifications, schedules, and other materials prepared by Facebook or any contractor or consultant of Facebook related to Facebook's obligations under this Agreement. Facebook will provide to the City upon request copies of any documents and Autocad drawings described in this Section, and the City may use them for construction of the Project if this Agreement terminates prior to completion of the Project. Facebook and the City will retain all records pertaining to their performance under this Agreement for at least two years after Final Completion.

SECTION 11: MISCELLANEOUS

11.1 Notices. All notices required or permitted to be given under this Agreement must be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, by personal delivery, or overnight courier to the appropriate address indicated below or at such other place(s) that either Party may designate in written notice to the other. Notices are deemed received upon delivery if personally served, one day after mailing if delivered via overnight courier, or two days after mailing if mailed as provided above.

To City: City of Menlo Park
 Attn: Public Works Director
 701 Laurel Street
 Menlo Park, California 94025-3409

Cc: City Attorney
 City of Menlo Park
 1110 Alma Street, Suite 210
 Menlo Park, California 94025

To Facebook: Facebook, Inc.
 Attn: Facilities
 1 Hacker Way
 Menlo Park, California 94025

Cc: Facebook, Inc.
Attn: Real Estate Counsel
1 Hacker Way
Menlo Park, California 94025

11.2 No Waiver. No waiver of any default or breach of any covenant of this Agreement by either Party will be implied from any omission by either Party to take action on account of such default if such default persists or is repeated. Express waivers are limited in scope and duration to their express provisions. Consent to one action does not imply consent to any future action.

11.3 Assignment. The Parties are prohibited from assigning, transferring, or otherwise substituting their interests or obligations under this Agreement without the written consent of the other Party, provided however, Facebook shall have the right to assign this Agreement to an affiliated entity of Facebook without the prior approval or consent of the City.

11.4 Governing Law. This Agreement is governed by the laws of the State of California as applied to contracts that are made and performed entirely in California.

11.5 Compliance with Laws. In performance of this Agreement, the Parties must comply with all applicable Federal, State, and local laws, regulations, and ordinances.

11.6 Modifications. This Agreement may only be modified in a writing executed by both Parties.

11.7 Attorneys' Fees. In the event legal proceedings are instituted to enforce any provision of this Agreement, the prevailing Party in said proceedings is entitled to its costs, including reasonable attorneys' fees.

11.8 Relationship of the Parties. It is understood that this is an Agreement by and between independent contractors and does not create the relationship of agent, servant, employee, partnership, joint venture, or association, or any other relationship other than that of independent contractor.

11.9 Warranty of Authority to Execute Agreement. Each Party to this Agreement represents and warrants that each person whose signature appears hereon is authorized and has the full authority to execute this Agreement on behalf of the entity that is a Party to this Agreement.

11.10 Severability. If any portion of this Agreement, or the application thereof is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining portions of this Agreement, or the application thereof, will remain in full force and effect.

11.11 Counterparts. This Agreement may be executed in counterparts.

11.12 Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to its subject matter and supersedes any prior or contemporaneous written or oral agreement between the parties on the same subject.

11.13 Press Release. The Parties agree to reasonably cooperate with each other regarding any press release(s) concerning this Agreement and/or the Project.

11.14 Veterans. The Parties agree to abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. The Parties will abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against

qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

11.15 Anti-Bribery.

11.15.1. In connection with the performance of this Agreement and development of the Project, the Parties, on behalf of themselves, their agents, consultants, contractors, and subcontractors, represent and warrant that they have used and will use only legitimate and ethical business practices and will refrain from offering, giving, promising, paying, authorizing the paying or giving of, soliciting, or accepting money or Anything of Value, directly or indirectly, to or from (a) any Government Official to (i) influence a Government Official in his or her official capacity, (ii) induce a Government Official to use his or her influence with a government or instrumentality thereof, or (iii) otherwise secure any improper advantage or (b) any person in any manner that would constitute bribery or an illegal kickback, or would otherwise violate applicable anti-corruption law. For the purposes of this Section, "Anything of Value" includes, but is not limited to, cash or a cash equivalent (including "grease," "expediting," or facilitation payments), discounts, rebates, gifts, use of materials, facilities, or equipment, entertainment, drinks, meals, transportation, lodging, or promise of future employment. "Government Official" means any official or employee of any national, state, regional, provincial, city, local, tribal, or foreign government; any official or employee of any government department, agency, commission, or division; any official or employee of any state-owned or state-controlled enterprise; any official or employee of a public educational, scientific, or research institution; any political party or any official or employee of a political party; any candidate for public office; any official or employee of a public international organization; and any person acting on behalf of or any relatives or close family/household members of any of those listed above.

11.15.2. The Parties will ensure that the contractors and subcontractors they retain in connection with the performance of this Agreement expressly agree to anti-bribery undertakings, representations, and warranties substantially similar to the provisions herein.

11.15.3. If either Party becomes aware that any violation of the terms of this Section 11.15 has occurred, is threatened, or has been requested by any person or entity, including by an employee or representative of the other Party, the Party will provide prompt notice to the other Party of the facts and circumstances associated with such violation or request.

11.16 Non-Discrimination. For any performance required under this Agreement (a) between two business entities based in the United States of America and (b) being performed in the United States of America and/or its territories, the Parties agree that, unless otherwise specifically exempted, this Agreement will be performed in full compliance with all applicable laws, including applicable equal opportunity/affirmative action requirements, Title VII of the Civil Rights Act of 1964, Executive Orders No. 11141 and 11246, as amended, sections (1) and (3) of Executive Order No. 11625 relating to the promotion of Minority Business Enterprises, Americans with Disabilities Act, Age Discrimination in Employment Act, Fair Labor Standards Act, Family Medical Leave Act, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, Rehabilitation Act of 1973, and all corresponding implementing rules and regulations, all of which, including the contract clauses required and regulations promulgated thereunder, are incorporated herein by reference.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have hereunder subscribed their names the day and year indicated below.

FACEBOOK:

Facebook, Inc.
a Delaware corporation

Name:
Title:

Date

CITY:

City of Menlo Park

Starla Jerome-Robinson, City Manager

Date

APPROVED AS TO FORM:

Cara Silver, Interim City Attorney

Date

ATTEST:

Judi A. Herren, City Clerk

Date

EXHIBIT A

PLANS AND SPECIFICATIONS

The New Community Center Project consists of a new multigenerational community campus all as more particularly described in Staff Report No. 20-055-PC for the Planning Commission meeting of December 14, 2020, including all attachments to the Staff Report.

EXHIBIT B

PROJECT ENHANCEMENTS

1. New swimming pool to replace the Existing Belle Haven Pool:	
Following the recommendations in the Belle Haven master plan, the new pool facility would feature two separate swimming areas with differing water temperatures. A lap swim / competition pool would support water polo, synchronized swimming, and other performance and training activities. An adjacent instructional pool with warmer water temperature would serve swim lessons, exercise classes, wellness and recreational activities. The pool facility would also feature a water play area that could be separate from, or integrated as part of a shallow entry area into the instructional pool. The project would utilize the locker rooms and check in at the new Community Campus building, but would also include a stand-alone pool mechanical building to house pool equipment and chemical systems.	
Design Estimate: \$783,000	Construction Estimate: \$6,617,000
2. Red Cross evacuation center:	
This Project Enhancement would include modifications to the structural and mechanical systems required by building code to allow the facility to be designated and utilized as a Red Cross Evacuation Center.	
Design Estimate: \$48,000	Construction Estimate: \$702,000
3. Emergency backup power (diesel generator):	
This Project Enhancement proposes to purchase a mobile 200 kilowatt emergency generator to either power the facility directly or recharge an emergency battery backup system. The mobile generator could either be stored on-site or at another location (to be determined) and only brought to the site when necessary.	
Design Estimate: \$8,500	Construction Estimate: \$141,500
4. Solar carports:	
This Project Enhancement would construct parking lot canopied solar panel installations in two potential locations on-site. The first location would be within the newly constructed parking area covering roughly 50 parking spaces capable of hosting a 160 kilowatt solar array. The second location would be the existing parking serving Kelly Park also covering approximately 50 parking spaces with similar energy generation. As an alternative Project Enhancement, the City could elect to 'prewire' either location with empty conduit and the building systems made ready to accept future solar panel arrays. Facebook will be responsible for its pro rata share of the costs for not more than 5 kilowatts of the total solar panel installations (i.e., the costs that would otherwise be incurred as part of the Project if the City elects not to proceed with this Project Enhancement).	
Design Estimate: \$24,000	Construction Estimate: \$1,476,000*
5. LEED platinum upgrade:	
This Project Enhancement would propose to upgrade the facility from a LEED gold certified facility to a LEED platinum certified facility.	
Design Estimate: \$97,000	Construction Estimate: \$503,000*

6. Renewable energy microgrid:	
This Project Enhancement would propose to include a renewable energy microgrid system to both maximize the benefits of on-site solar energy production and also provide emergency power for varying times depending on the system selected.	
Design Estimate: \$94,000	Construction Estimate: \$1,106,000*
7. Building deconstruction versus demolition:	
This Project Enhancement would propose to deconstruct the facility as an enhancement above and beyond normal demolition. While the demolition of the facility is expected to achieve 70-80 percent diversion of material from landfill via recycling, deconstruction would go above and beyond, identifying materials that could be salvaged and donated to be re-used on other projects.	
Design Estimate: \$18,000	Construction Estimate: \$382,000
8. Water main replacement:	
This Project Enhancement would replace the existing water main that crosses through the Property from Terminal Avenue to and across the railroad tracks to the North. The existing water main on-site is near the end of its useful life and could potentially be impacted by demolition efforts due to its proximity to the buildings being removed.	
Design Estimate: \$45,000	Construction Estimate: \$755,000
9. Recycled water connection from Chilco Street:	
This Project Enhancement would propose to install a recycled water service line (for future recycled water service) from Chilco Street to the Property crossing the railroad tracks. Utilization of recycled water would be incumbent upon the completion of a wastewater treatment facility by West Bay Sanitary District near Bedwell Bayfront Park and system buildout. The Property would be plumbed ready to accommodate recycled water usage when available.	
Design Estimate: \$59,000	Construction Estimate: \$355,000
10. Utility undergrounding:	
This Project Enhancement would propose to underground certain overhead utilities on the Property. Data and telecom lines beginning at the entry to the facility at Terminal Avenue that enter the Property and then cross the Property to the Beechwood School entrance would be placed underground. Electrical distribution lines that cross through the front parking lot to the Beechwood School would also be placed underground. Existing overhead electrical transmission that cross the Property would remain.	
Design Estimate: \$84,000	Construction Estimate: \$166,000

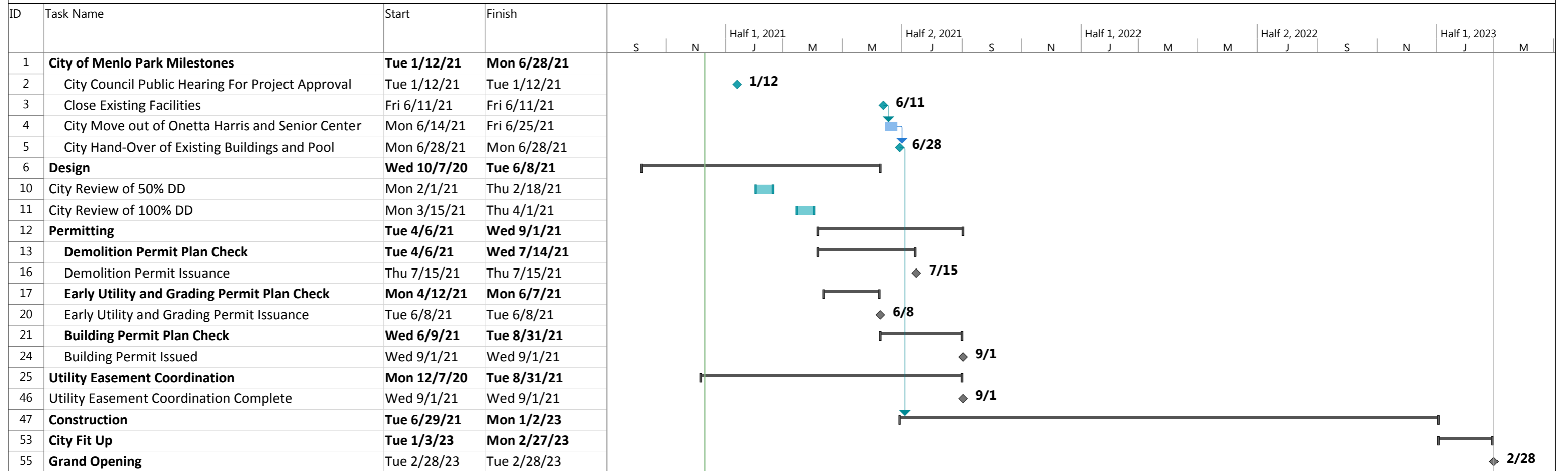
*Representative construction estimate only. Portions of or full amount of construction value to be funded/contracted separately by City

Note: These cost estimates are only estimates. Because actual costs for a given line item may be below the estimated costs, City staff may take into account whether the cost for a given line item is under budget for

purpose of determining whether a change order for a different line item exceeds the maximum design budget or maximum construction budget in the aggregate.

EXHIBIT C
PROJECT SCHEDULE

MPCC Master Schedule



Project: MPCC Master Schedule Date: Thu 1/7/21	Task		Project Summary		Manual Task		Start-only		Deadline	
	Split		Inactive Task		Duration-only		Finish-only		Progress	
	Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks		Manual Progress	
	Summary		Inactive Summary		Manual Summary		External Milestone			

EXHIBIT D
DEVELOPMENT LEASE AGREEMENT

EXHIBIT D TO THE FUNDING AGREEMENT

DEVELOPMENT LEASE AGREEMENT

THIS DEVELOPMENT LEASE AGREEMENT (this “**Lease**”) is entered into this ____ day of _____, 20__ (the “**Effective Date**”), by and between the **CITY OF MENLO PARK**, a municipal corporation of the State of California (“**Landlord**”) and **FACEBOOK, INC.**, a Delaware corporation (“**Tenant**”) (each sometimes referred to as a “**Party**” and collectively as the “**Parties**”). In consideration of the terms and promises made herein, the Parties agree as follows:

1. **DEFINED TERMS.** Each capitalized term used in this Lease shall have the same meaning ascribed to it in the separate Funding and Improvement Agreement for the Menlo Park Community Campus entered into by and between the Parties (“**Funding Agreement**”), unless specifically defined in this Lease.
2. **PREMISES.** Landlord does hereby demise and lease unto Tenant, and Tenant does hereby take and lease from Landlord, the property commonly known as 100-110 Terminal Avenue, Menlo Park, California 94025, described on **Exhibit A** attached hereto, consisting of approximately __ acres, together with the existing improvements commonly known as the Onetta Harris Community Center, Menlo Park Senior Center, and Belle Haven Youth Center located thereon (collectively, the “**Existing Community Center**”), and all easements, rights-of-way, and other rights appurtenant thereto (collectively, the “**Premises**”) upon the following terms and conditions.
3. **TERM.** The term of this Lease (the “**Term**”) shall commence, and Landlord shall deliver the Land to Tenant, on the date which immediately precedes demolition of the Existing Community Center (the “**Commencement Date**”). Upon execution of this Lease, the Parties agree to identify a mutually agreeable date for such demolition. When the date for demolition is identified, Landlord shall provide Tenant with a written notice setting forth the Commencement Date, which Tenant shall sign and acknowledge. The Term shall end and expire upon the earlier of (i) the date of Final Completion, or (ii) the day preceding the fifth anniversary of the Commencement Date (the “**Expiration Date**”). In the event Final Completion does not occur prior to the fifth anniversary of the Commencement Date, the Parties will work in good faith to extend the Term.
4. **RENT; SECURITY DEPOSIT.** Tenant shall pay to Landlord as rent, a total of One Dollar (\$1.00) per year payable in advance on the Commencement Date and each anniversary thereof.
5. **TAXES; ASSESSMENTS.** Landlord shall pay all real and personal property taxes (if any), general and special assessments (if any), and other charges of every description levied on or assessed against the Premises or the improvements currently located, and to be constructed, on the Premises, including any possessory use tax imposed upon Tenant.

6. **PERMITTED USE.** Subject to the provisions of this Lease, Tenant shall only use the Premises to develop the New Community Campus, consisting of a new public multi-generational community center for the benefit of the City of Menlo Park and its residents, and additional public facilities as further specified in the Funding Agreement (the “**Project**”). For the purposes of this Lease, Landlord does not consider noise associated with construction to be a nuisance so long as Tenant’s contractor complies with the City’s noise ordinance. Tenant’s rights to use the Premises shall be exclusive, subject to (i) the rights of PG&E to access its facilities/utility lines, etc., and (ii) vehicular and pedestrian access to Beechwood School, to facilities housing interim services and to the sports fields located at Kelly Park.

7. **IMPROVEMENTS.**

a. Landlord hereby consents to development of the Project on the Premises pursuant to the terms of the Funding Agreement.

b. Tenant shall have no authority to cause or permit a mechanic’s, construction or other lien to arise or be perfected with respect to the Premises or any part thereof. Landlord shall have a right to require Tenant to post, maintain and serve notices of non-liability to contractors and subcontractors as a condition to permitting Tenant to make alterations or additions. If any mechanic’s, construction or other lien is filed against the Premises, or any part thereof, by reason of Tenant’s acts or omissions or because of a claim against Tenant, then Tenant shall cause such lien to be canceled and discharged of record or bonded over within the earlier of thirty (30) days after written request by Landlord or such shorter period as may be required to prevent an adverse judgment against Landlord.

8. **MAINTENANCE; REPAIRS.** Throughout the term of this Lease, Tenant shall, at Tenant’s sole cost and expense, maintain the Premises in good condition and repair, and in accordance with all applicable laws, rules, ordinances, orders, and regulations of government agencies having or claiming jurisdiction over the Premises. Nothing in this provision shall be construed as limiting any of Tenant’s right under this Lease to cause its contractor to alter, modify, demolish, remove, or replace any improvement.

9. **OWNERSHIP OF IMPROVEMENTS.**

a. All Improvements and Other Improvements on the Premises that Tenant causes to be constructed as permitted by this Lease shall be owned by Tenant until expiration of the term or sooner termination of this Lease. At the expiration of the term or earlier termination of the Lease, such Improvements and Other Improvements shall become the property of Landlord.

b. All equipment, machinery, trade fixtures, and all appurtenances thereto, and other property of every description used, or caused by Tenant to be installed or placed by

Tenant's contractor on the Premises which can be removed without material physical damage to Landlord's real property shall be owned by Tenant and deemed Tenant's personal property ("**Personal Property**"). Tenant may remove its Personal Property upon expiration or earlier termination of this Lease, provided that Tenant repairs any material physical damage to the Premises caused by such removal.

10. **ASSIGNMENT; SUBLETTING.** Tenant may not assign, sublease, or otherwise transfer Tenant's interest in this Lease to any person or entity without Landlord's prior written consent, which Landlord may withhold in its sole discretion.

11. **UTILITIES.** Landlord shall be solely responsible for: (A) making arrangements for any utility services Tenant requires at the Premises; (B) paying all charges or bills incurred for utility service at the Premises or used in connection with Tenant's use conducted thereon.

12. **INSURANCE.**

a. Landlord and Tenant shall, at all times during the Term, obtain and maintain the insurance required by the Funding Agreement.

b. Landlord and Tenant each hereby agree to a mutual waiver of subrogation in accordance with the terms of Section 9.4 of the Funding Agreement.

13. **CASUALTY; CONDEMNATION.** If the Premises shall be damaged or destroyed by fire or other casualty, or shall be subject to full or partial condemnation during the term of this Lease, Tenant shall have no obligation to repair or restore the same unless it shall so elect in its sole and absolute discretion. If Tenant elects to repair or restore the Premises, Landlord shall provide Tenant with any insurance proceeds received, and Tenant shall commence restoration promptly. If Tenant shall not elect to repair or restore the Premises, this Lease shall terminate as of the date of the casualty or date of taking, without further liability of either party to the other except for obligations previously accrued, but unpaid or unperformed as provided herein, and any insurance proceeds shall be paid to Landlord.

14. **ENVIRONMENTAL PROVISIONS.**

a. Landlord warrants to Tenant that to the best of Landlord's knowledge as of the Commencement Date of this Lease, the Premises are free and clear of any Hazardous Substances and is in strict compliance with all applicable Environmental Laws. Landlord agrees to be responsible for, and without limiting any other indemnification obligations of Landlord contained herein, Landlord hereby agrees to protect, indemnify, defend (with counsel acceptable to Tenant) and hold harmless Tenant from and against any and all Claims including, without limitation, reasonable attorneys' fees, fines, penalties and/or assessments levied or raised by any governmental authority or court, and any remediation and mitigation costs and expenses, arising out of, resulting from, or connected with any Hazardous

Substances (defined below) that are caused by Landlord's use or possession of the Premises prior to the Commencement Date of this Lease.

- b. Definitions. For purposes of this Lease, the term "**Hazardous Substances**" shall mean all toxic or hazardous substances, materials or waste, asbestos, petroleum or petroleum products, petroleum additives or constituents or any other waste, contaminant or pollutant regulated under or for which liability may be imposed by any Environmental Laws. "Environmental Laws" shall mean all federal, provincial, state and local environmental laws (including common law) regulating or imposing standards of care with respect to the handling, storage, use, emitting, discharge, disposal or other release of Hazardous Substances, including, but not limited to, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901, et seq., the Clean Air Act, 42 U.S.C. §7401, et seq., the Clean Air Act, 42 U.S.C. §7401, et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251, et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. §1101, et seq., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601, et seq., the Toxic Substances Control Act, 15 U.S.C. §2601, et seq., the Oil Pollution Control Act, 33 U.S.C. §2701, et seq., any successor statutes to the foregoing, or any other comparable local, state or federal statute or ordinance pertaining to protection of human health, the environment or natural resources, including without limitation the preservation of wetlands, and all regulations pertaining thereto, as well as applicable judicial or administrative decrees, orders or decisions, authorizations or permits.
15. DEFAULT BY TENANT. Should Tenant default in the performance, fulfillment or observance of any of Tenant's other covenants, conditions or agreements herein contained, and such default shall continue for thirty (30) days after written notice thereof from Landlord to Tenant, then Landlord may thereafter, terminate this Lease as of the date of specified in the notice and may demand and recover possession of the Premises from Tenant; provided, however, that if the nature of the default is such that it cannot be cured within thirty (30) days, Tenant shall not be deemed in default so long as Tenant has promptly commenced the cure and diligently pursues the cure to completion thereafter. Upon receipt of any termination notice, Tenant shall immediately surrender possession of the Premises to Landlord. In surrendering possession, Tenant shall be entitled to remove and retain all of their removable Personal Property located on the Premises, so long as the removal is completed with reasonable promptness after the notice is given. In the event of termination under this provision, the terms of Section 8.2.2 of the Funding Agreement shall apply.
16. DEFAULT BY LANDLORD. Tenant shall give Landlord written notice of any default by Landlord in the performance of any covenant or obligation to be kept or performed hereunder, and if such default continues for a period of thirty (30) days after receipt by Landlord of a written notice from Tenant specifying such default, then and in such event, Tenant, at its election, may (a) terminate this Lease, or (b) spend such money as is reasonably necessary to cure such default and, in such event, Landlord shall then pay to Tenant, within 30 days after written demand, all sums paid and costs and expenses reasonably incurred by Tenant in connection with the making of any such payment or the

taking of any such action, including reasonable attorneys' fees; provided, however, that if the nature of the default is such that it cannot be cured within thirty (30) business days, Landlord shall not be deemed in default so long as Landlord has promptly commenced the cure and diligently pursues the cure to completion thereafter and cures same within a total of ninety (90) days from issuance of default notice by Tenant. In the event of termination under this provision, the terms of Section 8.2.1 of the Funding Agreement shall apply.

17. **NOTICE**. All notices required or permitted to be given under this Lease must be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, by personal delivery, or overnight courier to the appropriate address indicated below or at such other place(s) that either Party may designate in written notice to the other. Notices are deemed received upon delivery if personally served, one day after mailing if delivered via overnight courier, or two days after mailing if mailed as provided above.

To Landlord: City of Menlo Park
Attn: Public Works Director
701 Laurel Street
Menlo Park, California 94025-3409

With copy to: City Attorney
City of Menlo Park
1110 Alma Street, Suite 210
Menlo Park, California 94025

To Tenant: Facebook, Inc.
Attn: Facilities
1 Hacker Way
Menlo Park, California 94025

With copy to: Facebook, Inc.
Attn: Real Estate Counsel
1 Hacker Way
Menlo Park, California 94025

18. **MISCELLANEOUS**.

- a. **Entire Agreement**. This Lease constitutes the entire agreement between the Parties pertaining to its subject matter and supersedes any prior or contemporaneous written or oral agreement between the Parties on the same subject.
- b. **Severability**. If any portion of this Lease, or the application thereof is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining portions of this Lease, or the application thereof, will remain in full force and effect.
- c. **Time**. Time is of the essence in this Lease, and all provisions of this Lease relating to the time of performance of any obligation under this Lease shall be strictly construed.

- d. Attorney's Fees. If either party brings any action or proceeding to enforce, protect, or establish any right or remedy, the prevailing party shall be entitled to recover reasonable attorneys' fees.
- e. Governing Law. This Lease shall be governed and construed according to the laws of California and shall bind and inure to the benefit of the successors and assigns of the undersigned.
- f. Compliance with Laws. In performance of this Lease, the Parties must comply with all applicable Federal, State, and local laws, regulations, and ordinances.
- g. Modifications. This Lease may only be modified in a writing executed by both Parties.
- h. Counterparts. This Lease may be executed in several counterparts and shall be valid and binding with the same force and effect as if all parties executed the same Lease. The Parties hereto consent and agree that this Lease be signed and/or transmitted by facsimile, e-mail of a .pdf document or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology) acceptable to Landlord, and that such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's handwritten signature. To the extent a party signs this Lease using electronic signature technology, by clicking "SIGN", such party is signing this Lease electronically, and the electronic signatures appearing on this Lease shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have duly executed this Lease as of the date first above written.

LANDLORD

CITY OF MENLO PARK

By: _____
Starla Jerome-Robinson, City Manager

Approved As To Form:

By: _____
Cara Silver, Interim City Attorney

Attest:

By: _____
Judi A. Herren, City Clerk

TENANT

FACEBOOK, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT A

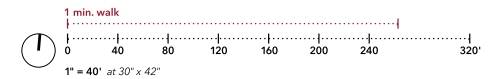
[PREMISES]



Note: Menlo Fire approved speed humps will be included in roadway.

**Lease Area
Highlighted in Blue**

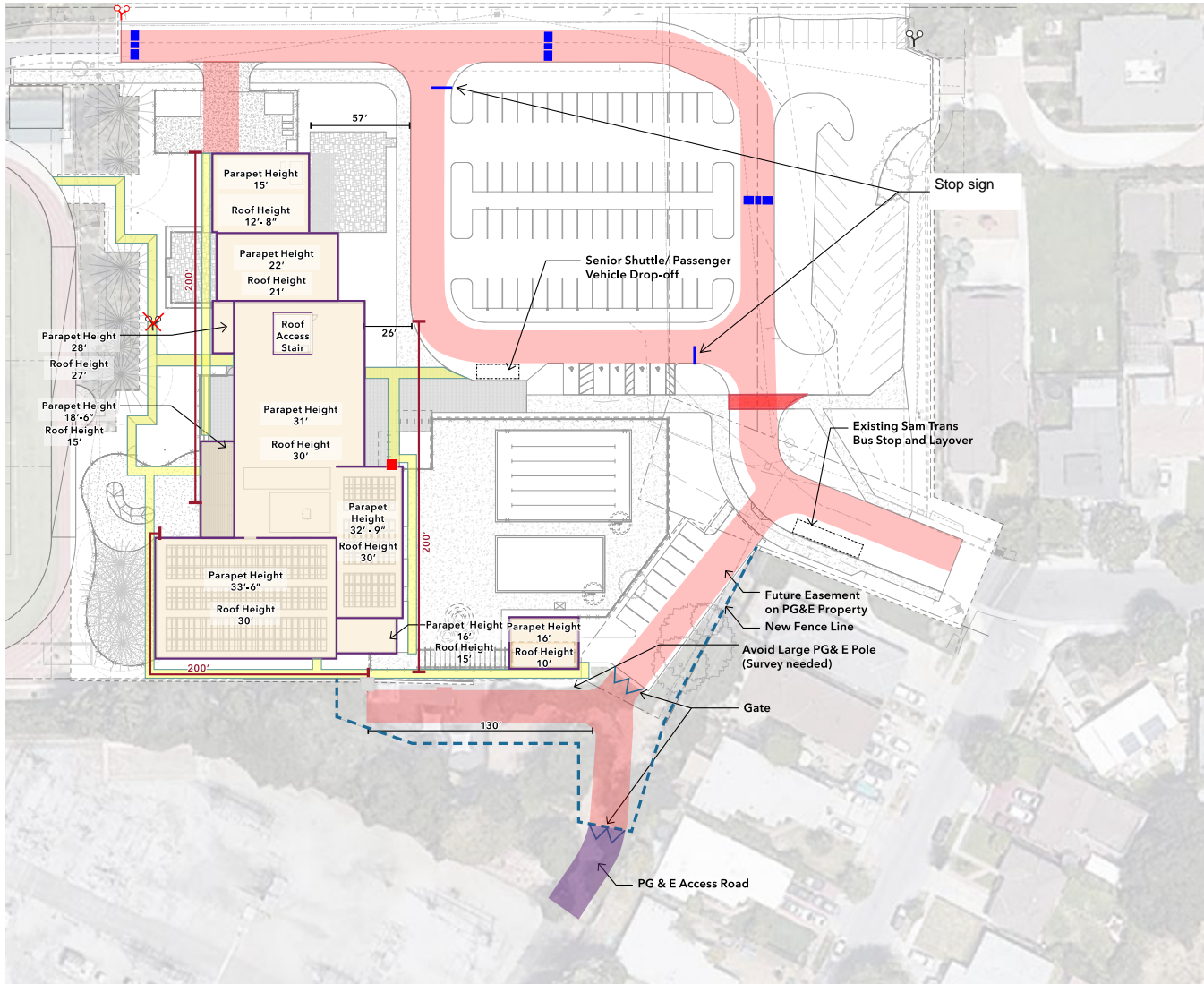
**Fire Department EVA
Access through
Lands of PG&E**



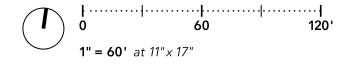
Overall Illustrative Site Plan

Menlo Park Community Campus, Menlo Park, California

L0.00



	Proposed fire hydrant
	Existing fire hydrant
	Existing fire hydrant - proposed to be removed
	Proposed FDC
	5' minimum fire department access pathway
	20' wide clear fire lane
Note: Menlo Fire Approved traffic calming speed humps will be located within fire lane.	
	Proposed Speed bump locations
	Raised Crosswalk Location

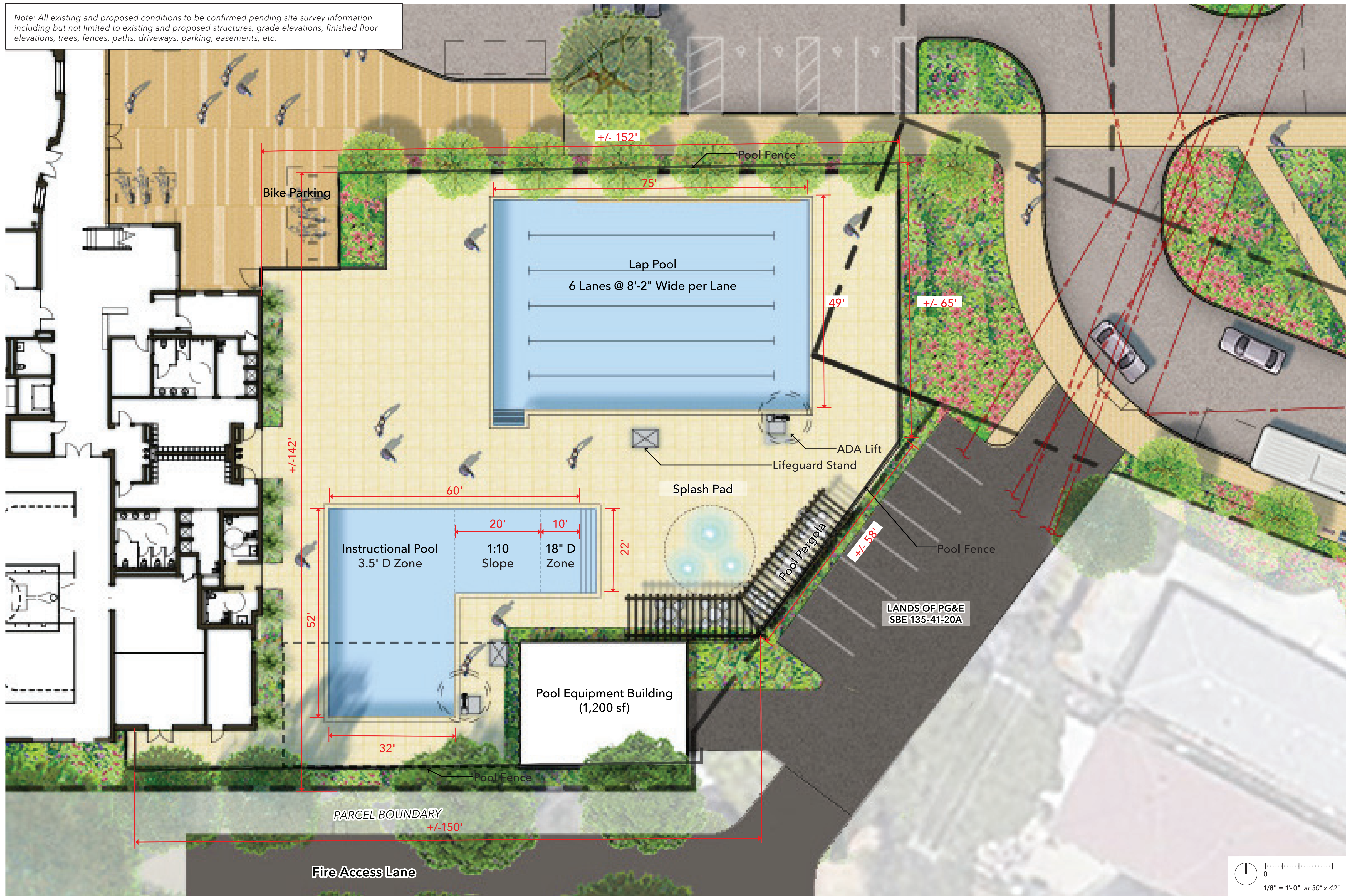


Fire Access Diagram

December 22, 2020

HART HOWERTON

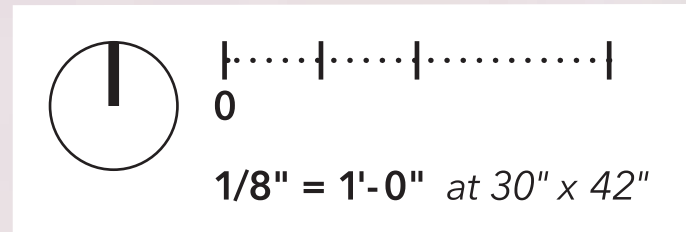
Note: All existing and proposed conditions to be confirmed pending site survey information including but not limited to existing and proposed structures, grade elevations, finished floor elevations, trees, fences, paths, driveways, parking, easements, etc.



Pool Enlargement Plan

Menlo Park Community Campus, Menlo Park, California

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L0.02

Menlo Park Community Campus
Term Sheet

Facebook has offered to provide funding and development of a new multi-generational community center, including senior center, youth center and library, for a new community campus in the Belle Haven neighborhood (the “Project”), in accordance with preliminary space plans and building design concept that are subject to final review and approval by the Menlo Park City Council, as generally set forth in Facebook’s letter to the City Council dated December 16, 2019. The Project includes the remediation and demolition of all of the existing facilities, including the pool. The following is a summary of the terms to be incorporated into a definitive agreement between Facebook and the City of Menlo Park.

1. Facebook’s Obligations

- a. Design, obtain entitlements for, and construct the Project in accordance with mutually agreeable plans (to be attached as an exhibit to the agreement). Facebook will have sole discretion over the means and methods of design and construction including the selection of the architect, engineers, design consultants, general contractor and all subcontractors. The agreement will identify scopes of work and materials outside of the Project (e.g., furnishings, IT equipment, etc.). Facebook will be responsible for unforeseen/unanticipated conditions (subject to its termination right described in Paragraph 6).
- b. Prepare a budget for the Project. If the cost of the Project is projected to exceed the budget, then the City and Facebook will work together to identify modifications to the Project that allow it to fit within the budget.
- c. Pay prevailing wage for all work done on the Project.
- d. Work with the City and the surrounding neighborhood to minimize impacts on the neighborhood during construction.
- e. Assist the City in pursuing CPUC 851 permits/approval for acquisition of, or work within, PG&E parcel(s).
- f. Obtain fixed bids/pricing for City requested work (described in Paragraph 3) to assist City in determining whether to include some or all of such additional work.

2. City’s Obligations

- a. Timely process all building permit applications. The City will make a good faith effort to expedite the plan check process with the goal of issuing building permits within two months of submittal of the complete application post-entitlement.
- b. Make good faith efforts to assist Facebook with resolving permitting issues with other public agencies, utilities, and neighboring property owners, if any.
- c. Waive all costs in connection with processing Project approvals, staff time, permits, plan check, and building division inspections, etc.
- d. Waive all applicable development impact fees.
- e. Work with the community to develop and implement a plan to accommodate existing community programs that will be displaced during the construction period. Facebook has no responsibility for interim facilities or programming.
- f. Work with Facebook on closures during the construction phase. During construction, the site will be closed except that access must be maintained to Beechwood School and the sports fields.
- g. Bear all costs in connection with programming, operation, and maintenance of the new facilities. Facebook is not responsible for any ongoing costs.

- h. Bear all costs in connection with acquiring PG&E parcel(s) [fee, easement or license] and obtaining CPUC 851 permits/approval for acquisition of, or work within, PG&E parcel(s).

3. City Requested Work

- a. The City will have the right to propose work in addition to the Project but related to the Project such as the following:
 - i. a new swimming pool and all associated support systems including a pool mechanical equipment building,
 - ii. upgrading the building to a Red Cross Evacuation Center (instead of a standard building),
 - iii. deploying emergency backup power (e.g., diesel generator),
 - iv. installing solar carports to achieve Net Zero Energy,
 - v. pursuing LEED Platinum or equivalent (instead of LEED Gold),
 - vi. designing and installing a microgrid,
 - vii. deconstructing the existing buildings (instead of demolishing them),
 - viii. replacing the on-site water main,
 - ix. extending a recycled water main to serve the site in the future,
 - x. undergrounding utilities (communication and potentially electric distribution lines).
- b. The City will be responsible for all costs of any City requested work.
- c. The City would contract directly with the contractors for any City requested work (except that Facebook will consider contracting for minor ancillary work and/or works that cannot be separated from the main building construction contract). The agreement will include a process for proposing and finalizing City requested work. If the City desires to include any City requested work, Facebook will cooperate and coordinate with the City and at the City's request, Facebook will obtain fixed bids/pricing for City requested work from Facebook's contractors.
- d. As a condition to performing any City requested work, Facebook may require the City to demonstrate that sufficient funds are available to cover the full cost of the City requested work that Facebook is performing.

4. Proposed Schedule

- a. The agreement will include a Project schedule.
- b. Facebook will not be liable for delays. Facebook will, however, make a good faith effort to complete the Project within 24 months of demolition of the existing facility (subject to force majeure including shut downs by government order).

5. Naming Rights

- a. The City will have the right to name the facility. The City will, however, meet and confer with Facebook with respect to the facility's name. The City will not license or otherwise sell naming rights to the facility.

6. Termination; Suspension

- a. Termination Prior to Commencement of Construction: Facebook may terminate the agreement with or without cause before demolition of any existing facilities. If Facebook terminates the agreement without cause, then it will reimburse the City for its out of pocket costs and staff time but no other damages. If Facebook terminates the agreement with cause [to be defined], it will not be liable for any costs incurred or damages sustained by the City.
- b. Termination After Commencement of Construction: Facebook may not terminate the agreement after demolition of the building(s) without cause [to be defined]. If Facebook terminates the agreement without cause or if the City terminates the agreement for cause, the City may complete the Project and Facebook will be responsible for the cost to complete the Project, together with all damages sustained by the City as result of the delays in completing the Project due to such termination. If Facebook terminates the agreement for cause, Facebook will not be liable for completing the Project or for any damages and the City shall determine whether and how to complete the Project.
- c. Upon termination, with or without cause, Facebook will use commercially reasonable efforts to assign all design, construction and other Project related contracts to the City.

7. Indemnification; Warranties

- a. Facebook will indemnify the City from third party claims arising out of construction of the Project (excluding claims attributable to the City's negligence or willful misconduct). Facebook will not, however, be liable for construction defects (see below). The City will indemnify Facebook and its designers from third party claims arising from events occurring after turnover of the site to the City (excluding claims attributable to the indemnitees' negligence or willful misconduct).
- b. The improvements will be delivered "as-is" and Facebook will not be liable for construction defects. The agreement will, however, include a process for identifying punch list items and agreeing on final completion. Facebook will assign all construction warranties to the City and cooperate with the enforcement of those warranties.

This Term Sheet is a non-binding document for discussion purposes only. Neither party is obligated to proceed with the proposed Project unless until the parties enter into a binding agreement setting forth all materials terms, provisions and obligations of the parties.

Oficina del Administrador de la Ciudad

**INFORME DE PERSONAL****Consejo Municipal****Fecha de la reunión:****11 de enero de 2021****Número de informe****del personal:****21-011-CC****Negocios regulares:****Análisis de las aprobaciones finales para el proyecto del Campus Comunitario de Menlo Park ubicado en 100-110 Terminal Avenue****Recomendación**

El personal recomienda que la Municipalidad apruebe lo siguiente para el campus comunitario de Menlo Park (MPCC) ubicado en 100 Terminal Avenue:

1. Adoptar la Resolución No. 6607 para el control arquitectónico de la construcción de un nuevo edificio de campus comunitario multigeneracional en el distrito PF (Instalaciones Públicas) y el permiso de uso y almacenamiento de materiales peligrosos, incluido el diésel para un generador móvil de reserva y productos químicos para piscinas (Anexo A).
2. Plan Autorizar al alcalde a ejecutar el acuerdo de financiación y mejora del proyecto con Facebook (Anexo B).

Temas de política

La generosa oferta de Facebook de construir una nueva instalación pública en el barrio de Belle Haven ofrece una excelente oportunidad para la comunidad para las generaciones venideras. En múltiples ocasiones durante el año pasado, la Municipalidad ha establecido este proyecto como una de las principales prioridades de la ciudad.

Antecedentes

En octubre de 2019, Facebook anunció su intención de colaborar con la comunidad y la Ciudad para construir un nuevo centro comunitario multigeneracional y una biblioteca en el sitio del actual Centro Comunitario Onetta Harris (OHCC), el Centro para Ancianos de Menlo Park y el Centro Juvenil de Belle Haven ubicado en 100-110 Terminal Avenue. El alcance del proyecto original se ha ampliado para incluir la reconstrucción de la piscina de Belle Haven con la financiación de la ciudad. La información relacionada con el proyecto, incluidas todas las reuniones anteriores, está disponible en la página web que administra la Ciudad (Anexo C).

Análisis**Revisión de los derechos de uso de la tierra por parte de la Comisión de Planificación**

El 12 de octubre de 2020, la Comisión de Planificación realizó una sesión de estudio para proporcionar información sobre la propuesta inicial del proyecto. La Comisión de Planificación apoyó en general el proyecto, pero ofreció modestas sugerencias de diseño, entre ellas instar al solicitante a que encontrara un mejor equilibrio entre los materiales cálidos propuestos y la sensación corporativa y de caja del edificio. La Comisión también examinó la conveniencia del uso propuesto de un generador diésel de reserva. Las actas de la sesión de estudio del 12 de octubre de 2020 se incluyen en el Anexo D.

El 14 de diciembre de 2020, la Comisión de Planificación recomendó de forma unánime la aprobación (6-0-1, con la ausencia del Comisionado Kennedy) de las propuestas de control arquitectónico y permiso de uso. La Comisión apoyó el proyecto en general y agradeció la voluntad de Facebook y Hart Howerton de trabajar con la comunidad para desarrollar el mejor proyecto posible. La Comisión también elogió a Hart Howerton por sus esfuerzos para abordar sus preocupaciones sobre el diseño desde la sesión de estudio. La Comisión escuchó tres observaciones del público, que en general apoyaron el proyecto, y los oradores no pudieron agradecer suficientemente a Facebook y Hart Howerton sus esfuerzos de divulgación en la comunidad. Sin embargo, un orador expresó su preocupación por el hecho de que el diseño del proyecto parecía reducir la cantidad de espacio dedicado a los servicios para personas mayores en comparación con las condiciones existentes, dado el cambio de un edificio de un piso a otro de dos pisos. Aunque estos comentarios no se abordaron inmediatamente en la reunión, el equipo de diseño hizo un seguimiento con la persona que hizo la observación. La única preocupación sobre el diseño que la Comisión mantuvo fue que la entrada parecía estar subestimada y les hubiera gustado ver una entrada más amplia y acogedora para la comunidad. La Comisión también cuestionó la necesidad del generador diésel, en particular si se propone que el proyecto incluya el almacenamiento de energía solar y una Microred. La Comisión apoyó el uso del generador después de la explicación del personal de que la energía solar y el almacenamiento, por sí solos, no bastaban para satisfacer la demanda de energía de emergencia en parte del invierno, cuando la producción de energía estaría en su punto más bajo. El informe del personal de la reunión de la Comisión de Planificación del 14 de diciembre de 2020 se incluye como Anexo D.

Cambios desde la reunión de la Comisión de Planificación

El acceso para control de incendios y las servidumbres de PG&E

A través de la evolución de los planes del proyecto, el personal y el equipo de diseño se han coordinado estrechamente con el Distrito de Protección contra Incendios de Menlo Park para asegurar un acceso adecuado al control de incendios, una consideración clave en la planificación del sitio. El Distrito de Protección contra Incendios ha emitido una aprobación condicional basada en que la ciudad proporcione un acceso de emergencia a través de los terrenos propiedad de PG&E al sur del sitio. Se incluye como Anexo E una ilustración que muestra el acceso propuesto. El personal se ha reunido con los representantes de PG&E en relación con este acceso y parece factible, pero requerirá una atención especial en los próximos 6-12 meses para asegurar que las servidumbres de acceso reciban todas las aprobaciones necesarias de PG&E y de la Comisión de Servicios Públicos de California, si procede. Desde la oferta de Facebook, el personal ha trabajado para investigar y confirmar los derechos existentes que la ciudad tiene sobre varias piezas de los terrenos de PG&E que atraviesan el sitio del proyecto. Además del acceso para control de incendios, la ciudad puede necesitar obtener servidumbres de servicios públicos de PG&E. PG&E tiene estos accesos y las servidumbres de servicios públicos pueden requerir compensación y el personal regresaría a la Municipalidad en el momento apropiado con las estimaciones de costos. En términos de los beneficios generales del proyecto, estos costos de servidumbres serían relativamente nominales.

Instalaciones de la piscina

Las nuevas instalaciones de la piscina se construirían aproximadamente en el mismo lugar que la piscina existente. La caseta de la piscina existente, que se encuentra en la esquina sureste del terreno, sería demolida y se construiría una nueva caseta para el equipo de la piscina cerca de la línea sur de propiedad, cerca de la subestación de PG&E. El diseño de la piscina utiliza la Auditoría de la Piscina de Belle Haven 2017 y el Plan Maestro como documento guía para desarrollar las características programáticas. En particular, el documento identifica las tendencias emergentes en las nuevas instalaciones acuáticas para hacer la transición a actividades más familiares y recreativas. La instalación propuesta incluye dos piscinas separadas con temperaturas de agua variables. Una piscina de

rendimiento de seis carriles y 25 metros para natación libre, waterpolo y otras actividades más tradicionales de la piscina se ha mantenido relativamente constante a lo largo del proceso de diseño. La segunda piscina de agua caliente menos profunda que puede utilizarse para clases de niños, clases de deportes acuáticos y que contiene divertidos elementos de juego interactivo en un área de poca profundidad que también puede estar conectada a elementos de protección contra salpicaduras se ha actualizado como se muestra en el Anexo F. Se ha incorporado un enfoque adicional para proporcionar más asientos de ocio y área de reunión social con un área de cubierta de la piscina ligeramente ampliada.

Acuerdo de financiación y mejora

El 15 de septiembre de 2020, la Municipalidad aprobó un pliego de condiciones (Anexo G) que serviría de guía para preparar un acuerdo legal más detallado para articular las obligaciones respectivas de Facebook y la Ciudad para llevar a cabo este proyecto en beneficio de la comunidad. El Acuerdo de Financiación y Mejora adjunto lo ejecutarían el Alcalde y Facebook tras la aprobación la Municipalidad. El acuerdo es consistente con la pliego de condiciones con una excepción primaria y dos notas complementarias, todos beneficiosos para la Ciudad, que reflejan el espíritu de colaboración de Facebook. Con respecto a la excepción, se pensó originalmente que Facebook no podía incorporar la reconstrucción de la piscina en su contrato de construcción. Por lo tanto, la Ciudad tendría que contratar a su propio contratista, lo que presentaría desafíos logísticos. Facebook trabajó de manera creativa y diligente para llegar a un resultado en el que todos salieran ganando mediante la creación de un contrato de desarrollo en el que Facebook arrendaría el sitio del proyecto durante el período de construcción. Al final de la construcción, las mejoras se revertirían a la Ciudad como el dueño de la propiedad. Con respecto a los dos complementos, Facebook acordó trabajar de buena fe con el contratista de la construcción en lo siguiente:

- Registrar las compras/ventas de materiales de construcción como ventas originadas dentro de la Ciudad para que la Ciudad reciba los ingresos de los impuestos de venta correspondientes.
- Trabajar con JobTrain en las remisiones para puestos de trabajo cualificados con prioridad para los residentes de Menlo Park.

De conformidad con la pliego de condiciones y las deliberaciones de la Municipalidad en septiembre, octubre y noviembre, el proyecto incluye mejoras financiadas por la Ciudad y costos estimados, tanto para el diseño como para la construcción, como se detalla en el Anexo A del acuerdo y se resume aquí con los costos totales:

1. Nueva piscina: 7,400 millones de dólares
2. Centro de evacuación de la Cruz Roja: 0,750 millones de dólares
3. Energía de reserva de emergencia (generador móvil diésel): 0,150 millones de dólares
4. Cubiertas solares para autos: 0,750 – 1,500 millones de dólares
5. LEED Platino (Liderazgo en Energía y Diseño Ambiental), además de la mejora de la cubierta solar adicional: 0,350 - 0,600 millones de dólares
6. Microred de energía renovable (batería de reserva): 0,600 - 1,200 millones de dólares
7. Deconstrucción de edificios contra demolición: 0,400 millones de dólares
8. Reemplazo de la tubería de agua: 0,800 millones de dólares
9. Conexión de agua reciclada de la calle Chilco: 0,414 millones de dólares
10. Instalación subterránea de servicios públicos: 0,250 millones de dólares

A medida que la construcción avance, Facebook facturaría a la Ciudad por el trabajo realizado con base en las facturas que presenten los consultores y contratistas de Facebook.

El acuerdo tiene disposiciones de terminación hasta la demolición del edificio. Tras la demolición, Facebook estaría obligado contractualmente a entregar el Proyecto.

Revisión del subcomité

Desde la reunión de la Municipalidad del 10 de noviembre, el personal se ha reunido en dos ocasiones con el subcomité de la Municipalidad. En diciembre, el personal se reunió con el entonces alcalde Taylor y el concejal Carlton para revisar un borrador del acuerdo de financiación y mejora. Luego, en enero, el personal se reunió con el subcomité reconstituido compuesto por el vicealcalde Nash y el concejal Taylor para revisar una versión actualizada del acuerdo, recibir actualizaciones sobre el acceso anti-incendio y el diseño de la piscina, y confirmar las medidas necesarias para las aprobaciones finales. El subcomité expresó su apoyo al proyecto en general, incluidas las acciones para su aprobación, pero planteó preguntas relacionadas con el diseño de la piscina.

Calendario del Proyecto

Si el proyecto se aprueba en enero de 2021, el resultado sería el siguiente calendario para la finalización del proyecto, suponiendo que este siga siendo un proyecto de alta prioridad para la Ciudad:

- junio 2021 - Cierre de instalaciones
- julio a agosto de 2021 - Descontaminación y demolición
- primavera 2023 - Reapertura de las instalaciones

Consideraciones adicionales y actualizaciones

Aunque no está sujeto a ninguna medida específica el 12 de enero, el personal proporcionará algunas consideraciones y actualizaciones adicionales.

Acuerdo de compra de energía

Múltiples mejoras de proyectos deseados en el sitio se prestan a la financiación a través de un Acuerdo de Compra de Energía (PPA). Un PPA permite a la entidad financiera aprovechar los créditos fiscales no disponibles para la Ciudad ayudando a compensar la "ganancia" construida en el acuerdo y para que la Ciudad pague las mejoras durante un período definido comprando la energía generada en el sitio. Los paneles solares de los tejados y de las cubiertas para autos, el sistema de baterías de microrredes y las estaciones de carga de vehículos eléctricos adicionales (por encima de los requisitos del código de alcance) pueden incorporarse a dicho acuerdo. El personal está trabajando actualmente en la elaboración de una solicitud de propuestas (RFP) para seleccionar un proveedor de servicios para estos elementos. La Ciudad firmó un acuerdo de tipo similar para las instalaciones solares existentes en el techo del Centro Comunitario Onetta Harris y varios edificios del Campus del Centro Cívico. Al mismo tiempo, el personal trabaja con el equipo de diseño del proyecto para establecer los criterios de diseño que se incluirán en la RFP para asegurar que se diseñe el equipo adecuado en el edificio. La aprobación posterior de la PPA requerirá una acción separada de la Municipalidad.

Cubiertas solares para autos

Como se muestra en los planos del proyecto, hay dos posibles lugares en el sitio para instalar cubiertas solares y el personal sigue evaluando los costos y beneficios asociados a ambos lugares. Sobre la base de los cálculos de carga de energía, se prevé que solo uno de los dos lugares, además del solar de la azotea, será necesario para generar la energía deseada para el sitio. Si se construye en la nueva zona de estacionamiento, es probable que los trabajos de construcción sean más rentables, ya que la zona se verá afectada por otras actividades. Si se construye cerca de Kelly Field, existe la posibilidad de recibir el beneficio adicional de proporcionar sombra a lo largo del borde de la pista, lo que permitirá a los visitantes disfrutar del sol en los días cálidos. Actualmente, el personal está proponiendo la construcción de las cubiertas solares en la ubicación de Kelly Field, pero cualquiera de las dos ubicaciones es viable y ambas están siendo evaluadas.

Aumento del nivel del mar

El sitio de la obra actualmente no se encuentra en una zona de riesgo especial de inundación asociada

con la inundación de marea, sin embargo, la elevación del piso del edificio terminado de 14,75 pies como se propone excedería los requerimientos de la Ciudad de estar un mínimo de 2 pies por encima de la elevación de la inundación de marea más cercana conocida. Con base en las herramientas de proyección del aumento del nivel del mar, esperaríamos que este comience a impactar el edificio a un poco más de 6,6 pies de elevación del nivel del mar. Esa cantidad está asociada con aproximadamente 60 años de aumento del nivel del mar. La implementación del Proyecto de Bahía SAFER mitigaría la necesidad de elevar el edificio o el sitio para tener en cuenta el futuro aumento del nivel del mar. El personal no recomienda ningún rediseño para seguir elevando el edificio y/o el sitio debido a limitaciones financieras y logísticas.

Estacionamiento

El informe del personal de la Comisión de Planificación incluye un análisis del estacionamiento para confirmar que el número de plazas de estacionamiento propuesto sería adecuado para el lugar propuesto, incluido el máximo de demanda previsto para las primeras horas de la noche. La ciudad tiene actualmente un acuerdo con la Escuela Beechwood para permitir que Beechwood utilice porciones del estacionamiento existente. Tomando en cuenta el cambio en la disposición de una parte del estacionamiento, el personal tiene la intención de consignar este cambio con un acuerdo en forma de carta adjunta. El equipo administrativo de la Escuela Beechwood ha participado en todo el proceso y en general apoya el proyecto. No obstante, la Escuela Beechwood reiteró su preocupación por los vehículos estacionados durante la noche que afectan la disponibilidad de estacionamiento cerca de la escuela. El personal tiene la intención de buscar opciones para abordar esta cuestión antes de iniciar la construcción del proyecto. Es probable que la solución requiera la acción de la Municipalidad para lograr el cumplimiento necesario de las restricciones de estacionamiento correspondientes.

Servicios recreativos provisionales

Aunque la Municipalidad consolidó los planes para los servicios provisionales para personas mayores y los servicios de cuidados infantiles, el personal identificó la necesidad de realizar actividades de divulgación adicionales en relación con los servicios recreativos provisionales, en particular los relacionados con las necesidades de transporte. En diciembre, el personal realizó una encuesta telefónica a los 320 usuarios habituales de los programas recreativos del OHCC, de los que se tiene información de contacto. En la encuesta se preguntó a los usuarios del OHCC si asistirían a los programas del OHCC si estuvieran ubicados temporalmente en el Centro de Recreación Familiar Arrillaga (CRA) durante la transición y si necesitarían transporte al CRA. La encuesta también indagó sobre la ciudad de residencia de los usuarios. Se recibió un total de 78 respuestas, con una tasa de respuesta del 24%. Este índice de respuesta es estadísticamente significativo, pero es menor que el índice de respuesta de una encuesta similar realizada a usuarios de centros de adultos mayores. La diferencia puede atribuirse al nivel mucho más alto de contacto continuo que el personal ha mantenido con los usuarios del centro de adultos mayores durante la pandemia en forma de revisiones de bienestar y entrega de comidas. En la encuesta de usuarios del OHCC, el 84% de los encuestados indicó que asistiría a programas en el ARC. Solo el 8 por ciento de los encuestados indicó que necesitaría transporte. El 87% de los encuestados vive en Menlo Park; el resto vive en East Palo Alto. Aunque esta información proporciona un indicador útil del interés de los usuarios por asistir a los programas del ARC, así como de sus necesidades de transporte, el personal recomienda que se realicen actividades de divulgación adicionales para confirmar las indicaciones preliminares con más detalle y con un mayor número de respuestas, para lo cual se procederá en las próximas semanas.

Futura programación y nombre

La programación y el nombre de la nueva instalación serán consideraciones importantes en los próximos dos años. El objetivo a corto plazo seguirá siendo asegurar que el proyecto avance hasta la fase de construcción. Debido a la pandemia actual y el calendario de construcción, 2022 parece ser el año

apropiado para centrarse en el nombre. Con respecto a la programación, probablemente se integraría con un esfuerzo general hacia la reconstrucción de la biblioteca y los servicios comunitarios en la ciudad después de la pandemia. Es probable que ambos esfuerzos impliquen un sólido proceso de participación pública.

Impacto en los recursos de la Ciudad

El personal estima que el valor de la oferta es de aproximadamente 40 millones de dólares. El 28 de julio, la Municipalidad aprobó el presupuesto del proyecto de mejoras de capital (CIP) para el año fiscal 2020-21, que asignó 3,850 millones de dólares adicionales, más fondos traspasados de 2,132 millones de dólares para un presupuesto total del proyecto de aproximadamente 5,952 dólares para los compromisos de nivel básico de la Ciudad, incluidos los servicios provisionales, como se detalla en la Tabla 1.

Tabla 1: financiación presupuestaria de nivel básico	
Artículo	Presupuesto
Fondo general CIP	\$2.098
Fondo para la mejora del sistema de bibliotecas	\$1.484
Fondo para la recreación	\$1.570
Fondo de capital de agua	\$0.800
Total	\$5.952

El 10 de noviembre de 2020, la Municipalidad asignó 9,8 millones de dólares adicionales para las mejoras del proyecto, con una estrategia de financiación que comprende lo siguiente:

- Subvenciones y donaciones con un objetivo de 1 millón de dólares
- Bonos de recreación de obligación general de la Measure T con un objetivo de 8,8 millones de dólares

La Fundación de la Biblioteca de Menlo Park (Fundación) se ofreció gentilmente a recaudar fondos para el proyecto con un ambicioso objetivo de 2 a 3 millones de dólares en donaciones. Facebook y el personal se reunieron con la Fundación y coordinarán estos esfuerzos. Con respecto a la Measure T, el personal iniciará el proceso para asegurar que los fondos estén disponibles de manera oportuna para el proyecto. Este esfuerzo, en sí mismo, requerirá un esfuerzo concertado durante los próximos seis meses. Un punto que requerirá el futuro aporte de la Municipalidad es si emitir bonos para toda la capacidad de bonos restante estimada en 14 millones de dólares para financiar otros proyectos importantes de recreación, como los identificados en el plan maestro de Parques y Recreación.

Revisión Ambiental

Este proyecto está categóricamente exento de acuerdo con la Sección 15302 de las Directrices de la Ley de Calidad Medioambiental de California (CEQA) para la sustitución de instalaciones existentes. El proyecto tiene sustancialmente el mismo propósito y capacidad que las instalaciones existentes, y esta exención permite aumentos razonables de superficie para alojar las instalaciones de reemplazo. La superficie cuadrada propuesta de 37.080 pies cuadrados sería un aumento aproximado del 8,8% en pies cuadrados con respecto a las instalaciones existentes que se encuentran actualmente en el emplazamiento. Esta determinación cuenta con el consentimiento de la oficina del fiscal de la ciudad.

Aviso público

La notificación pública se logró mediante la publicación del orden del día, con la enumeración de los temas del mismo, al menos 72 horas antes de la reunión. La notificación pública también consistió en la publicación de un aviso en el periódico local y la notificación por correo de los propietarios y ocupantes en un radio de un cuarto de milla de la propiedad en cuestión, así como a todos los residentes y propietarios al oeste de la calle Chilco entre Terminal Avenue e Ivy Drive. Además, la Ciudad envió avisos electrónicos a través de Nextdoor, Facebook y directamente a los suscriptores del proyecto por correo electrónico y actualización de texto desde la página del proyecto (Anexo C).

Anexos

- A. Resolución No. 6607
- B. Acuerdo de financiación y mejora
- C. Hipervínculo - página del proyecto: menlopark.org/communitycampus
- D. Hipervínculo - 14 de diciembre de 2020, informe del personal de la Comisión de Planificación – menlopark.org/DocumentCenter/View/26911/F3_-MPCC-Staff-Report?bidId
- E. Acceso al sistema de incendios revisado
- F. Revisión del diseño de la piscina
- G. Pliego de condiciones

Informe preparado por:

Chris Turner, Asistente de Planificación

Chris Lamm, Director Adjunto de Obras Públicas

Sean Reinhart, Director de la Biblioteca y Servicios Comunitarios

Justin Murphy, Subgerente de la Ciudad

RESOLUTION NO. 6607**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK APPROVING FINDINGS AND CONDITIONS FOR ARCHITECTURAL CONTROL AND A USE PERMIT FOR THE PROJECT LOCATED AT 100-110 TERMINAL AVENUE**

WHEREAS, the City of Menlo Park ("City") has received an application from the City of Menlo Park ("Applicant"), for an architectural control permit for a new multigenerational community campus, and a use permit to allow the use and storage of hazardous materials for pool chemicals and diesel fuel for a mobile backup generator located at 100-110 Terminal Avenue ("Project Site");

WHEREAS, the findings and conditions for Architectural Control and a Use Permit would ensure that all City requirements are applied consistently and correctly as part of the project's implementation;

WHEREAS, the proposed project meets the PF (Public Facilities) zoning district requirements and satisfies peak-hour parking demand; and

WHEREAS, all required public notices and public hearings were duly given and held according to law; and

WHEREAS, after notice having been lawfully given, a public hearing was scheduled and held before the Planning Commission of the City of Menlo Park on December 14, 2020 whereat all persons interested therein might appear and be heard; and

WHEREAS, the Planning Commission of the City of Menlo Park having fully reviewed, considered and evaluated all the testimony and evidence submitted in this matter voted affirmatively to recommend to the City Council of the City of Menlo Park to approve/deny the findings and conditions for the Architectural Control and Use Permit; and

WHEREAS, after notice having been lawfully given, a public hearing was scheduled and held before the City Council of the City of Menlo Park on January 12, 2021 whereat all persons interested therein might appear and be heard; and

WHEREAS, the City Council reviewed the project on January 12, 2021, and found the project to be categorically exempt under Class 2 (Section 15302), "Replacement or Reconstruction" of the current California Environmental Quality Act (CEQA) Guidelines, based on the proposed project's replacement of existing facilities with a limited increase in gross floor area; and

WHEREAS, the City Council of the City of Menlo Park having fully reviewed, considered and evaluated all the testimony and evidence submitted in this matter voted affirmatively to approve/deny the findings and conditions for Architectural Control and a use permit.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Menlo Park hereby approves the findings and conditions for Architectural Control and a use permit attached hereto as Exhibit A and incorporated herein by this reference.

I, Judi A. Herren, 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 City Council on this twelfth day of January, 2021, 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 twelfth day of January, 2021.

Judi A. Herren, City Clerk

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

LOCATION: 100-110 Terminal Avenue	PROJECT NUMBER: PLN2020-00010	APPLICANT: City of Menlo Park	OWNER: City of Menlo Park
REQUEST: Request for architectural control to demolish the existing Onetta Harris Community Center, Menlo Park Senior Center, Belle Haven Youth Center, and Belle Haven Pool, and construct a new multi-generational community center and library on a lot in the PF (Public Facilities) district. The proposal includes a request for a use permit for the use and storage of hazardous materials including pool chemicals and diesel fuel for a mobile backup generator.			
DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <ol style="list-style-type: none"> 1. Make a finding that the project is categorically exempt under Class 2 (Section 15302, “Replacement or Reconstruction”) of the current California Environmental Quality Act (CEQA) Guidelines, based on the proposed project’s replacement of existing facilities with a limited increase in gross floor area. 2. Adopt the following findings, as per Section 16.68.020 of the Zoning Ordinance, pertaining to architectural control approval: <ol style="list-style-type: none"> a. The general appearance of the structures is in keeping with the character of the neighborhood. The buildings will feature a contemporary style with warm, inviting materials and will meet the relevant standards of the PF zoning district. The application of materials will provide variety and visual interest. The proposed exterior materials and finishes would be high quality in nature and would reinforce the neighborhood compatibility. b. The development will not be detrimental to the harmonious and orderly growth of the City. The project would meet the relevant development standards of the PF zoning district. c. The proposed community campus would create a community gathering place and provide critical services to the Belle Haven neighborhood, and the City as a whole, and the use will not impair the desirability of investment or occupation in the neighborhood. d. The development provides 164 parking spaces which has been determined by parking study to be adequate for the needs of the proposed uses on the property, and has made adequate provisions for access to such parking. e. The subject site is not part of a specific plan area. 3. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use and storage of hazardous materials will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City. 4. Approve the architectural control and use permit subject to the following standard conditions: <ol style="list-style-type: none"> a. The applicant shall be required to apply for a building permit within one year from the date of approval (by TBD, 2022) for the use permit to remain in effect. b. Development of the project shall be substantially in conformance with the plans prepared by Hart Howerton consisting of 36 plan sheets, dated received on December 8, 2020, 			

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

LOCATION: 100-110 Terminal Avenue	PROJECT NUMBER: PLN2020-00010	APPLICANT: City of Menlo Park	OWNER: City of Menlo Park
REQUEST: Request for architectural control to demolish the existing Onetta Harris Community Center, Menlo Park Senior Center, Belle Haven Youth Center, and Belle Haven Pool, and construct a new multi-generational community center and library on a lot in the PF (Public Facilities) district. The proposal includes a request for a use permit for the use and storage of hazardous materials including pool chemicals and diesel fuel for a mobile backup generator.			
DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <p>approved by the City Council on TBD, except as modified by the conditions contained herein, subject to review and approval of the Planning Division.</p> <ul style="list-style-type: none"> c. Minor modifications to building exteriors and locations, fence styles and locations, signage, and significant landscape features may be approved by the Community Development Director or designee, based on the determination that the proposed modification is consistent with other building and design elements of the approved Architectural Control and will not have an adverse impact on the character and aesthetics of the site. The Director may refer any request for revisions to the plans to the Planning Commission for architectural control approval. A public meeting could be called regarding such changes if deemed necessary by the Planning Commission. d. Major modifications to building exteriors and locations, fence styles and locations, signage, and significant landscape features may be allowed subject to obtaining an architectural control permit from the Planning Commission, based on the determination that the proposed modification is compatible with the other building and design elements of the approved Architectural Control and will not have an adverse impact on the character and aesthetics of the site. e. Major revisions to the development plan which involve material changes, or expansion or intensification of development require public meetings by the Planning Commission and City Council. f. 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. g. Prior to building permit issuance, the applicant shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project. h. Prior to commencing any work within the right-of-way or public easements, the applicant shall obtain an encroachment permit. i. Simultaneous with the submittal of a complete building permit application, Stormwater Pollution Prevention Program Best Management Practices (BMPs) for construction shall be implemented to protect water quality, in accordance with the approved Stormwater Pollution Prevention Plan (SWPPP). BMP plan sheets are available electronically for inserting into Project plans. j. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans for: 1) construction safety fences around the periphery of the 			

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

LOCATION: 100-110 Terminal Avenue	PROJECT NUMBER: PLN2020-00010	APPLICANT: City of Menlo Park	OWNER: City of Menlo Park
REQUEST: Request for architectural control to demolish the existing Onetta Harris Community Center, Menlo Park Senior Center, Belle Haven Youth Center, and Belle Haven Pool, and construct a new multi-generational community center and library on a lot in the PF (Public Facilities) district. The proposal includes a request for a use permit for the use and storage of hazardous materials including pool chemicals and diesel fuel for a mobile backup generator.			
DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <p>construction area, 2) dust control, 3) air pollution control, 4) erosion and sedimentation control, 5) tree protection fencing, and 6) construction vehicle parking. The plans shall be subject to review and approval by the Building, Engineering, and Planning Divisions. The fences and erosion and sedimentation control measures shall be installed according to the approved plan prior to commencing construction.</p> <ul style="list-style-type: none"> k. Simultaneous with submittal of a complete building permit application, the applicant shall submit a draft “Stormwater Treatment Measures Operations and Maintenance (O&M) Agreement” with the City subject to review and approval by the Engineering Division. The property owner will be responsible for the operation and maintenance of stormwater treatment measures for the project. l. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a Grading and Drainage Plan for review and approval. Post-construction runoff into the storm drain shall not exceed pre- construction runoff levels. A Hydrology Report will be required to the satisfaction of the Engineering Division. Slopes for the first 10 feet perpendicular to the structure must be 5% minimum for pervious surfaces and 2% minimum for impervious surfaces, including roadways and parking areas, as required by CBC §1804.3. m. Simultaneous with submittal of a complete building permit application, the applicant shall submit engineered Off-Site Improvement Plans (including specifications & engineers cost estimates), for approval by the Engineering Division, showing the infrastructure necessary to serve the Project. The Improvement Plans shall include, but are not limited to, all engineering calculations necessary to substantiate the design, proposed roadways, drainage improvements, utilities, traffic control devices, retaining walls, sanitary sewers, and storm drains, pump/lift stations, street lightings, landscaping and other project improvements. All public improvements shall be designed and constructed to the satisfaction of the Engineering Division. n. Prior to building permit issuance, the applicant shall submit plans to remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for the review and approval of the Engineering Division. o. During the design phase of the construction drawings, all potential utility conflicts shall be potholed with actual depths recorded on the improvement plans submitted for City review and approval. p. Simultaneous with the submittal of a complete building permit application, the applicant shall provide documentation indicating the amount of irrigated landscaping. If the project proposes more than 500 square feet of irrigated landscaping, it is subject to the City's Water Efficient Landscaping Ordinance (Municipal Code Chapter 12.44). 			

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

LOCATION: 100-110 Terminal Avenue	PROJECT NUMBER: PLN2020-00010	APPLICANT: City of Menlo Park	OWNER: City of Menlo Park
REQUEST: Request for architectural control to demolish the existing Onetta Harris Community Center, Menlo Park Senior Center, Belle Haven Youth Center, and Belle Haven Pool, and construct a new multi-generational community center and library on a lot in the PF (Public Facilities) district. The proposal includes a request for a use permit for the use and storage of hazardous materials including pool chemicals and diesel fuel for a mobile backup generator.			
DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <ul style="list-style-type: none"> q. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a plan for any new utility installations or upgrades for review and approval of the Planning, Engineering and Building Divisions. All utility equipment that is installed outside of a building and that cannot be placed underground shall be properly screened by landscaping. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes. r. If construction is not complete by the start of the wet season (October 1 through April 30), the applicant shall implement a winterization program to minimize the potential for erosion and sedimentation. As appropriate to the site and status of construction, winterization requirements shall include inspecting/maintaining/cleaning all soil erosion and sedimentation controls prior to, during, and immediately after each storm event; stabilizing disturbed soils through temporary or permanent seeding, mulching, matting, tarping or other physical means; rocking unpaved vehicle access to limit dispersion of much onto public right-of-way; and covering/tarping stored construction materials, fuels, and other chemicals. Plans to include proposed measures to prevent erosion and polluted runoff from all site conditions shall be submitted for review and approval of the Engineering Division prior to beginning construction. s. The applicant shall retain a civil engineer to prepare "as-built" or "record" drawings of public improvements, and the drawings shall be submitted in AutoCAD and Adobe PDF formats to the Engineering Division prior to Final Occupancy. t. Simultaneous with the submittal of a complete building permit application, a design-level geotechnical investigation report shall be submitted to the Building Division for review and confirmation that the proposed development fully complies with the California Building Code. The report shall determine the project site's surface geotechnical conditions and address potential seismic hazards. The report shall identify building techniques appropriate to minimize seismic damage. u. All public right-of-way improvements, including frontage improvements and the dedication of easements and public right-of-way, shall be completed to the satisfaction of the Engineering Division prior to building permit final inspection. v. Prior to building permit issuance, the applicant shall submit a finalized version of the Stormwater Control Plan, which shall provide stormwater treatment for the project site pursuant to the latest regulations specified in the San Mateo County C.3 Technical Guidance Manual. The Stormwater Control Plan shall include a written report identifying existing and proposed project conditions, and all applicable source controls, and mitigation measures (i.e. bioretention areas, flow through planters, etc.) implemented to meet NPDES compliance. 			

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

LOCATION: 100-110 Terminal Avenue	PROJECT NUMBER: PLN2020-00010	APPLICANT: City of Menlo Park	OWNER: City of Menlo Park
REQUEST: Request for architectural control to demolish the existing Onetta Harris Community Center, Menlo Park Senior Center, Belle Haven Youth Center, and Belle Haven Pool, and construct a new multi-generational community center and library on a lot in the PF (Public Facilities) district. The proposal includes a request for a use permit for the use and storage of hazardous materials including pool chemicals and diesel fuel for a mobile backup generator.			
DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <ul style="list-style-type: none"> w. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a heritage street tree preservation plan, detailing the location of and methods for all tree protection measures. x. All agreements shall run with the land and shall be recorded with the San Mateo County Recorder’s Office prior to building permit final inspection. y. Prior to building permit issuance, the applicant shall submit plans for construction parking management, construction staging, material storage and Traffic Control Handling Plan to be reviewed and approved by the City. z. Prior to final inspection, the applicant shall submit a landscape audit report. aa. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance and the arborist report required herein by condition of approval 5.b. <p>5. Approve the use permit and architectural control subject to the following <i>project-specific</i> conditions:</p> <ul style="list-style-type: none"> a. Simultaneous with the submittal of a complete building permit application, the applicant shall submit full color elevations of the proposed pool equipment accessory building, which shall have a design, colors, and materials that are architecturally compatible with the main community campus building, subject to review and approval by the Planning Division. b. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a complete arborist report indicating the size, species, and conditions of all trees in the vicinity of the project, and determine tree protection measures for trees proposed to remain, subject to review and approval by the Planning Division and City Arborist. c. Prior to building permit issuance, the applicant shall submit the final Hazardous Materials Business Plan (HMBP) to be reviewed by the Menlo Park Fire Protection District, West Bay Sanitary District and the San Mateo County Environmental Health Services Division, and submit revised plans as necessary addressing any comments from reviewing agencies. d. Simultaneous with the submittal of a complete building permit application, the applicant shall submit elevation drawings of the proposed trash enclosure. Outdoor trash enclosures shall have a solid roof covering the entire area of the enclosure. Runoff from the roof shall be routed to bioretention areas. The trash enclosure(s) shall be sized to accommodate bins/containers for garbage, recyclables, and organics, subject to review and approval of 			

100-110 Terminal Avenue – Attachment A: Exhibit A - Recommended Actions

LOCATION: 100-110 Terminal Avenue	PROJECT NUMBER: PLN2020-00010	APPLICANT: City of Menlo Park	OWNER: City of Menlo Park
REQUEST: Request for architectural control to demolish the existing Onetta Harris Community Center, Menlo Park Senior Center, Belle Haven Youth Center, and Belle Haven Pool, and construct a new multi-generational community center and library on a lot in the PF (Public Facilities) district. The proposal includes a request for a use permit for the use and storage of hazardous materials including pool chemicals and diesel fuel for a mobile backup generator.			
DECISION ENTITY: City Council	DATE: January 12, 2021	ACTION: TBD	
VOTE: TBD			
<p>ACTION:</p> <p style="padding-left: 40px;">the Building Division, Planning Division, and Engineering Division.</p>			

FUNDING AND IMPROVEMENT AGREEMENT FOR THE MENLO PARK COMMUNITY CAMPUS

This Funding and Improvement Agreement for the Menlo Park Community Campus (this “**Agreement**”), is entered into as of _____, 2021 (the “**Effective Date**”), by and between Facebook, Inc., a Delaware corporation (“**Facebook**”), and the City of Menlo Park, a municipal corporation of the State of California (the “**City**”) (each sometimes referred to as a “**Party**” and collectively referred to as the “**Parties**”).

RECITALS

WHEREAS, the City currently owns and operates the Onetta Harris Community Center, Menlo Park Senior Center, and Belle Haven Youth Center (collectively, the “**Existing Community Center**”), which provides approximately 35,000 square feet of multi-purpose, community, and recreational space located at 100-110 Terminal Avenue, Menlo Park, CA 94025 (the “**Property**”). The Existing Community Center offers residents of Menlo Park, including the adjacent Belle Haven neighborhood, a range of facilities for events, classes, recreation programs, fitness, and sports.

WHEREAS, the City also owns and operates the Belle Haven Pool (the “**Existing Belle Haven Pool**”), which includes a 25-meter outdoor swimming pool and a small children’s wading pool, that is open to the public and located adjacent to the Existing Community Center on the Property.

WHEREAS, the City currently operates the Belle Haven Branch Library as a joint use facility, consisting of approximately 3,500 square feet, located at 413 Ivy Drive at the Belle Haven School, which is owned by the Ravenswood City School District.

WHEREAS, in 2018, the City and its architect, Noll & Tom Architects, evaluated the Existing Community Center and the Existing Belle Haven Pool and determined that both facilities were at the end of their useful lives.

WHEREAS, in December of 2019, as part of Facebook’s ongoing efforts to collaborate with the City on important initiatives that improve the quality of life for the surrounding community, Facebook submitted a proposal to the City to explore funding and development of a new multi-generational community center and library (the “**New Community Campus**”) located in Menlo Park’s Belle Haven neighborhood, which would replace the Existing Community Center with a new facility of substantially the same size.

WHEREAS, on January 28, 2020, the City adopted Resolution No. 6537, accepting Facebook’s proposal and committing to collaborate with Facebook as the developer the New Community Campus and to prioritize its implementation.

WHEREAS, the City and Facebook have subsequently engaged in an extensive community outreach process, and received input from the local community and other stakeholders.

WHEREAS, on October 13, 2020, the City Council identified ten additional improvements related to the New Community Campus which the City desires to fund, including but not limited to a new swimming pool to replace the Existing Belle Haven Pool, as well as certain enhancements to the New Community Campus which have been incorporated into the design of the New Community Campus as further described below.

WHEREAS, a portion of the site for the New Community Campus is owned in fee by PG&E and the Parties acknowledge that as a condition precedent to developing the Project, the City must secure approval from

PG&E to access, and cause Facebook’s design consultants and general contractor to perform work and services within, the portion of the site owned by PG&E.

WHEREAS, on November 10, 2020, the City Council approved the final interim services plan for continuing some of the services currently provided at the Onetta Harris Community Center.

WHEREAS, on December 14, 2020, the Planning Commission held a public hearing and provided a recommendation to the City Council to approve architectural control for the New Community Campus project and a use permit for the use and storage of hazardous materials including diesel for a backup generator and pool chemicals.

WHEREAS, on [January 12, 2021], the City approved the plans and project specifications for the New Community Campus described on Exhibit A (the “**Base Project**”), and approved an initial maximum design budget for the Project Enhancements in the amount of \$1,184,900, and an initial maximum construction budget for the Project Enhancements of \$9,415,900. The improvements described on Exhibit A, together with any Approved Project Enhancements which the City determines to proceed with pursuant to Section 4.1 and as further described on Exhibit B, any Facebook Modifications approved pursuant to Section 4.2, and any City Modifications approved pursuant to Section 4.3, are collectively referred to as the “**Project**.” The Parties acknowledge that by virtue of Facebook’s offer to fund and develop the New Community Campus, and because it would be unduly burdensome and practically infeasible for the Project to be constructed pursuant to multiple construction contracts with significant overlap given the nature of the Project Enhancements, the only practical way to develop the Project is pursuant to a single construction contract with Facebook paying for all construction costs (including advancing payment for those costs associated with the Project Enhancements), and the City subsequently reimbursing Facebook for the costs of the Approved Project Enhancements (defined below) as provided for in Section 4.1.4 and Section 5 of this Agreement. WHEREAS, the Parties intend to enter into a lease agreement whereby the City, as landlord, will lease the Property to Facebook, as tenant, to provide Facebook with access to the Property during the lease term.

WHEREAS, the Parties now desire to set forth their respective rights, duties, obligations, and procedures to facilitate cooperation concerning the development and funding for the Project.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

SECTION 1: FACEBOOK’S OBLIGATIONS

1.1 Facebook’s Obligations. Facebook will do the following:

- 1.1.1 Engage a licensed general contractor to demolish the Existing Community Center and the Existing Belle Haven Pool and construct the Base Project in accordance with the plans and project specifications described on Exhibit A, any Approved Project Enhancements (as defined below) which the City requests be constructed at the City’s expense pursuant to Section 4.1, any Facebook Modifications (as defined below) approved pursuant to Section 4.2, and any City Modifications (as defined below) approved pursuant to Section 4.3. Facebook will have sole discretion over selection and engagement of the architect, engineers, and design consultants (collectively, the “Design Team”), and the general contractor.
- 1.1.2 Prepare a budget for the Project, including a budget for any Project Enhancements or modifications approved pursuant to Section 4.
- 1.1.3 Obtain from the Design Team and submit to the City Manager or her designee for review and comment, plans and specifications for the Project at 50% and 100% of design development.

- 1.1.4 Cause its general contractor to pay prevailing wages for work performed on the Project.
- 1.1.5 Engage with the City and community members to reasonably minimize construction related impacts on the neighborhood.
- 1.1.6 Assist the City's efforts to pursue approvals within PG&E's property to accommodate the Project.
- 1.1.7 Request and obtain from its general contractor fixed bids and pricing for the Project Enhancements identified on Exhibit B to assist the City in determining whether to proceed with any Project Enhancements.
- 1.1.8 In developing the Project, comply with all applicable federal, state, and local laws and regulations applicable to the Project.
- 1.1.9 If the general contractor that Facebook engages for the Project holds a reseller permit issued by the California State Board of Equalization ("**BOE**"), and the contract with the general contractor exceeds Five Million Dollars (\$5,000,000), Facebook will use diligent, good faith efforts, to negotiate and include a provision in the contract to require such general contractor to obtain sub-permits from the BOE to book and record construction materials purchases/sales as sales originating within the City; if a sub-permit is required, the City's designated representative shall provide assistance to Facebook or its general contractor, the general contractor's subcontractors, or material suppliers to obtain the sub-permit from the BOE.
- 1.1.10 Cause its general contractor to use good faith efforts to engage with and utilize JobTrain as a first referral source for qualified entry-level construction positions, including offering first priority job postings to Belle Haven and Menlo Park residents, provided that nothing in this Agreement shall be construed as requiring Facebook to (i) obligate the general contractor to hire any particular applicant or (ii) prohibit the general contractor from considering applicants referred or recruited through other sources.
- 1.1.11 Enter into a Development Lease Agreement with the City as described in Section 2.1.1 of this Agreement.
- 1.1.12 Be solely responsible for funding the design and construction costs for the Base Project, excluding costs incurred by Facebook associated with the Approved Project Enhancements or any approved City Modification.

1.2 Project Schedule. The schedule for the Base Project is attached as Exhibit C to this Agreement (the "**Project Schedule**"). Facebook will use good faith efforts to adhere to the Project Schedule and require that its general contractor completes the construction of the Project within 24 months of demolition of the Existing Community Center; however, the Project Schedule is provided for informational purposes only and Facebook will not be liable to the City in case of delays in meeting any milestone, regardless of their cause or duration. Facebook will provide the City with monthly updates to the Project Schedule. The monthly updates will include, (a) an explanation of the status of all design and construction activities, (b) the current critical path construction schedule prepared by the general contractor, and (c) a narrative that explains all modifications to the Project Schedule and issues that may impact substantial completion.

SECTION 2: THE CITY'S OBLIGATIONS

2.1 The City's Obligations. The City will do the following:

- 2.1.1 Enter into a Development Lease Agreement in the form attached hereto as Exhibit D (the "**Development Lease**") to provide Facebook, its agents, consultants, Design Team, general contractor, and the general contractor's subcontractors and suppliers the right to use the Property to develop the Project pursuant to this Agreement during the term of the Development Lease.
- 2.1.2 Timely review and provide comments on the progress of design development plans and timely process all building permit applications. The City shall make a good faith effort to expedite the plan check process and issuance of building permits, with the goal of issuing building permits within two months after Facebook or its general contractor submits complete building permit applications.
- 2.1.3 Waive all costs in connection with processing Project approvals and building permits, including, but not limited to, staff time, permits, plan check, and inspections.
- 2.1.4 Waive all applicable mitigation fees, impact fees, connection fees, or similar one-time charges or costs typically imposed on new development.
- 2.1.5 Upon request, make a good faith effort to assist Facebook with outreach to public agencies, utilities, and neighboring property owners in order to resolve permitting issues.
- 2.1.6 Subject to Section 4, reimburse Facebook for all approved design and construction costs that Facebook incurs as developer in connection with the Approved Project Enhancements or any approved City Modifications, including, without limitation, costs associated with change orders arising therefrom.
- 2.1.7 Work with the community to develop and implement a plan to accommodate interim community programs to temporarily replace the programs that utilized the Existing Community Center, including, without limitation, providing temporary facilities to accommodate the programs. The interim community programs will not have access to the Property, and Facebook will not be obligated to provide any interim facilities or programming.
- 2.1.8 At its sole cost and expense, (i) perform all work and provide all programming, furniture, fixtures, and equipment (such as electronic equipment, data cabling, and similar equipment) that the City wants or requires and that are not included in the Project and (ii) operate and maintain the Project after completion. Facebook's sole obligation is to complete development of the Project (i.e., the work described on Exhibit A, and any Approved Project Enhancements, Facebook Modifications, or City Modifications approved pursuant to Section 4).
- 2.1.9 During construction, (i) close the Property to the public except that vehicular and pedestrian access will be maintained to Beechwood School, to the facilities housing interim services, and to the sports field located at Kelly Park and (ii) cooperate with Facebook on other reasonable road closures and traffic diversions that Facebook or its general contractor requests.
- 2.1.10 Secure approval from PG&E, if necessary, in order to allow work to occur within PG&E's property.
- 2.1.11 Prior to undertaking any decommissioning activities, including but not limited to removal of furniture and fixtures within the Existing Community Center, provide written notice to Facebook

at least ten (10) days prior to commencement of any decommissioning activities and maintain records of all out-of-pocket expenses incurred in connection with such decommissioning of the Existing Community Center prior to demolition.

- 2.1.12 Ensure that all bidding and other requirements of the California Uniform Public Construction Cost Accounting Act, the California Public Contract Code, and the Menlo Park Municipal Code Requirements for Public Projects are fulfilled to the extent any work to be performed pursuant to this Agreement is subject to such requirements.

SECTION 3: TERM

The term of this Agreement will commence on the Effective Date and conclude upon the earlier of (a) Final Completion (as defined below) or (b) termination of this Agreement under any of the provisions of Section 8.

SECTION 4: CITY REQUESTED PROJECT ENHANCEMENTS AND MODIFICATIONS

4.1 City Requested Project Enhancements.

- 4.1.1 The City has identified additional improvements beyond those initially proposed by Facebook that it would like to incorporate into the Project. Those improvements and their estimated costs are shown on Exhibit B, attached hereto (the “**Project Enhancements**”).
- 4.1.2 The City shall be solely responsible for funding the design costs for the Project Enhancements and the Approved Project Enhancements (as defined below) and will reimburse Facebook for all out of pocket costs actually incurred by Facebook, as developer, for the design of the Project Enhancements and the Approved Project Enhancements, with an initial maximum design budget of \$1,184,900. Facebook will not incur design costs in excess of this amount without the City’s written approval.
- 4.1.3 Facebook will request and obtain fixed bids and pricing from its general contractor for the construction of the Project Enhancements to assist the City in determining whether to proceed with any Project Enhancements. Within thirty (30) days of receipt of such information from Facebook, the City shall provide Facebook with a written notice to Facebook indicating (i) whether it desires to proceed with the proposed Project Enhancement, (ii) the specific scope of work being approved, (iii) the fixed price to construct the proposed Project Enhancement being approved, and (iv) confirmation that the City has sufficient funds to pay for the Approved Project Enhancements. If the City fails to provide timely notice of its election for any proposed Project Enhancement as set forth above, then the City shall be deemed to have elected not to proceed with the proposed Project Enhancement. The Project Enhancements approved by the City pursuant to this Section 4.1.3 are each referred to as an “**Approved Project Enhancement**” and are collectively referred to as the “**Approved Project Enhancements**”. The sum of the fixed prices approved by the City for the Approved Project Enhancements pursuant to this Section 4.1.3 is collectively referred to as the “**Approved Project Enhancements Fixed Price**”.
- 4.1.4 The City shall be solely responsible for funding the cost to construct the Approved Project Enhancements and will reimburse Facebook in Facebook’s capacity as developer, pursuant to the provisions of Section 5, for all out of pocket costs Facebook incurs, including but not limited to construction and third-party project management costs, actually incurred by Facebook for the Approved Project Enhancements. Notwithstanding the preceding, the costs to construct the Approved Project Enhancements (exclusive of third-party project management costs paid to parties other than the general contractor) may not exceed the Approved Project Enhancements Fixed Price

without the City's prior written approval. The cost for third-party project management paid to parties other than the general contractor will be in addition to the Approved Project Enhancements Fixed Price, and may be subject to a separate cap to be agreed to by the City and Facebook. The City acknowledges that unforeseen circumstances or conditions may necessitate changes to the Approved Project Enhancements that warrant an increase to the Approved Project Enhancements Fixed Price. If there are unforeseen circumstances or conditions that result in a change order request that requires an increase to the Approved Project Enhancements Fixed Price, Facebook will promptly provide the general contractor's change order request to the City for approval. Within thirty (30) days of receipt of such information from Facebook, the City shall provide Facebook with a written notice indicating whether it approves the change order request. If the City does not timely approve the change order request, the Parties shall meet and confer in good faith at a mutually agreeable time and location to determine how to address the change order request, which may include modifying the scope of the applicable Approved Project Enhancement in order to facilitate completion of the Approved Project Enhancement without incurring additional costs. If a mutually agreeable solution is not reached, then Facebook may exclude from its scope of development responsibilities the applicable Approved Project Enhancement and shall not be responsible for completion of such Approved Project Enhancement.

4.2 Facebook Modifications. A modification to the Project requested by Facebook (if any) is referred to as a "**Facebook Modification**." Facebook may make the following Facebook Modifications without the City's prior approval: (i) modifications required to comply with applicable laws or regulations, (ii) modifications required to comply with the requirements of applicable utility providers, and (iii) modifications to address unforeseen conditions. Any other Facebook Modification shall be subject to the City's prior written approval, which approval shall not be unreasonably withheld, conditioned, or delayed. For purposes of this Section 4.2, the City agrees that whether a Facebook Modification is reasonable depends solely on whether it would materially increase the City's maintenance and operational costs or have a material adverse effect on the New Community Campus's appearance or functionality. If there is a disagreement as to whether a Facebook Modification materially increases the City's maintenance and operational costs or has a material adverse effect on the New Community Campus's appearance or functionality, the City and Facebook shall meet and confer in good faith at a mutually agreeable time and location in order to attempt to resolve the matter. Facebook Modifications to the New Community Campus will be at Facebook's sole cost and expense.

4.3 City Modifications. The City may request that Facebook perform additional work not shown on Exhibit A or Exhibit B (each, a "**City Modification**"). Facebook is not obligated to include in its scope of development responsibilities any City Modifications, and may refuse to undertake, as developer, any or all City Modifications in its sole and absolute discretion. Within ten (10) business days of its receipt of a proposed City Modification, Facebook will notify the City whether it conceptually approves of the City Modification. If Facebook conceptually approves of the City Modification, it will promptly cause its general contractor or other consultant to prepare an estimate of the costs to perform that City Modification and deliver that estimate to the City. Within five (5) business days after receipt of the cost estimate for the City Modification, the City must provide written notice to Facebook indicating whether it desires to proceed with the proposed City Modification and confirmation that the City has sufficient funds to pay for the City Modification. If the City elects to proceed with a City Modification, the City will be responsible for all costs, including but not limited to design, construction, and third-party project management costs, associated with the City Modification. The City will reimburse Facebook for all such costs incurred by Facebook for a City Modification pursuant to Section 5 of this Agreement. If Facebook notifies the City that it does not approve any proposed City Modification, Facebook shall state its reasons for such disapproval and the Parties shall meet and confer in good faith to determine if they can resolve any Facebook objections to such proposed City Modification. If the City fails to timely notify Facebook of the City's election to proceed with the proposed City Modification, then the City shall be deemed to have elected not to proceed with the City Modification.

SECTION 5: FUNDING AND PAYMENT

5.1 City Funds. Upon Facebook's request, the City must demonstrate through the delivery of supporting documents and other evidence that it has sufficient funds to reimburse Facebook for any Approved Project Enhancements or City Modifications, including any change orders approved pursuant to Section 4.1.4. The City may satisfy this requirement by providing evidence that the City Council has approved funding for the Approved Project Enhancements and City Modifications (as applicable) and deposited the funds in a dedicated or restricted fund. If the City fails to demonstrate that it has sufficient funds to pay for the Approved Project Enhancements or City Modifications, then Facebook may suspend its Design Team's and general contractor's work and services on the Project, without responsibility or liability for the resulting delay, until the City reasonably demonstrates that it has sufficient funds. In addition, and without limitation to the preceding or any other remedies that Facebook may be entitled to, subject to Section 8 of this Agreement, Facebook may terminate its obligation to develop the Approved Project Enhancements or any City Modifications if the City is unable to reasonably demonstrate that it has sufficient funds available to cover the anticipated cost of the Approved Project Enhancements or the City Modifications (as applicable).

5.2 Project Enhancements / City Modification Costs. Following commencement of design of any Project Enhancements or component thereof or any City Modification (whichever occurs first), Facebook may provide the City with written requests for reimbursement of its costs incurred with respect to its Design Team's design of the Project Enhancements, the general contractor's construction of the Approved Project Enhancements and/or their design and construction of the City Modifications, including any change orders approved pursuant to Section 4.1.4 (each a "**Request for Reimbursement**"). Facebook may not provide more than one Request for Reimbursement per calendar month. Each Request for Reimbursement must include the following: (a) the requested amount to be reimbursed and (b) a list of all invoices to be reimbursed under the current Request for Reimbursement. The City must pay Facebook the amount requested in a Request for Reimbursement within thirty (30) days of its receipt of that Request for Reimbursement. If the City disputes an amount stated in a Request for Reimbursement, the City must notify Facebook in writing of the dispute and the basis therefor prior to the deadline for paying the amount requested under that Request for Reimbursement. All undisputed amounts must be paid on a timely basis. The Parties agree to work together in good faith to informally resolve any disputes. Interest will accrue on any unpaid or overdue balance from the date payment was originally due at a rate of one percent (1%) per month.

SECTION 6: SUBSTANTIAL COMPLETION; FINAL COMPLETION; ACCEPTANCE OF THE PROJECT

6.1 Substantial Completion; Punch List. "**Substantial Completion**" is the stage in the progress of the Project when (a) the Project is sufficiently complete in accordance with this Agreement so that the City can occupy or utilize it for its intended use and (b) a certificate of occupancy (or an equivalent sign-off) has been issued for all improvements that make up the Project. When Facebook believes that Substantial Completion has been achieved, Facebook will submit to the City a draft punch list prepared by its general contractor for the City's review and approval. Upon receipt of the draft punch list, the City will inspect the Project and give Facebook written notice either (i) approving the draft punch list or (ii) specifying additional items to be inserted in the punch list and/or correcting errors in Facebook's draft punch list. The draft punch list approved by the City will become the "**Punch List**." Any damage to the Project by the City upon the City's occupancy, will be the sole responsibility of the City.

6.2. Final Completion. Final completion ("**Final Completion**") is the stage when all work for the Project has been completed in accordance with the contract with Facebook's general contractor, consistent with this Agreement. Facebook will notify the City in writing when Facebook believes that its general contractor has achieved Final Completion. The City will conduct such final inspections and tests necessary to satisfy the City that Final Completion has been achieved. If, in the City's reasonable opinion, the Project fails to conform

to the requirements of the contract with Facebook's general contractor, consistent with this Agreement, the City will promptly notify Facebook in writing, adding any such non-conforming work to the Punch List.

6.3 As-Is; Release. Upon Final Completion, the City will accept the Project in its then "as-is" condition (with all faults) and, at Facebook's request, provide a written acceptance and waiver of liability (including a waiver of its rights under California Civil Code Section 1542, or its equivalent). The City acknowledges and agrees that Facebook is not making any representation or warranty, express or implied, as to the value, uses, habitability, condition, design, operation, utility, or fitness for purpose or use of the Project or the Property (or any part thereof) or any other guarantee, representation, or warranty whatsoever, express or implied, with respect to any portion of the Project or the Property. Further, Facebook will have no liability for any latent, hidden, or patent defect as to the Project or the Property or the failure of either (or any part thereof) to comply with any applicable laws or regulations. Notwithstanding anything to the contrary set forth in this Section 6.3, the City does not waive any claim against any architect, engineer, and/or contractor relating to the plan, design, and/or construction of the Project. The City hereby releases Facebook from all responsibility and liability regarding the value, usability, habitability, condition, design, operation, or utility of the Project or the Property, or its or their suitability for any purpose whatsoever, and to the enforcement of any warranties given or delivered by the general contractor, subcontractors and suppliers.

6.4 Post-Delivery Responsibility. Upon Final Completion, Facebook will not be responsible for any repairs, improvements, replacements, or maintenance of the Project, all of which will be the City's sole responsibility at its sole cost and expense. Without limitation, Facebook will not be liable for any claims for design or construction defects and is not providing the City with any warranties. Upon Final Completion, Facebook will assign to the City all rights it has to architectural, contractor, and supplier warranties or guaranties against defects in materials or workmanship with respect to the Project, and will cooperate in any and all efforts to enforce the warranties or guaranties. Facebook agrees not to enter into any design or construction agreements that will limit or waive any rights the City might have to pursue warranty or defect claims against third parties engaged in design or construction of the Project, without the City's prior approval.

SECTION 7: NAMING RIGHTS

The City shall have the sole discretion to name the Project in accordance with its internal policies; provided, however, that prior to selecting the name, the City must meet and confer with Facebook. The City shall not license, sell, or otherwise commercialize the naming rights for the Project, or provide naming rights to a donor. Facebook shall have the non-exclusive right to use the appearance and image of the Project and refer to the Project's name in its marketing or any other published materials.

SECTION 8: TERMINATION; REMEDIES; LIABILITY

8.1 Termination Prior to Commencement of Demolition.

- 8.1.1 Facebook may, in its sole and absolute discretion, terminate this Agreement for convenience prior to its general contractor's commencement of demolition by giving the City written notice. If Facebook terminates this Agreement for convenience prior to its general contractor's commencement of demolition, the City shall have no claims against Facebook except for (i) the reasonable out of pocket costs associated with processing the Project and (ii) reasonable out of pocket costs actually incurred by the City in connection with the decommissioning of the Existing Community Center and restoring the Existing Community Center to its condition prior to decommissioning, provided that the City has provided written notice to Facebook and Facebook has approved such decommissioning work in its sole discretion. For the purposes of this Agreement, "commencement of demolition" shall mean the demolition of any portion of the Existing Community Center by Facebook.

8.1.2 Facebook may terminate this Agreement for cause prior to its general contractor's commencement of demolition if the City fails to perform any of its obligations under this Agreement and does not timely cure such failure. If Facebook terminates this Agreement for cause prior to its general contractor's commencement of demolition, in addition to all other rights and remedies available to Facebook, this Agreement shall terminate and have no further force and effect and Facebook shall have no further obligations to the City and will not be liable for any costs incurred or damages sustained by the City.

8.1.3 The City may terminate this Agreement for cause prior to commencement by Facebook's general contractor of demolition if Facebook fails to perform any of its material obligations under this Agreement and does not timely cure such failure. If the City terminates this Agreement for cause prior to the commencement by Facebook's general contractor of demolition, the City shall have no claims against Facebook except for the reasonable out of pocket costs associated with processing the Project.

8.2 Termination After Commencement of Demolition.

8.2.1 Facebook may terminate this Agreement for cause after the commencement by Facebook's general contractor of demolition if the City fails to perform any of its obligations under this Agreement and does not timely cure such failure. If Facebook terminates this Agreement for cause after the commencement by Facebook's general contractor of demolition, Facebook will have no further obligations to the City with respect to the Project and will not be liable for any damages to the City, and the City shall determine whether and how to complete the Project at its sole cost and expense.

8.2.2 The City may terminate this Agreement for cause after commencement by Facebook's general contractor of demolition if Facebook fails to perform any of its material obligations under this Agreement and does not timely cure such failure. If the City terminates this Agreement for cause, or Facebook terminates this agreement without cause, after the commencement by Facebook's general contractor of demolition, the City may complete the Project and Facebook shall be responsible for the cost to complete the Project, as well as all damages sustained by the City as a result of delays in completing the Project resulting from the termination of this Agreement.

8.3 Notice of Default. Before terminating this Agreement for cause under Section 8.1 or Section 8.2, the non-defaulting Party must give the other Party written notice of the alleged default. The defaulting Party will then have thirty (30) days to cure such default; provided, however, that if the nature of the default is such that despite a Party's commercially reasonable efforts it cannot be cured within thirty (30) days, then the defaulting Party will have such additional time as is reasonable under the circumstances to cure the default if it commences the cure within thirty (30) days and thereafter reasonably pursues the cure to completion.

8.4 Outside Termination Date. If by September 1, 2021, the City has not issued all permits necessary for Facebook's general contractor to commence demolition and construct the Project, then Facebook shall have the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.4, Facebook will have no further obligations to the City with respect to the development of the Project and will not be liable for any damages to the City.

8.5 Assignment. Notwithstanding Section 11.3, upon termination of this Agreement, with or without cause, Facebook will use commercially reasonable efforts to assign all Project related contracts, including, but not limited to, all design and construction contracts, to the City.

SECTION 9: INDEMNIFICATION AND INSURANCE

9.1 Indemnity by Facebook. Facebook agrees to cause its general contractor to indemnify, defend, and save harmless the City, its officers, representatives, and employees from and against any and all third party claims for loss, injury, or damage resulting solely from the construction of the Project, except to the extent any claim arises out of the negligence or willful misconduct of the City.

9.2 Indemnity by City. The City agrees to indemnify, defend, and save harmless Facebook, its officers, representatives, and employees from and against any and all third party claims for loss, injury, or damage, in any way related to the Project and attributable to the City's negligence or willful misconduct.

9.3 Insurance.

9.3.1 Each Party agrees to maintain comprehensive commercial general liability insurance naming the other Party, its officers, agents, and employees as additional insureds in a combined single limit of not less than \$3,000,000 for the death and injury of any persons in any one occurrence, and for property damage in any one occurrence. The City shall maintain separate casualty insurance for the Project during the course of construction in an amount sufficient to protect against loss or damage in full until Final Completion. Every policy shall be endorsed to state that it shall not be assigned, canceled, or reduced in coverage without thirty (30) days prior written notice to the other Party.

9.3.2 Facebook shall require its general contractor to carry the following insurance:

9.3.2.1 Worker's Compensation and Employer's Liability Insurance providing full statutory coverage. Facebook's contract with its general contractor shall include the following certification by the general contractor, as required by Section 18161 of the California Labor Code: "I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Contract."

9.3.2.2. Bodily Injury Liability and Property Damage Liability Insurance (Commercial General Liability Insurance) on an occurrence basis for protection from any and all claims for damages for bodily injury, including accidental death, as well as claims for property damage which may arise from the general contractor's operations whether such operations be by the general contractor or by any sub-contractor or by anyone directly or indirectly employed by either of them. The amounts of such insurance shall be not less than two million dollars (\$2,000,000) per occurrence and four million dollars (\$4,000,000) in aggregate, or four million dollars (\$4,000,000) combined single limit bodily injury and property damage for each occurrence. The general contractor shall provide the City with acceptable evidence of coverage, including a copy of all declarations of coverage exclusions, and shall name the City as an additional insured in the Commercial General Liability Insurance policy.

9.3.2.3. Automobile Liability Insurance in an amount of not less than one million dollars (\$1,000,000) for each accident combined single limit or not less than one million dollars (\$1,000,000) for any one (1) person, and one million dollars (\$1,000,000) for any one (1) accident, and Three Hundred Thousand Dollars, (\$300,000) property damage.

9.3.3 The City may require Facebook to provide proof of required insurance from Facebook and/or its general contractor before the general contractor commences construction.

9.4 Waiver of Subrogation. Notwithstanding anything in this Agreement to the contrary, in the event that either the City or Facebook sustains a loss by fire or other casualty and such loss is caused in whole, or in part, by acts or omissions of the other party, its agents, employees, contractors, or servants, then the party sustaining the loss agrees that, to the extent that the party sustaining such loss is compensated for such loss by insurance, such party shall waive all rights of recovery against the other party, or the agents, employees, contractors, or servants of the other party; and no third party shall have any right of recovery, by way of subrogation or assignment or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, even though that person or entity did not pay the insurance premium directly or indirectly, and regardless of whether the person or entity had an insurable interest in the property damaged.

SECTION 10: ACCESS TO RECORDS AND RECORD RETENTION

At all reasonable times, Facebook will permit the City, upon request, to access and use all reports, designs, drawings, plans, specifications, schedules, and other materials prepared by Facebook or any contractor or consultant of Facebook related to Facebook's obligations under this Agreement. Facebook will provide to the City upon request copies of any documents and Autocad drawings described in this Section, and the City may use them for construction of the Project if this Agreement terminates prior to completion of the Project. Facebook and the City will retain all records pertaining to their performance under this Agreement for at least two years after Final Completion.

SECTION 11: MISCELLANEOUS

11.1 Notices. All notices required or permitted to be given under this Agreement must be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, by personal delivery, or overnight courier to the appropriate address indicated below or at such other place(s) that either Party may designate in written notice to the other. Notices are deemed received upon delivery if personally served, one day after mailing if delivered via overnight courier, or two days after mailing if mailed as provided above.

To City: City of Menlo Park
 Attn: Public Works Director
 701 Laurel Street
 Menlo Park, California 94025-3409

Cc: City Attorney
 City of Menlo Park
 1110 Alma Street, Suite 210
 Menlo Park, California 94025

To Facebook: Facebook, Inc.
 Attn: Facilities
 1 Hacker Way
 Menlo Park, California 94025

Cc: Facebook, Inc.
Attn: Real Estate Counsel
1 Hacker Way
Menlo Park, California 94025

11.2 No Waiver. No waiver of any default or breach of any covenant of this Agreement by either Party will be implied from any omission by either Party to take action on account of such default if such default persists or is repeated. Express waivers are limited in scope and duration to their express provisions. Consent to one action does not imply consent to any future action.

11.3 Assignment. The Parties are prohibited from assigning, transferring, or otherwise substituting their interests or obligations under this Agreement without the written consent of the other Party, provided however, Facebook shall have the right to assign this Agreement to an affiliated entity of Facebook without the prior approval or consent of the City.

11.4 Governing Law. This Agreement is governed by the laws of the State of California as applied to contracts that are made and performed entirely in California.

11.5 Compliance with Laws. In performance of this Agreement, the Parties must comply with all applicable Federal, State, and local laws, regulations, and ordinances.

11.6 Modifications. This Agreement may only be modified in a writing executed by both Parties.

11.7 Attorneys' Fees. In the event legal proceedings are instituted to enforce any provision of this Agreement, the prevailing Party in said proceedings is entitled to its costs, including reasonable attorneys' fees.

11.8 Relationship of the Parties. It is understood that this is an Agreement by and between independent contractors and does not create the relationship of agent, servant, employee, partnership, joint venture, or association, or any other relationship other than that of independent contractor.

11.9 Warranty of Authority to Execute Agreement. Each Party to this Agreement represents and warrants that each person whose signature appears hereon is authorized and has the full authority to execute this Agreement on behalf of the entity that is a Party to this Agreement.

11.10 Severability. If any portion of this Agreement, or the application thereof is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining portions of this Agreement, or the application thereof, will remain in full force and effect.

11.11 Counterparts. This Agreement may be executed in counterparts.

11.12 Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to its subject matter and supersedes any prior or contemporaneous written or oral agreement between the parties on the same subject.

11.13 Press Release. The Parties agree to reasonably cooperate with each other regarding any press release(s) concerning this Agreement and/or the Project.

11.14 Veterans. The Parties agree to abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. The Parties will abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against

qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

11.15 Anti-Bribery.

11.15.1. In connection with the performance of this Agreement and development of the Project, the Parties, on behalf of themselves, their agents, consultants, contractors, and subcontractors, represent and warrant that they have used and will use only legitimate and ethical business practices and will refrain from offering, giving, promising, paying, authorizing the paying or giving of, soliciting, or accepting money or Anything of Value, directly or indirectly, to or from (a) any Government Official to (i) influence a Government Official in his or her official capacity, (ii) induce a Government Official to use his or her influence with a government or instrumentality thereof, or (iii) otherwise secure any improper advantage or (b) any person in any manner that would constitute bribery or an illegal kickback, or would otherwise violate applicable anti-corruption law. For the purposes of this Section, "Anything of Value" includes, but is not limited to, cash or a cash equivalent (including "grease," "expediting," or facilitation payments), discounts, rebates, gifts, use of materials, facilities, or equipment, entertainment, drinks, meals, transportation, lodging, or promise of future employment. "Government Official" means any official or employee of any national, state, regional, provincial, city, local, tribal, or foreign government; any official or employee of any government department, agency, commission, or division; any official or employee of any state-owned or state-controlled enterprise; any official or employee of a public educational, scientific, or research institution; any political party or any official or employee of a political party; any candidate for public office; any official or employee of a public international organization; and any person acting on behalf of or any relatives or close family/household members of any of those listed above.

11.15.2. The Parties will ensure that the contractors and subcontractors they retain in connection with the performance of this Agreement expressly agree to anti-bribery undertakings, representations, and warranties substantially similar to the provisions herein.

11.15.3. If either Party becomes aware that any violation of the terms of this Section 11.15 has occurred, is threatened, or has been requested by any person or entity, including by an employee or representative of the other Party, the Party will provide prompt notice to the other Party of the facts and circumstances associated with such violation or request.

11.16 Non-Discrimination. For any performance required under this Agreement (a) between two business entities based in the United States of America and (b) being performed in the United States of America and/or its territories, the Parties agree that, unless otherwise specifically exempted, this Agreement will be performed in full compliance with all applicable laws, including applicable equal opportunity/affirmative action requirements, Title VII of the Civil Rights Act of 1964, Executive Orders No. 11141 and 11246, as amended, sections (1) and (3) of Executive Order No. 11625 relating to the promotion of Minority Business Enterprises, Americans with Disabilities Act, Age Discrimination in Employment Act, Fair Labor Standards Act, Family Medical Leave Act, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, Rehabilitation Act of 1973, and all corresponding implementing rules and regulations, all of which, including the contract clauses required and regulations promulgated thereunder, are incorporated herein by reference.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have hereunder subscribed their names the day and year indicated below.

FACEBOOK:

Facebook, Inc.
a Delaware corporation

Name:
Title:

Date

CITY:

City of Menlo Park

Starla Jerome-Robinson, City Manager

Date

APPROVED AS TO FORM:

Cara Silver, Interim City Attorney

Date

ATTEST:

Judi A. Herren, City Clerk

Date

EXHIBIT A

PLANS AND SPECIFICATIONS

The New Community Center Project consists of a new multigenerational community campus all as more particularly described in Staff Report No. 20-055-PC for the Planning Commission meeting of December 14, 2020, including all attachments to the Staff Report.

EXHIBIT B

PROJECT ENHANCEMENTS

1. New swimming pool to replace the Existing Belle Haven Pool:	
Following the recommendations in the Belle Haven master plan, the new pool facility would feature two separate swimming areas with differing water temperatures. A lap swim / competition pool would support water polo, synchronized swimming, and other performance and training activities. An adjacent instructional pool with warmer water temperature would serve swim lessons, exercise classes, wellness and recreational activities. The pool facility would also feature a water play area that could be separate from, or integrated as part of a shallow entry area into the instructional pool. The project would utilize the locker rooms and check in at the new Community Campus building, but would also include a stand-alone pool mechanical building to house pool equipment and chemical systems.	
Design Estimate: \$783,000	Construction Estimate: \$6,617,000
2. Red Cross evacuation center:	
This Project Enhancement would include modifications to the structural and mechanical systems required by building code to allow the facility to be designated and utilized as a Red Cross Evacuation Center.	
Design Estimate: \$48,000	Construction Estimate: \$702,000
3. Emergency backup power (diesel generator):	
This Project Enhancement proposes to purchase a mobile 200 kilowatt emergency generator to either power the facility directly or recharge an emergency battery backup system. The mobile generator could either be stored on-site or at another location (to be determined) and only brought to the site when necessary.	
Design Estimate: \$8,500	Construction Estimate: \$141,500
4. Solar carports:	
This Project Enhancement would construct parking lot canopied solar panel installations in two potential locations on-site. The first location would be within the newly constructed parking area covering roughly 50 parking spaces capable of hosting a 160 kilowatt solar array. The second location would be the existing parking serving Kelly Park also covering approximately 50 parking spaces with similar energy generation. As an alternative Project Enhancement, the City could elect to 'prewire' either location with empty conduit and the building systems made ready to accept future solar panel arrays. Facebook will be responsible for its pro rata share of the costs for not more than 5 kilowatts of the total solar panel installations (i.e., the costs that would otherwise be incurred as part of the Project if the City elects not to proceed with this Project Enhancement).	
Design Estimate: \$24,000	Construction Estimate: \$1,476,000*
5. LEED platinum upgrade:	
This Project Enhancement would propose to upgrade the facility from a LEED gold certified facility to a LEED platinum certified facility.	
Design Estimate: \$97,000	Construction Estimate: \$503,000*

6. Renewable energy microgrid:	
This Project Enhancement would propose to include a renewable energy microgrid system to both maximize the benefits of on-site solar energy production and also provide emergency power for varying times depending on the system selected.	
Design Estimate: \$94,000	Construction Estimate: \$1,106,000*
7. Building deconstruction versus demolition:	
This Project Enhancement would propose to deconstruct the facility as an enhancement above and beyond normal demolition. While the demolition of the facility is expected to achieve 70-80 percent diversion of material from landfill via recycling, deconstruction would go above and beyond, identifying materials that could be salvaged and donated to be re-used on other projects.	
Design Estimate: \$18,000	Construction Estimate: \$382,000
8. Water main replacement:	
This Project Enhancement would replace the existing water main that crosses through the Property from Terminal Avenue to and across the railroad tracks to the North. The existing water main on-site is near the end of its useful life and could potentially be impacted by demolition efforts due to its proximity to the buildings being removed.	
Design Estimate: \$45,000	Construction Estimate: \$755,000
9. Recycled water connection from Chilco Street:	
This Project Enhancement would propose to install a recycled water service line (for future recycled water service) from Chilco Street to the Property crossing the railroad tracks. Utilization of recycled water would be incumbent upon the completion of a wastewater treatment facility by West Bay Sanitary District near Bedwell Bayfront Park and system buildout. The Property would be plumbed ready to accommodate recycled water usage when available.	
Design Estimate: \$59,000	Construction Estimate: \$355,000
10. Utility undergrounding:	
This Project Enhancement would propose to underground certain overhead utilities on the Property. Data and telecom lines beginning at the entry to the facility at Terminal Avenue that enter the Property and then cross the Property to the Beechwood School entrance would be placed underground. Electrical distribution lines that cross through the front parking lot to the Beechwood School would also be placed underground. Existing overhead electrical transmission that cross the Property would remain.	
Design Estimate: \$84,000	Construction Estimate: \$166,000

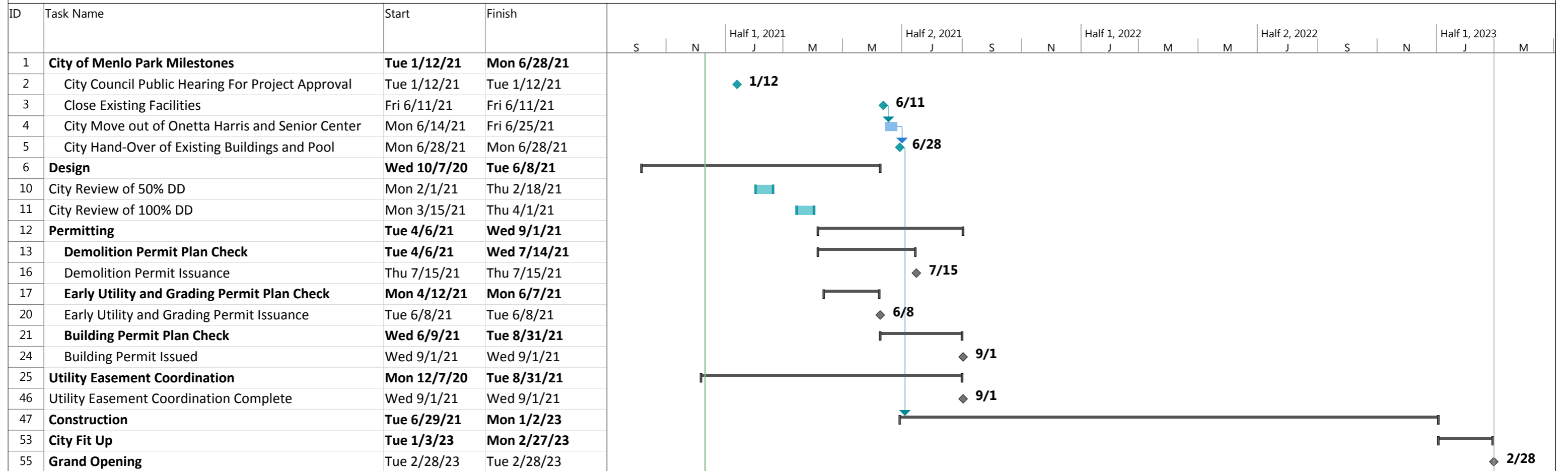
*Representative construction estimate only. Portions of or full amount of construction value to be funded/contracted separately by City

Note: These cost estimates are only estimates. Because actual costs for a given line item may be below the estimated costs, City staff may take into account whether the cost for a given line item is under budget for

purpose of determining whether a change order for a different line item exceeds the maximum design budget or maximum construction budget in the aggregate.

EXHIBIT C
PROJECT SCHEDULE

MPCC Master Schedule



Project: MPCC Master Schedule Date: Thu 1/7/21	Task		Project Summary		Manual Task		Start-only		Deadline	
	Split		Inactive Task		Duration-only		Finish-only		Progress	
	Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks		Manual Progress	
	Summary		Inactive Summary		Manual Summary		External Milestone			

EXHIBIT D
DEVELOPMENT LEASE AGREEMENT

EXHIBIT D TO THE FUNDING AGREEMENT

DEVELOPMENT LEASE AGREEMENT

THIS DEVELOPMENT LEASE AGREEMENT (this “**Lease**”) is entered into this ____ day of _____, 20__ (the “**Effective Date**”), by and between the **CITY OF MENLO PARK**, a municipal corporation of the State of California (“**Landlord**”) and **FACEBOOK, INC.**, a Delaware corporation (“**Tenant**”) (each sometimes referred to as a “**Party**” and collectively as the “**Parties**”). In consideration of the terms and promises made herein, the Parties agree as follows:

1. **DEFINED TERMS.** Each capitalized term used in this Lease shall have the same meaning ascribed to it in the separate Funding and Improvement Agreement for the Menlo Park Community Campus entered into by and between the Parties (“**Funding Agreement**”), unless specifically defined in this Lease.
2. **PREMISES.** Landlord does hereby demise and lease unto Tenant, and Tenant does hereby take and lease from Landlord, the property commonly known as 100-110 Terminal Avenue, Menlo Park, California 94025, described on **Exhibit A** attached hereto, consisting of approximately __ acres, together with the existing improvements commonly known as the Onetta Harris Community Center, Menlo Park Senior Center, and Belle Haven Youth Center located thereon (collectively, the “**Existing Community Center**”), and all easements, rights-of-way, and other rights appurtenant thereto (collectively, the “**Premises**”) upon the following terms and conditions.
3. **TERM.** The term of this Lease (the “**Term**”) shall commence, and Landlord shall deliver the Land to Tenant, on the date which immediately precedes demolition of the Existing Community Center (the “**Commencement Date**”). Upon execution of this Lease, the Parties agree to identify a mutually agreeable date for such demolition. When the date for demolition is identified, Landlord shall provide Tenant with a written notice setting forth the Commencement Date, which Tenant shall sign and acknowledge. The Term shall end and expire upon the earlier of (i) the date of Final Completion, or (ii) the day preceding the fifth anniversary of the Commencement Date (the “**Expiration Date**”). In the event Final Completion does not occur prior to the fifth anniversary of the Commencement Date, the Parties will work in good faith to extend the Term.
4. **RENT; SECURITY DEPOSIT.** Tenant shall pay to Landlord as rent, a total of One Dollar (\$1.00) per year payable in advance on the Commencement Date and each anniversary thereof.
5. **TAXES; ASSESSMENTS.** Landlord shall pay all real and personal property taxes (if any), general and special assessments (if any), and other charges of every description levied on or assessed against the Premises or the improvements currently located, and to be constructed, on the Premises, including any possessory use tax imposed upon Tenant.

6. **PERMITTED USE.** Subject to the provisions of this Lease, Tenant shall only use the Premises to develop the New Community Campus, consisting of a new public multi-generational community center for the benefit of the City of Menlo Park and its residents, and additional public facilities as further specified in the Funding Agreement (the “**Project**”). For the purposes of this Lease, Landlord does not consider noise associated with construction to be a nuisance so long as Tenant’s contractor complies with the City’s noise ordinance. Tenant’s rights to use the Premises shall be exclusive, subject to (i) the rights of PG&E to access its facilities/utility lines, etc., and (ii) vehicular and pedestrian access to Beechwood School, to facilities housing interim services and to the sports fields located at Kelly Park.

7. **IMPROVEMENTS.**

a. Landlord hereby consents to development of the Project on the Premises pursuant to the terms of the Funding Agreement.

b. Tenant shall have no authority to cause or permit a mechanic’s, construction or other lien to arise or be perfected with respect to the Premises or any part thereof. Landlord shall have a right to require Tenant to post, maintain and serve notices of non-liability to contractors and subcontractors as a condition to permitting Tenant to make alterations or additions. If any mechanic’s, construction or other lien is filed against the Premises, or any part thereof, by reason of Tenant’s acts or omissions or because of a claim against Tenant, then Tenant shall cause such lien to be canceled and discharged of record or bonded over within the earlier of thirty (30) days after written request by Landlord or such shorter period as may be required to prevent an adverse judgment against Landlord.

8. **MAINTENANCE; REPAIRS.** Throughout the term of this Lease, Tenant shall, at Tenant’s sole cost and expense, maintain the Premises in good condition and repair, and in accordance with all applicable laws, rules, ordinances, orders, and regulations of government agencies having or claiming jurisdiction over the Premises. Nothing in this provision shall be construed as limiting any of Tenant’s right under this Lease to cause its contractor to alter, modify, demolish, remove, or replace any improvement.

9. **OWNERSHIP OF IMPROVEMENTS.**

a. All Improvements and Other Improvements on the Premises that Tenant causes to be constructed as permitted by this Lease shall be owned by Tenant until expiration of the term or sooner termination of this Lease. At the expiration of the term or earlier termination of the Lease, such Improvements and Other Improvements shall become the property of Landlord.

b. All equipment, machinery, trade fixtures, and all appurtenances thereto, and other property of every description used, or caused by Tenant to be installed or placed by

Tenant's contractor on the Premises which can be removed without material physical damage to Landlord's real property shall be owned by Tenant and deemed Tenant's personal property ("**Personal Property**"). Tenant may remove its Personal Property upon expiration or earlier termination of this Lease, provided that Tenant repairs any material physical damage to the Premises caused by such removal.

10. **ASSIGNMENT; SUBLETTING.** Tenant may not assign, sublease, or otherwise transfer Tenant's interest in this Lease to any person or entity without Landlord's prior written consent, which Landlord may withhold in its sole discretion.

11. **UTILITIES.** Landlord shall be solely responsible for: (A) making arrangements for any utility services Tenant requires at the Premises; (B) paying all charges or bills incurred for utility service at the Premises or used in connection with Tenant's use conducted thereon.

12. **INSURANCE.**

a. Landlord and Tenant shall, at all times during the Term, obtain and maintain the insurance required by the Funding Agreement.

b. Landlord and Tenant each hereby agree to a mutual waiver of subrogation in accordance with the terms of Section 9.4 of the Funding Agreement.

13. **CASUALTY; CONDEMNATION.** If the Premises shall be damaged or destroyed by fire or other casualty, or shall be subject to full or partial condemnation during the term of this Lease, Tenant shall have no obligation to repair or restore the same unless it shall so elect in its sole and absolute discretion. If Tenant elects to repair or restore the Premises, Landlord shall provide Tenant with any insurance proceeds received, and Tenant shall commence restoration promptly. If Tenant shall not elect to repair or restore the Premises, this Lease shall terminate as of the date of the casualty or date of taking, without further liability of either party to the other except for obligations previously accrued, but unpaid or unperformed as provided herein, and any insurance proceeds shall be paid to Landlord.

14. **ENVIRONMENTAL PROVISIONS.**

a. Landlord warrants to Tenant that to the best of Landlord's knowledge as of the Commencement Date of this Lease, the Premises are free and clear of any Hazardous Substances and is in strict compliance with all applicable Environmental Laws. Landlord agrees to be responsible for, and without limiting any other indemnification obligations of Landlord contained herein, Landlord hereby agrees to protect, indemnify, defend (with counsel acceptable to Tenant) and hold harmless Tenant from and against any and all Claims including, without limitation, reasonable attorneys' fees, fines, penalties and/or assessments levied or raised by any governmental authority or court, and any remediation and mitigation costs and expenses, arising out of, resulting from, or connected with any Hazardous

Substances (defined below) that are caused by Landlord's use or possession of the Premises prior to the Commencement Date of this Lease.

- b. Definitions. For purposes of this Lease, the term "**Hazardous Substances**" shall mean all toxic or hazardous substances, materials or waste, asbestos, petroleum or petroleum products, petroleum additives or constituents or any other waste, contaminant or pollutant regulated under or for which liability may be imposed by any Environmental Laws. "Environmental Laws" shall mean all federal, provincial, state and local environmental laws (including common law) regulating or imposing standards of care with respect to the handling, storage, use, emitting, discharge, disposal or other release of Hazardous Substances, including, but not limited to, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901, et seq., the Clean Air Act, 42 U.S.C. §7401, et seq., the Clean Air Act, 42 U.S.C. §7401, et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251, et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. §1101, et seq., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601, et seq., the Toxic Substances Control Act, 15 U.S.C. §2601, et seq., the Oil Pollution Control Act, 33 U.S.C. §2701, et seq., any successor statutes to the foregoing, or any other comparable local, state or federal statute or ordinance pertaining to protection of human health, the environment or natural resources, including without limitation the preservation of wetlands, and all regulations pertaining thereto, as well as applicable judicial or administrative decrees, orders or decisions, authorizations or permits.
15. DEFAULT BY TENANT. Should Tenant default in the performance, fulfillment or observance of any of Tenant's other covenants, conditions or agreements herein contained, and such default shall continue for thirty (30) days after written notice thereof from Landlord to Tenant, then Landlord may thereafter, terminate this Lease as of the date of specified in the notice and may demand and recover possession of the Premises from Tenant; provided, however, that if the nature of the default is such that it cannot be cured within thirty (30) days, Tenant shall not be deemed in default so long as Tenant has promptly commenced the cure and diligently pursues the cure to completion thereafter. Upon receipt of any termination notice, Tenant shall immediately surrender possession of the Premises to Landlord. In surrendering possession, Tenant shall be entitled to remove and retain all of their removable Personal Property located on the Premises, so long as the removal is completed with reasonable promptness after the notice is given. In the event of termination under this provision, the terms of Section 8.2.2 of the Funding Agreement shall apply.
16. DEFAULT BY LANDLORD. Tenant shall give Landlord written notice of any default by Landlord in the performance of any covenant or obligation to be kept or performed hereunder, and if such default continues for a period of thirty (30) days after receipt by Landlord of a written notice from Tenant specifying such default, then and in such event, Tenant, at its election, may (a) terminate this Lease, or (b) spend such money as is reasonably necessary to cure such default and, in such event, Landlord shall then pay to Tenant, within 30 days after written demand, all sums paid and costs and expenses reasonably incurred by Tenant in connection with the making of any such payment or the

taking of any such action, including reasonable attorneys' fees; provided, however, that if the nature of the default is such that it cannot be cured within thirty (30) business days, Landlord shall not be deemed in default so long as Landlord has promptly commenced the cure and diligently pursues the cure to completion thereafter and cures same within a total of ninety (90) days from issuance of default notice by Tenant. In the event of termination under this provision, the terms of Section 8.2.1 of the Funding Agreement shall apply.

17. **NOTICE**. All notices required or permitted to be given under this Lease must be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, by personal delivery, or overnight courier to the appropriate address indicated below or at such other place(s) that either Party may designate in written notice to the other. Notices are deemed received upon delivery if personally served, one day after mailing if delivered via overnight courier, or two days after mailing if mailed as provided above.

To Landlord: City of Menlo Park
Attn: Public Works Director
701 Laurel Street
Menlo Park, California 94025-3409

With copy to: City Attorney
City of Menlo Park
1110 Alma Street, Suite 210
Menlo Park, California 94025

To Tenant: Facebook, Inc.
Attn: Facilities
1 Hacker Way
Menlo Park, California 94025

With copy to: Facebook, Inc.
Attn: Real Estate Counsel
1 Hacker Way
Menlo Park, California 94025

18. **MISCELLANEOUS**.

- a. **Entire Agreement**. This Lease constitutes the entire agreement between the Parties pertaining to its subject matter and supersedes any prior or contemporaneous written or oral agreement between the Parties on the same subject.
- b. **Severability**. If any portion of this Lease, or the application thereof is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining portions of this Lease, or the application thereof, will remain in full force and effect.
- c. **Time**. Time is of the essence in this Lease, and all provisions of this Lease relating to the time of performance of any obligation under this Lease shall be strictly construed.

- d. Attorney's Fees. If either party brings any action or proceeding to enforce, protect, or establish any right or remedy, the prevailing party shall be entitled to recover reasonable attorneys' fees.
- e. Governing Law. This Lease shall be governed and construed according to the laws of California and shall bind and inure to the benefit of the successors and assigns of the undersigned.
- f. Compliance with Laws. In performance of this Lease, the Parties must comply with all applicable Federal, State, and local laws, regulations, and ordinances.
- g. Modifications. This Lease may only be modified in a writing executed by both Parties.
- h. Counterparts. This Lease may be executed in several counterparts and shall be valid and binding with the same force and effect as if all parties executed the same Lease. The Parties hereto consent and agree that this Lease be signed and/or transmitted by facsimile, e-mail of a .pdf document or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology) acceptable to Landlord, and that such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's handwritten signature. To the extent a party signs this Lease using electronic signature technology, by clicking "SIGN", such party is signing this Lease electronically, and the electronic signatures appearing on this Lease shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have duly executed this Lease as of the date first above written.

LANDLORD

CITY OF MENLO PARK

By: _____
Starla Jerome-Robinson, City Manager

Approved As To Form:

By: _____
Cara Silver, Interim City Attorney

Attest:

By: _____
Judi A. Herren, City Clerk

TENANT

FACEBOOK, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

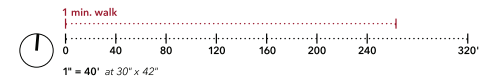
EXHIBIT A

[PREMISES]



**Lease Area
Highlighted in Blue**

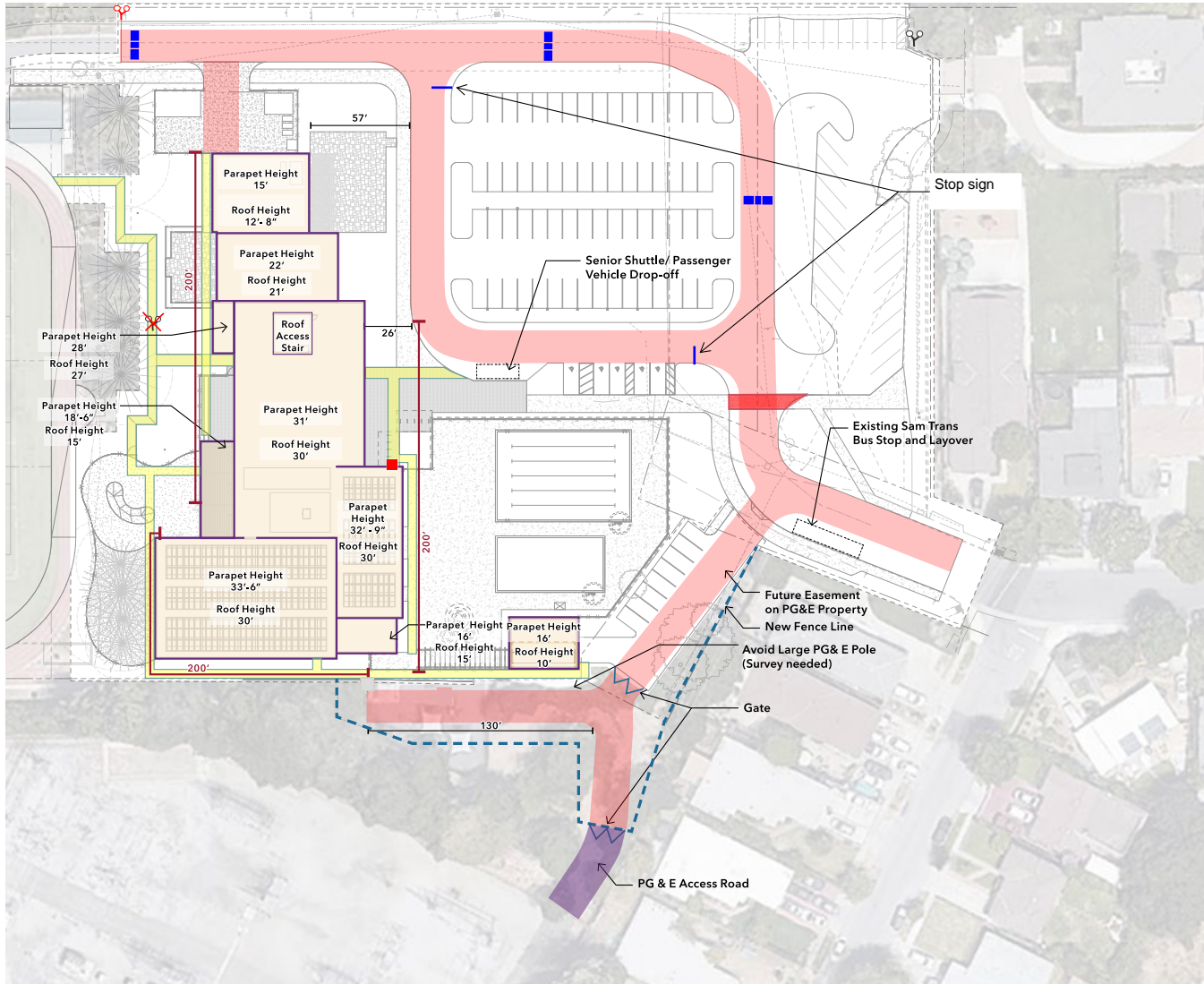
**Fire Department EVA
Access through
Lands of PG&E**



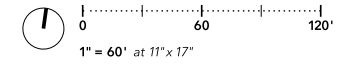
Overall Illustrative Site Plan

Menlo Park Community Campus, Menlo Park, California

L0.00



	Proposed fire hydrant
	Existing fire hydrant
	Existing fire hydrant - proposed to be removed
	Proposed FDC
	5' minimum fire department access pathway
	20' wide clear fire lane
Note: Menlo Fire Approved traffic calming speed humps will be located within fire lane.	
	Proposed Speed bump locations
	Raised Crosswalk Location

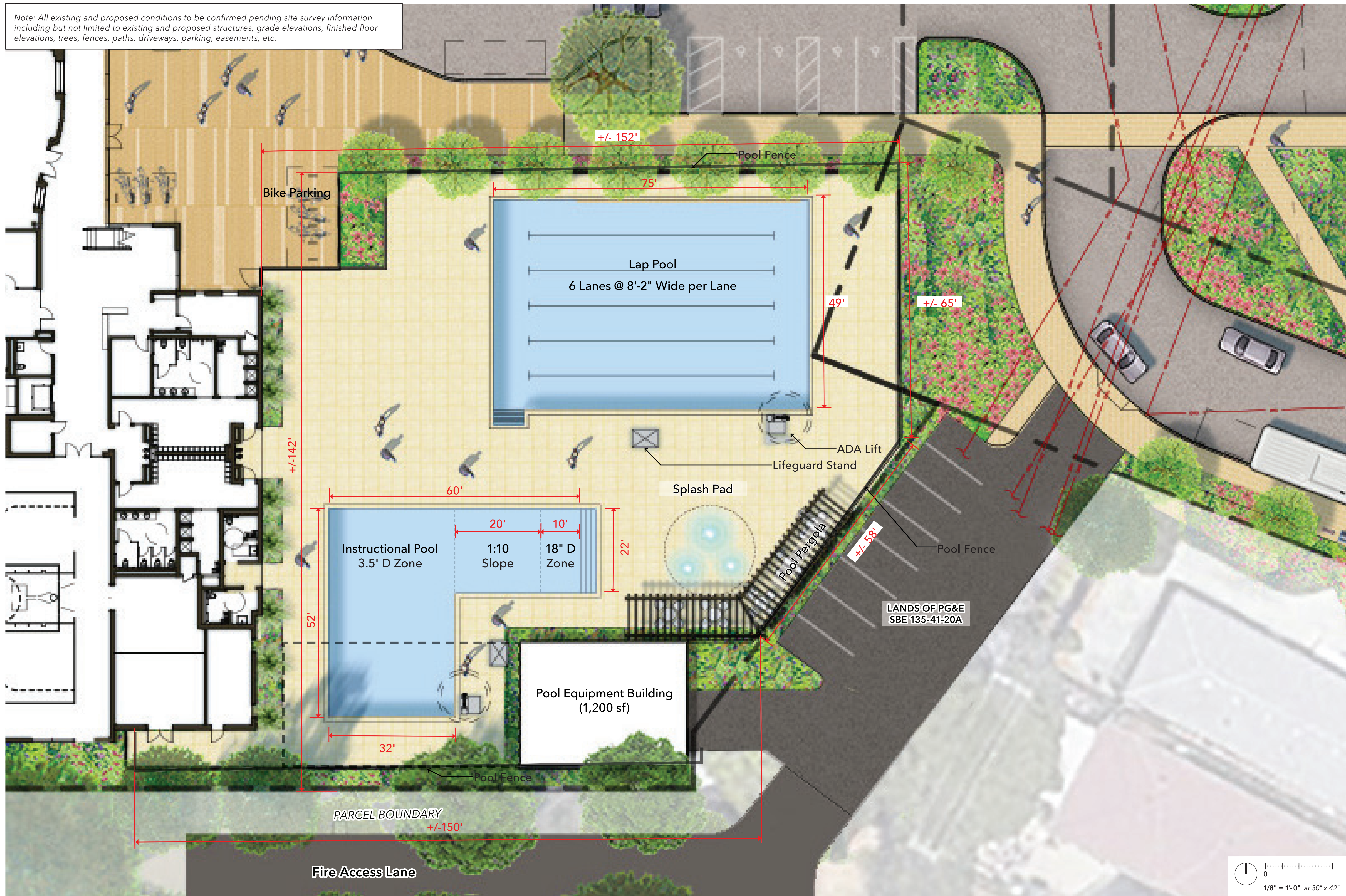


Fire Access Diagram

December 22, 2020

HART HOWERTON

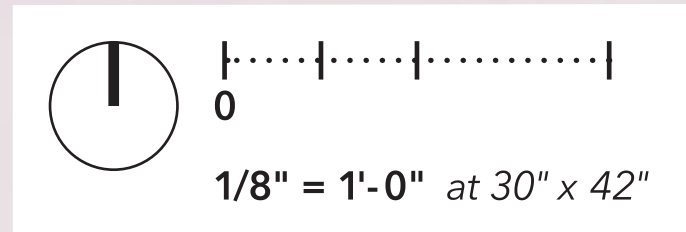
Note: All existing and proposed conditions to be confirmed pending site survey information including but not limited to existing and proposed structures, grade elevations, finished floor elevations, trees, fences, paths, driveways, parking, easements, etc.



Pool Enlargement Plan

Menlo Park Community Campus, Menlo Park, California

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Menlo Park Community Campus
Term Sheet

Facebook has offered to provide funding and development of a new multi-generational community center, including senior center, youth center and library, for a new community campus in the Belle Haven neighborhood (the “Project”), in accordance with preliminary space plans and building design concept that are subject to final review and approval by the Menlo Park City Council, as generally set forth in Facebook’s letter to the City Council dated December 16, 2019. The Project includes the remediation and demolition of all of the existing facilities, including the pool. The following is a summary of the terms to be incorporated into a definitive agreement between Facebook and the City of Menlo Park.

1. Facebook’s Obligations

- a. Design, obtain entitlements for, and construct the Project in accordance with mutually agreeable plans (to be attached as an exhibit to the agreement). Facebook will have sole discretion over the means and methods of design and construction including the selection of the architect, engineers, design consultants, general contractor and all subcontractors. The agreement will identify scopes of work and materials outside of the Project (e.g., furnishings, IT equipment, etc.). Facebook will be responsible for unforeseen/unanticipated conditions (subject to its termination right described in Paragraph 6).
- b. Prepare a budget for the Project. If the cost of the Project is projected to exceed the budget, then the City and Facebook will work together to identify modifications to the Project that allow it to fit within the budget.
- c. Pay prevailing wage for all work done on the Project.
- d. Work with the City and the surrounding neighborhood to minimize impacts on the neighborhood during construction.
- e. Assist the City in pursuing CPUC 851 permits/approval for acquisition of, or work within, PG&E parcel(s).
- f. Obtain fixed bids/pricing for City requested work (described in Paragraph 3) to assist City in determining whether to include some or all of such additional work.

2. City’s Obligations

- a. Timely process all building permit applications. The City will make a good faith effort to expedite the plan check process with the goal of issuing building permits within two months of submittal of the complete application post-entitlement.
- b. Make good faith efforts to assist Facebook with resolving permitting issues with other public agencies, utilities, and neighboring property owners, if any.
- c. Waive all costs in connection with processing Project approvals, staff time, permits, plan check, and building division inspections, etc.
- d. Waive all applicable development impact fees.
- e. Work with the community to develop and implement a plan to accommodate existing community programs that will be displaced during the construction period. Facebook has no responsibility for interim facilities or programming.
- f. Work with Facebook on closures during the construction phase. During construction, the site will be closed except that access must be maintained to Beechwood School and the sports fields.
- g. Bear all costs in connection with programming, operation, and maintenance of the new facilities. Facebook is not responsible for any ongoing costs.

- h. Bear all costs in connection with acquiring PG&E parcel(s) [fee, easement or license] and obtaining CPUC 851 permits/approval for acquisition of, or work within, PG&E parcel(s).

3. City Requested Work

- a. The City will have the right to propose work in addition to the Project but related to the Project such as the following:
 - i. a new swimming pool and all associated support systems including a pool mechanical equipment building,
 - ii. upgrading the building to a Red Cross Evacuation Center (instead of a standard building),
 - iii. deploying emergency backup power (e.g., diesel generator),
 - iv. installing solar carports to achieve Net Zero Energy,
 - v. pursuing LEED Platinum or equivalent (instead of LEED Gold),
 - vi. designing and installing a microgrid,
 - vii. deconstructing the existing buildings (instead of demolishing them),
 - viii. replacing the on-site water main,
 - ix. extending a recycled water main to serve the site in the future,
 - x. undergrounding utilities (communication and potentially electric distribution lines).
- b. The City will be responsible for all costs of any City requested work.
- c. The City would contract directly with the contractors for any City requested work (except that Facebook will consider contracting for minor ancillary work and/or works that cannot be separated from the main building construction contract). The agreement will include a process for proposing and finalizing City requested work. If the City desires to include any City requested work, Facebook will cooperate and coordinate with the City and at the City's request, Facebook will obtain fixed bids/pricing for City requested work from Facebook's contractors.
- d. As a condition to performing any City requested work, Facebook may require the City to demonstrate that sufficient funds are available to cover the full cost of the City requested work that Facebook is performing.

4. Proposed Schedule

- a. The agreement will include a Project schedule.
- b. Facebook will not be liable for delays. Facebook will, however, make a good faith effort to complete the Project within 24 months of demolition of the existing facility (subject to force majeure including shut downs by government order).

5. Naming Rights

- a. The City will have the right to name the facility. The City will, however, meet and confer with Facebook with respect to the facility's name. The City will not license or otherwise sell naming rights to the facility.

6. Termination; Suspension

- a. Termination Prior to Commencement of Construction: Facebook may terminate the agreement with or without cause before demolition of any existing facilities. If Facebook terminates the agreement without cause, then it will reimburse the City for its out of pocket costs and staff time but no other damages. If Facebook terminates the agreement with cause [to be defined], it will not be liable for any costs incurred or damages sustained by the City.
- b. Termination After Commencement of Construction: Facebook may not terminate the agreement after demolition of the building(s) without cause [to be defined]. If Facebook terminates the agreement without cause or if the City terminates the agreement for cause, the City may complete the Project and Facebook will be responsible for the cost to complete the Project, together with all damages sustained by the City as result of the delays in completing the Project due to such termination. If Facebook terminates the agreement for cause, Facebook will not be liable for completing the Project or for any damages and the City shall determine whether and how to complete the Project.
- c. Upon termination, with or without cause, Facebook will use commercially reasonable efforts to assign all design, construction and other Project related contracts to the City.

7. Indemnification; Warranties

- a. Facebook will indemnify the City from third party claims arising out of construction of the Project (excluding claims attributable to the City's negligence or willful misconduct). Facebook will not, however, be liable for construction defects (see below). The City will indemnify Facebook and its designers from third party claims arising from events occurring after turnover of the site to the City (excluding claims attributable to the indemnitees' negligence or willful misconduct).
- b. The improvements will be delivered "as-is" and Facebook will not be liable for construction defects. The agreement will, however, include a process for identifying punch list items and agreeing on final completion. Facebook will assign all construction warranties to the City and cooperate with the enforcement of those warranties.

This Term Sheet is a non-binding document for discussion purposes only. Neither party is obligated to proceed with the proposed Project unless until the parties enter into a binding agreement setting forth all materials terms, provisions and obligations of the parties.



CITY COUNCIL MEETING

Proposed Menlo Park community campus project





AGENDA ITEM

Council action on the following final approvals:

- Architectural control, use permit and environmental review for new project
- Funding and improvement agreement with Facebook





MILESTONES TO DATE

- **October 2019:** Facebook announced offer
- **December 2019:** Facebook submitted offer letter
- **January 28:** Council approved Resolution of Intent
- **January 11 and February 9:** Community meetings
- **February 25:** Council direction on interim services
- **July 28:** Council approved funding for base level project
- **September 15:** Council approved term sheet and schedule
- **October 13:** Council identified City requested work
- **November 10:** Council amended project budget
- **December 14:** Planning Commission recommendation
- **Council subcommittee meetings**



PLANNING COMMISSION REVIEW

- Meetings
 - October 12 study session
 - December 14 public hearing

- Land use entitlements
 - Architectural control
 - Use permit
 - Environmental review





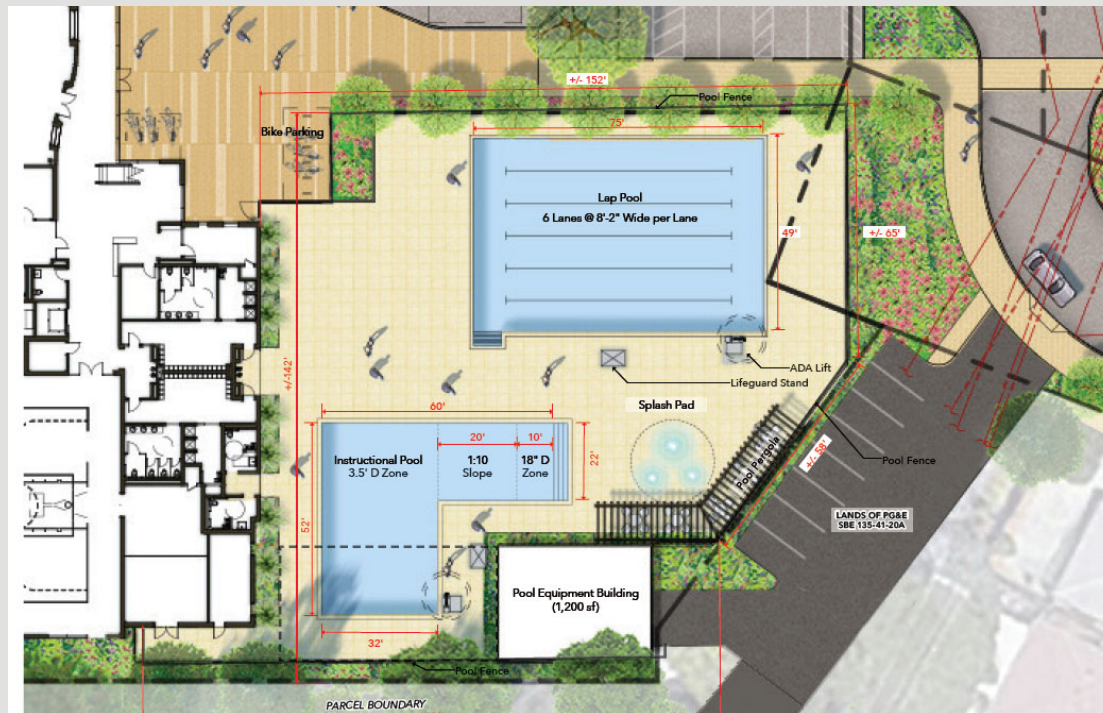
FUNDING AND IMPROVEMENT AGREEMENT



- Outlines obligations for Facebook and the City
- Establishes parameters for delivering the project in a timely manner including following targets:
 - June 2021: Facility closures
 - July to August 2021: Remediation and demolition
 - Spring 2023: Facilities re-opening
- Reflects the Council reviewed term sheet
- Includes City requested work/project enhancements within budget parameters



POOL LAYOUT





RECOMMENDATION

- **New:** Refer the latest pool layout (Attachment F) to the Council subcommittee for potential refinements subject to the following parameters and final layout approval by the City Council at a special meeting no later than January 29, 2021:
 - Comply with the Class 2 CEQA exemption
 - Fit within the proposed fence line of the pool as show on the project plans
 - Be code compliant
 - Create no implications for the main building in terms of plumbing fixtures, etc.
 - Fit within the pool budget (Council action would be required to amend project budget and funding agreement)

- Adopt Resolution No. 6607 for the architectural control for the construction of a new multigenerational community campus building in the PF (Public Facilities) district and use permit for the use and storage of hazardous materials including diesel for a backup mobile generator and pool chemicals (Attachment A.)

- Authorize the city manager to execute the funding and improvement agreement for the project with Facebook.(Attachment B.)



THANK YOU



STAFF REPORT

City Council

Meeting Date:

1/12/2021

Staff Report Number:

21-006-CC

Regular Business:

Amend the fiscal year 2020-21 budget and authorize the city manager to waive bid requirements and increase award authority for specified projects

Recommendation

City staff recommends that the City Council:

1. Amend the fiscal year 2020-21 budget as detailed in Attachments A, B and C
2. Authorize the city manager to waive bid requirements for the following projects:
 - a. Existing building electrification project (climate action plan #1)
 - b. Electric vehicle charging project (climate action plan #3)
3. Authorize the city manager to execute agreements in an amount not-to-exceed the approved project budgets for the following projects:
 - c. Existing building electrification project (climate action plan #1)
 - d. Electric vehicle charging project (climate action plan #3)

The recommended amendments' net impact decreases the fiscal year 2020-21 general fund surplus by \$1.54 million. Authorization to waive bid requirements and enter into contracts for approved projects will reduce administrative delays in the project timelines.

Policy Issues

City Council adopts an annual budget in advance of each fiscal year, and City staff transmit periodic financial updates to reflect new information. The fiscal year 2020-21 budget anticipated the need for budget amendments in recognition that the pandemic's impacts on revenue and expenditures were largely unknown.

Background

At their November 10 meeting, City Council receive staff report #20-224-CC transmitting recommended budget and salary schedule amendments. City Council took action to fund several recommendations resulting in an increase in budgeted General Fund revenue of \$3.97 million and \$1.72 million in expenditures including the restoration of 2.0 FTEs that were cut as part of the budget balance efforts for the fiscal year 2020-21 budget. The balance of recommended budget amendments were continued to the first meeting of the new City Council.

Analysis

City staff recommends City Council consideration of several midyear budget amendments as modified from the November 10 recommendation in staff report #20-224-CC, Attachment D. Attachment E links to the

City’s online budget portal to assist in tracking the budgetary line item modifications for the general fund. If the City Council finds the report helpful, staff will publish the report for other funds.

Modifications to the November 10 recommendation include:

- Removal of budget requests for items that have been approved by City Council
- Removal of personnel requests that can be accommodated by reallocating vacant personnel from library and community services to community development and public works
- Removal of non-personnel requests that have been transmitted to City Council as separate budget items
- Addition of clerical amendments necessary to document budget amendments to correct for clerical errors resulting from COVID-19 pandemic modifications to the budget process

Table 1 summarizes budget amendments detailed in attachments.

Table 1: Budget amendment summary			
Attachment	2020-21 Revenue amendment	2020-21 Expenditure amendment	FTE request
Personnel requests (Attachment A)	-	148,065	4.00
Non-personnel requests (Attachment B)	1,056,784	2,459,284	-
Clerical amendments (Attachment C)	1,914,532	2,134,282	-
Total budget amendment	2,971,316	4,741,631	4.00

Personnel requests (Attachment A)

The November 10 budget amendment recommendation included a request for 9.25 full-time equivalent personnel (FTEs) with an annualized expenditure of \$1.82 million. City Council approved restoration of 2.0 FTEs to support the 2022 housing element update and related zoning code amendments (Ref. #2.)

Since the November consideration, the city manager has taken the following administrative actions to transfer vacant FTEs in library and community services so that recruitment may commence for certain positions with direct impact on City Council priorities and identified work plan projects. The decision to reallocate vacant FTEs acknowledges the longer than anticipated impact of public health restrictions on in-person services, programs, activities and events, particularly in library and community services.

The following requests were included in the November 10 budget amendment and are no longer necessary:

1. 1.0 FTE Assistant Public Work Director – Transportation. City staff recommended that City Council restore this position to support the Ravenswood Caltrain grade separation study (Ref #19.) The position was vacant during the fiscal year 2020-21 budget development process and, as with nearly all vacancies, the position was eliminated. The city manager has elected to transfer 1.0 vacant FTE from library and community services to open the assistant public works director recruitment and make an appointment before the fiscal year-end. The loss of 1.0 FTE in Library and community services will impair the department’s ability to restore services once the pandemic restrictions are lifted.
2. 1.0 FTE Associate Transportation Engineer. City staff recommended that City Council restore this position to support the Middle Avenue traffic calming project (Ref #22.) The position was vacant during the fiscal year 2020-21 budget development process and, as with nearly all vacancies, the position was eliminated. The city manager has elected to transfer 1.0 vacant FTE from library and community

services to open the associate transportation engineer recruitment and make an appointment before the fiscal year-end. The loss of 1.0 FTE in library and community services will impair the department’s ability to restore services once the pandemic restrictions are lifted.

3. 0.75 FTE Associate Planner. City staff recommended that City Council restore this position to support Accessory dwelling unit ordinance update (Ref #9) and ECR/Downtown specific plan area housing development incentives (Ref #11.) The position was vacant during the fiscal year 2020-21 budget development process and, as with nearly all vacancies, the position was eliminated. The city manager has elected to transfer 0.75 vacant FTE from library and community services to open the associate planner recruitment and make an appointment before the fiscal year-end. The loss of 0.75 FTE in library and community services will impair the department’s ability to restore services once the pandemic restrictions are lifted.
4. At this time, withdraw staffing requests to support two identified work plan projects. City staff recommended a total of 0.50 FTE to support the development and environmental review process education series (Ref #12) and ConnectMenlo community amenities list update (Ref #10) Upon further clarification by the City Council of the desired work product, staff would return to the City Council with a resource request to accomplish the objectives.

Table 2 summarizes the updated personnel requests and includes both the fiscal impact for the current year and annual implications for future years.

Table 2: New personnel request summary				
Position	Priorities/Work plan Ref #	2020-21 Amendment*	Annualized cost	FTE request
Police Officer	N/A	67,086	388,915	2.00
Community Services Officer	N/A	20,584	121,757	1.00
Senior Management Analyst	N/A	60,395	179,469	1.00
Total		148,065	690,140	4.00

*positions budgeted for partial year to allow time for recruitment and selection

Non-personnel requests (Attachment B)

Several budget requests to support identified work plan projects and department operations remain from November 10. If City Council approves the climate action plan implementation (Ref #15), City staff recommends authorizing the city manager to waive purchasing/bid requirements and award authority to execute agreements necessary to expedite work on the project. In addition to the outstanding requests from November 10, City staff have identified amendments that would typically be submitted as part of a midyear budget adjustment.

Table 3: Non-personnel request summary

Request	Priorities/Work plan Ref #	2020-21 Revenue amendment	2020-21 Expenditure amendment	FTE request
COVID-19 local emergency response	Ref. # 4.	-	125,000	-
Information Technology master plan implementation - website	Ref. # 5.	-	100,000	-
Climate Action Plan Implementation	Ref. #15.	-	155,000	-
National League of Cities' Race, Equity, And Leadership (REAL) program	Ref. #16.	-	80,000	-
Upgrade to police incident reporting software	N/A	-	25,000	-
Enhance building permit processing	N/A	-	60,000	-
Streetlight maintenance	N/A	-	30,000	-
Telework stipend extension (January - June)	N/A	-	50,000	-
Downtown lighting	N/A	-	45,000	-
Overtime (January - June)	N/A	-	600,000	-
Accelerated pension liability payments	N/A	768,784	768,784	-
Library donation operations	N/A	288,000	288,000	-
Stormwater business inspections (contracted)	N/A	-	67,000	-
Water rate study	N/A		65,500	-
Table total		1,056,784	2,459,284	-

Hand sanitizing stations at public playgrounds

City Council October 13, 2020 authorized the city manager to safely reopen public playgrounds with restrictions to comply with public health orders and prevent the spread of COVID-19; and appropriated \$49,500 for cleaning, handwashing stations and signage. \$40,000 of the appropriation was for weekly cleaning by an external vendor of all 14 city-operated playgrounds from October 29 to December 31 -- considered to be an adequate duration to provide regular cleaning until the onset of the winter rainy season. \$6,500 was for the temporary installation and maintenance by an external vendor of portable handwashing stations at the 14 playgrounds for the same duration. The remaining \$3,000 was for the one-time cost of new signage.

The above elements were implemented at all 14 playgrounds October 29. At that time, City Council directed

staff to return with additional recommendations in the event that public health restrictions related to playgrounds were still in effect at the end of calendar year 2020.

The regional stay-at-home order and COVID-19 restrictions have unfortunately continued to remain in place out of necessity to protect public health during the current major surge in viral spread. To ensure that the residents of Menlo Park can continue to safely use and enjoy public playgrounds, and to make the most efficient use of limited City resources, staff recommends installing low-cost, durable, permanent hand sanitizer stations at all 14 playgrounds to replace the costly, messy and little-used handwashing stations; and discontinuing the expensive weekly cleaning now that the rainy season has begun.

The cost of installing 14 hand sanitizer stations is estimated to be approximately \$10,000, which can be funded using existing general capital project funds in parks improvements (Minor.) While there is no City Council action needed for a small expenditure of this nature, staff wanted to bring it to the City Council's awareness in the interest of transparency and to provide City Council the opportunity to provide additional or alternative direction if City Council so desires.

Clerical amendments (Attachment C)

Due to the timing of the budget preparation process, the annual budget is prepared with estimates of appropriations carried over in funds which engage in capital projects. These carry-over appropriations allow continuation of work previously approved but not yet completed. Following the completion of the fiscal year-end close and preparation of the audited financial statements, typically at a midyear budget review, these carry-over appropriations are amended to match the final available resources in previously-approved projects as of July 1 in a given fiscal year.

The clerical amendments in Table 4 amend the budget to match the audited carry-over amounts following the end of fiscal year 2019-20 and formalize action taken by the City Council in December 2020. Of particular note, the Menlo Park Community Campus project amendments include reallocation of funding for projects previously approved but no longer necessary, including the Belle Haven Youth Center, the Main Library study, and the Onetta Harris building evaluation funds. In addition, the cancellation of the mobile command vehicle project requires a reversal of the transfer between the COPS/SLESF fund and the general capital improvement fund.

Table 4: Clerical budget amendments				
Project	Fund		2020-21 Revenue amendment	2020-21 Expenditure amendment
Community Funding Grant program	(100) General fund		-	69,750
Solid waste/water rate subsidy pilot	(100) General fund		164,000	164,000
Café grant program	(100) General fund		-	110,000
Holiday tree lighting	(100) General fund		-	40,000
Menlo Park Community Campus	(453) Menlo Park Community Campus fund		546,324	546,324
Transit improvements	(710) Transportation impact fee fund		(290)	(290)
Hydration stations	(753) Solid waste fund		(106)	(106)
Downtown parking utility underground	(758) Downtown parking permits fund		(136)	(136)
Transportation projects (Minor)	(834) County transportation tax fund		(13,185)	(13,185)
Santa Cruz and Middle Avenue resurfacing	(843) Construction impact fee fund		(636)	(636)
Sharon Road sidewalk installation	(851) General capital improvement fund		(124)	(124)
Park improvements (Minor)	(851) General capital improvement fund		167,407	167,407
Tennis court maintenance	(851) General capital improvement fund		(132)	(132)
City Buildings HVAC modifications	(851) General capital improvement fund		13,350	13,350
Menlo Park Community Campus	(851) General capital improvement fund		1,138,060	1,138,060
Mobile command vehicle cancellation	(706) COPS/SLESF fund		-	(100,000)
Mobile command vehicle cancellation	(851) General capital improvement fund		(100,000)	-
Table total			1,914,532	2,134,282

Impact on City Resources

The net change in fund balance, across all funds, is (\$1,770,315.) After all amendments and transfers, the general fund has \$0.72 million available for future amendments. The fiscal year 2020-21 amended budget, historical performance, and current activity is available on the City's OpenGov page, Attachment E.

City staff may return with a quarterly budget update and proposed amendments in March/April if necessary.

Table 5 summarizes the budget amendments by fund.

Table 5: Budget amendment summary, by fund			
Fund number and name	2020-21 Revenue amendment	2020-21 Expenditure amendment	Net change
(100) General fund	932,784	2,470,599	(1,537,815)
(453) Menlo Park Community Campus fund	546,324	546,324	-
(706) COPS/SLESF fund	-	(100,000)	100,000
(710) Transportation impact fee fund	(290)	(290)	-
(753) Solid Waste fund	(106)	(106)	-
(758) Downtown parking permits fund	(136)	(136)	-
(824) Library donations fund	288,000	288,000	-
(834) County transportation tax fund	(13,185)	(13,185)	-
(841) Stormwater fund	-	67,000	(67,000)
(843) Construction impact fee fund	(636)	(636)	-
(851) General capital improvement fund	1,218,561	1,418,561	(200,000)
(861) Water operations fund	-	65,500	(65,500)
Total	2,971,316	4,741,631	(1,770,315)

Table 6 summarizes the interfund transfers to comply with governmental fund accounting standards.

Table 6: Interfund transfers	
Transfer to:	Transfer from: (706) COPS/SLESF fund
(851) General capital improvement fund	(100,000)
Total	(100,000)

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Recommended budget amendments – Personnel requests
- B. Recommended budget amendments – Non-personnel requests
- C. Recommended budget amendments – Clerical updates
- D. Hyperlink – City Council staff report #20-244-CC: menlopark.org/DocumentCenter/View/26657/J2-20201110-CC-Budget-amendment
- E. Hyperlink – City budget: menlopark.opengov.com/transparency#/

Report prepared by:
Dan Jacobson, Assistant Administrative Services Director
Nick Pegueros, Assistant City Manager

Recommended budget amendments - Personnel			
Department request	2020-21 Revenue amendment	2020-21 Expenditure amendment	FTE request
<p>Restore police department community services officer position. Due to budget reductions resulting from a decrease in revenue in FY 19/20, the police department experienced efficiencies of several personnel positions. These efficiencies have directly impacted the department's ability to provide the services that have an effect on the quality of life in the community. One significant position elimination was that of community services officer. The position of community services officer (CSO) is instrumental in assisting the department in many areas. By responding to reports of lower level crimes, collecting information, and writing reports related to those lower level crimes, CSO's are able to ensure that police officers are available to respond to more severe crimes or to patrol the city proactively. In addition, a CSO can assist with processing crime scenes and issuing parking citations in different neighborhoods throughout the city as they patrol and respond to calls. CSO's have often been utilized to coordinate with organized neighborhood efforts in relation to the Neighborhood Watch Program, the Bicycle Registration Program and they are heavily involved in assisting with highly publicized citywide events. Although this is a non-sworn position, it has been an essential position in the department. The position of community services officer represents a significant loss of the services offered to the residents of our community.</p>	-	20,584	1.00
<p>Restore police department traffic unit. Due to budget reductions resulting from a decrease in city revenue in FY 19/20, the police department experienced efficiencies of several personnel positions. These efficiencies have directly impacted the department's ability to provide the services that have an effect on the quality of life in the community. Most significant was the elimination of the recently developed traffic unit. During the time the department was able to implement the traffic unit, there were several enforcement opportunities organized throughout the community which included alcohol and drug impaired driving enforcement, distracted driving enforcement, pedestrian and bicycle safety enforcement, and saturation patrols in collaboration with other county agencies. All of these efforts were achieved in cooperation with the Office of Traffic Safety who awarded the City of Menlo Park a grant which reimbursed overtime costs incurred for details focused in these areas. The coordinated efforts of the traffic unit resulted in a decrease in the number of people injured in traffic collisions, a decrease in the number of pedestrians injured or killed in traffic collisions, and a decrease in the number of bicyclists injured in traffic collisions. Additionally, there was a reduction in the number of people injured in alcohol and drug related collisions. Out of the 9,338 citations issued in 2019, the traffic unit was responsible for 3,164 of those issued citations. The efforts of a unit directly dedicated to traffic seemed to have the desired results in the City of Menlo Park. Officers assigned to the traffic unit were trained in specialized areas related to traffic, certified to operate special equipment utilized only by the traffic unit, and the unit also participated with other south county agencies to respond to major traffic collisions and traffic fatalities. In addition, the City was able to finalize the purchase of two fully outfitted motor units that were assigned to officers in the traffic unit and certify two motor officers. The department would like to restore a portion of the services provided to the community by reestablishing a condensed version of the traffic unit which would include two officers dedicated to traffic related incidents, enforcement details, and continuing collaborative countywide efforts.</p>	-	67,086	2.00
<p>Six Sigma Black Belt. This proposal leverages the current state of regular operational change to implement special projects and make process improvements organization-wide. The proposal includes the creation of a 3-year provisional senior management analyst position, expiring June 30, 2024, to stand up and lead an internal consulting office. Reporting to the assistant city manager, the internal consulting engagement manager would serve as Six Sigma Black Belt and lead regularly-changing project teams to implement process improvement projects of varying scope. Requesting departments will provide staffing on a temporary basis to advance individual projects and cost reductions in any functional area will be shared with the general fund. Projects will be primarily sourced from within the organization and to be approved must either lower the cost of service to the community or provide additional levels of service to the community at a similar cost, validated by an internal benchmarking analysis. Initial funding will be provided as an appropriation from the general fund unassigned fund balance for two quarters of the internal consulting engagement manager's personnel costs and a modest discretionary budget for project needs. Future position costs would be charged to departments through an internal service fund, allocated according to regular process improvement projects based on overall expenditures and with cost savings shared between the general fund and the departmental budget.</p>	-	60,395	1.00
Attachment A total	-	148,065	4.00

Recommended budget amendments - Non-personnel			
Department request	2020-21 Revenue amendment	2020-21 Expenditure amendment	FTE request
COVID-19 local emergency response (Ref #4.) - Building and facility adaptations. As the City continues to operate critical services during the COVID-19 pandemic and works to reactivate on-site services as restrictions loosen in the future, staff anticipates additional support is needed in the Public Works facilities maintenance section. While several City buildings are closed to the public today, the facilities section must continue to maintain and service those buildings to ensure the useful life of the buildings are preserved. For example, regular maintenance of the City Council chambers roof is needed annually to prevent water intrusion and remove debris from the gutters and drainage system even though the chambers are not in use by the public. In addition to this regular, ongoing maintenance, this section also oversees the custodial services and modifications needed to the buildings in response to the pandemic. For example, to reopen the City's libraries, modifications such as adjusting public entry access, installation of physical dividers or shields, and other such improvements would be needed. Support from a consultant to provide project management and support for design plans, construction oversight, and on-call assistance to reactivate these public-facing buildings would better allow the City to be ready to reopen buildings when appropriate.	-	125,000	-
Information Technology master plan implementation (Ref #5.) Website replacement/design and first year operating expenses	-	100,000	-
Climate Action Plan Implementation (Ref #15.) Attachment B.1 summarizes the budget request.	-	155,000	-
National League of Cities' Race, Equity, And Leadership (REAL) program (Ref #16.) The National League of Cities' (NLC) Race, Equity, and Leadership (REAL) initiative strengthens local leaders' knowledge and capacity to eliminate racial disparities, heal racial divisions and build more equitable communities. Through training, technical assistance, tools, resources, assessment work, and capacity building for city leaders, REAL has worked with over 400 cities who are committed to using an equity lens in the design and delivery of city services and pursuing equitable access to those services for all residents.	-	80,000	-
Upgrade police incident reporting software. The National Incident Based Reporting System (NIBRS) has been created to improve the overall quality of crime data collected by law enforcement agencies. The vision for NIBRS is for it to become the law enforcement community's standard for quantifying crime, which will help law enforcement and communities around the country use resources more strategically and effectively. In 2018, approximately 44 percent of U.S. law enforcement agencies that participated in the UCR Program submitted data via NIBRS. Since then, the FBI has received thousands of commitments from law enforcement across the nation to be NIBRS-compliant by 2021. CIBRS is the California version of the system and the department is utilizing Sun Ridge Systems to incorporate the collection of information into our current computer aided dispatch system in order to become compliant within the time constraints provided nationally.	-	25,000	-
Enhance building permit processing. The Building Division has made great strides in the implementing the new land management system Accela, especially in light of the challenges presented by the pandemic. In order to continue making progress, staffing assistance on a temporary basis through the end of the fiscal year is needed to maintain and potentially reduce permit turnaround times.	-	60,000	-
Streetlight maintenance. Additional funding is needed due to the increase of unforeseen contracted repairs experienced in past months.	-	30,000	-
Telework stipend extension. Authorized in summer 2020, the telework stipend provides City staff working remotely resources to properly configure home office workspace and obtain high-speed internet services to facilitate internal and public meetings and productivity. The stipend expired at the end of December 2020 and this extension would continue to provide the stipend through fiscal year 2020-21.	-	50,000	-

Department request	2020-21 Revenue amendment	2020-21 Expenditure amendment	FTE request
<p>Downtown lighting. The cost to maintain the lights on downtown trees is \$45,000 for the first 6 months which includes upfront material and labor costs. The work will consist of the removal of the existing (damaged, poor quality) lights and the purchase and installation of new lights on 48 trees downtown, plus maintenance through the end of FY 20-21. FY21-22 will be approximately \$30k for maintenance for the entire year. Currently, the City does not have the staff capacity to maintain the downtown lights. As a result, staff is focusing on half the trees and is unable to keep approximately 25 of the trees decorated.</p>	-	45,000	-
<p>Overtime appropriation increase. The fiscal year 2020-21 adopted budget reduced the overtime budget as a cost-saving measure and in recognition of the uncertain nature of the need for overtime organization-wide. While the availability of a vaccine may somewhat reduce the need for overtime particularly for essential personnel, there will remain a continued need for overtime throughout the remainder of the fiscal year.</p>	-	600,000	-
<p>Accelerated pension liability payments. Starting in fiscal year 2019-20, the City adopted an accelerated payment schedule for unfunded pension liabilities in the miscellaneous and safety plans, using the Strategic Pension Reserve, in order to avoid interest expense on those unfunded liabilities in future years. This amendment would continue those accelerated payments for the second half of fiscal year 2020-21 in order to continue to reduce future interest payments.</p>	768,784	768,784	-
<p>Library donation operations. The Library and Community Services Department works with donors to procure necessary materials and provide services, paid from the Library Donations Fund using donations. These donations are somewhat unpredictable but donors have committed to approximately \$288,000 in donations and commensurate expenditures in fiscal year 2020-21.</p>	288,000	288,000	-
<p>Stormwater business inspections. Funding needed to contract out business inspections per the City's stormwater municipal Regional Permit. Provision C.4 Industrial and Commercial Site Control of the Regional Permit requires each municipality to implement an industrial and commercial site control program at all sites which could reasonably be considered to cause or contribute to stormwater runoff pollution, with inspections and effective follow-up and enforcement to abate actual or potential pollution sources. Funding is provided through the Stormwater Special Revenue Fund.</p>	-	67,000	-
<p>Water rate study. Due to the COVID-19 pandemic, staff did not present the five-year rate study to City Council as originally planned. Staff plans to return to City Council in early 2021 with an update on audited financials for the water fund for fiscal year 2019-20 and to provide a rate comparison with other water supply agencies. Additional funding is needed to update the 2020 Study and develop the 2021 Study. Funding is provided through the Water Operations Fund.</p>		65,500	-
<p>Attachment B total</p>	1,056,784	2,459,284	-



MEMORANDUM

Date: 11/10/2020
To: Starla Jerome-Robinson, City Manager
From: Rebecca Lucky, Sustainability Manager
Re: Climate Action Plan Budget for FY 20-21

On October 27, staff presented a strategy for No.3 of the adopted 2030 Climate Action Plan (CAP), which is to expand electric vehicle (EV) charging infrastructure.

As a result of the community EV infrastructure gap analysis, the City Council provided direction to proceed with the development of viable policy requirements for EV charging at existing multifamily properties. The report estimated that an additional \$200,000 would be needed to execute the project. (Note: based upon receiving further cost estimates from potential firms, this estimate has been revised to \$155,000.)

At the meeting, Councilmember Nash requested an overview of the approved 2030 Climate Action Plan implementation budget with this additional budget request. This memorandum outlines the resources needed, current approved budget, and shortfall to implement the following CAP strategies this year:

- No.1- Building Electrification
- No.3- EV infrastructure
- No.5- eliminating fossil fuel use in city buildings and operations

These three strategies were approved by City Council in July to complete within one year. However, there are resource gaps that would fail to meet the ambitious timeline, and additional budget appropriations are necessary.

It is also important to note that when the 2030 CAP was adopted there were budget costs items yet to be determined, particularly around EV charging infrastructure resourcing needs. This was due to awaiting the completion of the EV infrastructure gap analysis to determine next steps for this CAP strategy. See attachment A.

The resources needed to execute the significant work associated with CAP strategies No.1 and No.3 are captured in the table on the next page. Both projects have similar policy approaches and require similar resources, gaining some overall cost efficiency and savings as a result.

CAP action No. 5 to eliminate fossil fuels from city operations is already budgeted and is being implemented through the new Menlo Park Community Campus project.

Resources Needed for CAP Strategy No. 1 & 3	Cost	In-Kind
Energy Analyst	-----	Potential \$100,000 from Peninsula Clean Energy
Assistant Building Official	\$70,000	
Senior Planner	\$80,000	
Public Engagement Professional	\$175,000	
Legal Analyst	\$90,000	Technical support from Building Decarbonization Coalition
Project Analyst Support	\$140,000	
Total Cost	\$555,000	\$100,000-\$200,000
Approved CAP Budget FY 20-21	\$400,000	
Budget Gap (Shortfall)	(\$155,000)	

As mentioned, similar resources are required and can be leveraged between CAP strategy No.1 (building electrification) and No.3 (EV infrastructure). CAP strategy No.3 has an additional resource need that includes a Senior Planner to assist with parking impacts/requirements as a result of EV infrastructure requirements for existing multifamily properties. Pending on further legal analysis, a Senior Planner may or may not be needed.

Attachment A: July 14, 2020 staff report resulting in the adoption of the 2030 Climate Action Plan and approved CAP action items to be worked on in FY 20-21.

<https://menlopark.org/DocumentCenter/View/25680/F1-20200714-CC-CAP>

Recommended budget amendments - Clerical			
Amendment	2020-21 Revenue amendment	2020-21 Expenditure amendment	FTE request
Community Funding Grant program. This expenditure increase was approved on December 8, 2020 to provide grants to local non-profits which provide services outside of those provided by the City.	-	69,750	-
Solid waste/water rate subsidy pilot. This pilot program was approved on December 8, 2020 to provide rate subsidies for qualifying low-income solid waste and MPMWD customers.	164,000	164,000	-
Café grant program. This program was approved on December 8, 2020 to provide relief for local restaurants in order to defray costs of safely providing dining space.	-	110,000	-
Holiday tree lighting. Holiday tree lighting at Fremont Park and the Onetta Harris Community Center was approved on December 9, 2020.	-	40,000	-
Menlo Park Community Campus. Reallocation of previous project funds in the Menlo Park Community Campus Fund and true-up of audited carryover funds as of July 1, 2020.	546,324	546,324	-
Transit Improvements. True-up of audited carryover funds as of July 1, 2020.	(290)	(290)	-
Hydration Stations. True-up of audited carryover funds as of July 1, 2020.	(106)	(106)	-
Downtown Parking Utility Underground. True-up of audited carryover funds as of July 1, 2020.	(136)	(136)	-
Transportation Projects (Minor). True-up of audited carryover funds as of July 1, 2020.	(13,185)	(13,185)	-
St. Cruz & Middle Avenue Resurfacing. True-up of audited carryover funds as of July 1, 2020.	(636)	(636)	-
Sharon Road Sidewalk Installation. True-up of audited carryover funds as of July 1, 2020.	(124)	(124)	-
Park Improvements (Minor). True-up of audited carryover funds as of July 1, 2020.	167,407	167,407	-
Tennis Court Maintenance. True-up of audited carryover funds as of July 1, 2020.	(132)	(132)	-
City Buildings HVAC Modifications. True-up of audited carryover funds as of July 1, 2020.	13,350	13,350	-
Menlo Park Community Campus. Reallocation of previous project funds in the General Capital Improvement Fund and true-up of audited carryover funds as of July 1, 2020.	1,138,060	1,138,060	-
Mobile Command Vehicle cancellation. Reversal of transfer from the COPS/SLESF Fund to the General Capital Improvement Fund to procure a Mobile Command Vehicle.	(100,000)	(100,000)	-
Attachment C total	1,914,532	2,134,282	-

The background of the slide is a wide landscape photograph. It shows a river or stream winding through a lush green valley. The sky is filled with large, white and grey clouds, suggesting a bright but slightly overcast day. The foreground shows some reeds and grasses along the water's edge.

FISCAL YEAR 2020-21 BUDGET AMENDMENTS

January 12, 2021



REQUESTED ACTION

- Consider amending the fiscal year 2020-21 budget
 - \$2.97 million revenues across all funds
 - \$4.74 million expenditures across all funds
 - Includes transfers between funds
 - Includes 4.0 FTE staff position requests
 - Addresses staffing, departmental requests, clerical adjustments
- Consider authorizing the City Manager to waive bid requirements and execute agreements in an amount not-to-exceed the approved project budgets
 - Existing building electrification project
 - Electric vehicle charging project

AGENDA

- Requested personnel amendments
- Requested non-personnel amendments
- Clerical adjustments
- Clarifying questions from City Council
- Public comment
- City Council deliberations and direction



PERSONNEL REQUESTS (ATTACHMENT A)



Request	Fund	2020-21 amendment*	Annualized cost	FTEs
Restore police department community services officer position	General Fund	\$20,584	\$121,757	1.0
Restore police department traffic unit	General Fund	67,086	388,915	2.0
Six Sigma Black Belt	General Fund	60,395	179,469	1.0
Total		\$148,065	\$690,140	4.0

* Positions budgeted for partial year to allow time for recruitment and selection



NON-PERSONNEL REQUESTS (ATTACHMENT B) (1 OF 2)



- COVID-19 local emergency response – \$125,000
- ITMP implementation, website – \$100,000
- Climate Action Plan implementation – \$155,000
- National League of Cities Race, Equity, And Leadership (REAL) program – \$80,000
- Upgrade to police reporting software – \$25,000
- Enhance building permit processing – \$60,000
- Streetlight maintenance – \$30,000
- Telework stipend extension (January – June) – \$50,000



NON-PERSONNEL REQUESTS (ATTACHMENT B) (2 OF 2)

- Downtown lighting – \$45,000
- Overtime (January – June) – \$600,000
- Accelerated pension payments – \$768,784
- Library donation operations – \$288,000
- Stormwater inspections (contracted) – \$67,000
- Water rate study – \$65,500





CLERICAL ADJUSTMENTS

- Previously approved City Council action
 - Community Funding Grant - \$69,750
 - Solid waste/water rate subsidy pilot - \$164,000
 - Café grant program - \$110,000
 - Holiday tree lighting - \$40,000
- True-up of carryover for capital projects
 - Menlo Park Community Campus Fund - \$546,324
 - Transportation Impact Fee Fund – (\$290)
 - Solid Waste Fund – (\$106)
 - Downtown Parking Permits Fund – (\$136)
 - County Transportation Tax Fund – (\$13,185)
 - Construction Impact Fee Fund – (\$636)
 - General Capital Improvement Fund – (1,318,685)
- Mobile Command Vehicle cancellation
 - Reversal of transfer between COPS/SLESF Fund and General Capital Improvement Fund – (\$100,000)



Fiscal year 2020-21 budget amendment requests, January 12, 2021									
Requested amendment	Priorities/ Work plan Ref #	Type	Fund	2020-21 Revenue amendment	2020-21 Expenditure amendment	Net impact	FTE request	City Council action	
Police Officer	N/A	Personnel	(100) General Fund	-	67,086	(67,086)	2.00	Pending	
Community Services Officer	N/A	Personnel	(100) General Fund	-	20,584	(20,584)	1.00	Pending	
Senior Management Analyst/Six Sigma	N/A	Personnel	(100) General Fund	-	60,395	(60,395)	1.00	Pending	
COVID-19 local emergency response	Ref. # 4.	Non-personnel	(100) General Fund	-	125,000	(125,000)	-	Pending	
Information Technology master plan implementation - website	Ref. # 5.	Non-personnel	(851) General Capital Improvement Fund	-	100,000	(100,000)	-	Pending	
Climate Action Plan Implementation	Ref. #15.	Non-personnel	(100) General Fund	-	155,000	(155,000)	-	Pending	
National League of Cities' Race, Equity, And Leadership (REAL) program	Ref. #16.	Non-personnel	(100) General Fund	-	80,000	(80,000)	-	Pending	
Upgrade to police incident reporting software	N/A	Non-personnel	(100) General Fund	-	25,000	(25,000)	-	Pending	
Enhance building permit processing	N/A	Non-personnel	(100) General Fund	-	60,000	(60,000)	-	Pending	
Streetlight maintenance	N/A	Non-personnel	(100) General Fund	-	30,000	(30,000)	-	Pending	
Telework stipend extension (January - June)	N/A	Non-personnel	(100) General Fund	-	50,000	(50,000)	-	Pending	
Downtown lighting	N/A	Non-personnel	(100) General Fund	-	45,000	(45,000)	-	Pending	
Overtime (January - June)	N/A	Non-personnel	(100) General Fund	-	600,000	(600,000)	-	Pending	
Accelerated pension liability payments	N/A	Non-personnel	(100) General Fund	768,784	768,784	-	-	Pending	
Library donation operations	N/A	Non-personnel	(824) Library Donations Fund	288,000	288,000	-	-	Pending	
Stormwater business inspections (contracted)	N/A	Non-personnel	(841) Stormwater Fund	-	67,000	(67,000)	-	Pending	
Water rate study	N/A	Non-personnel	(861) Water Operations Fund	-	65,500	(65,500)	-	Pending	
Community Funding Grant program	N/A	Clerical	(100) General Fund	-	69,750	(69,750)	-	Pending	
Solid waste/water rate subsidy pilot	N/A	Clerical	(100) General Fund	164,000	164,000	-	-	Pending	
Café grant program	N/A	Clerical	(100) General Fund	-	110,000	(110,000)	-	Pending	
Holiday tree lighting	N/A	Clerical	(100) General Fund	-	40,000	(40,000)	-	Pending	
Menlo Park Community Campus	N/A	Clerical	(453) Menlo Park Community Campus Fund	546,324	546,324	-	-	Pending	
Transit Improvements	N/A	Clerical	(710) Transportation Impact Fee Fund	(290)	(290)	-	-	Pending	
Hydration Stations	N/A	Clerical	(753) Solid Waste Fund	(106)	(106)	-	-	Pending	
Downtown Parking Utility Underground	N/A	Clerical	(758) Downtown Parking Permits Fund	(136)	(136)	-	-	Pending	
Transportation Projects (Minor)	N/A	Clerical	(834) County Transportation Tax Fund	(13,185)	(13,185)	-	-	Pending	
St. Cruz & Middle Avenue Resurfacing	N/A	Clerical	(843) Construction Impact Fee Fund	(636)	(636)	-	-	Pending	
Sharon Road Sidewalk Installation	N/A	Clerical	(851) General Capital Improvement Fund	(124)	(124)	-	-	Pending	
Park Improvements (Minor)	N/A	Clerical	(851) General Capital Improvement Fund	167,407	167,407	-	-	Pending	
Tennis Court Maintenance	N/A	Clerical	(851) General Capital Improvement Fund	(132)	(132)	-	-	Pending	
City Buildings HVAC Modifications	N/A	Clerical	(851) General Capital Improvement Fund	13,350	13,350	-	-	Pending	
Menlo Park Community Campus	N/A	Clerical	(851) General Capital Improvement Fund	1,138,060	1,138,060	-	-	Pending	
Mobile Command Vehicle cancellation	N/A	Clerical	(706) COPS/SLESF Fund	-	(100,000)	100,000	-	Pending	
Mobile Command Vehicle cancellation	N/A	Clerical	(851) General Capital Improvement Fund	(100,000)	-	(100,000)	-	Pending	
Total				2,971,316	4,741,631	(1,770,315)	4.00		



REQUESTED ACTION

- Consider amending the fiscal year 2020-21 budget
 - \$2.97 million revenues across all funds
 - \$4.74 million expenditures across all funds
 - Total reduction of \$1.77 million fund balance across all funds
- Consider authorizing the City Manager to waive bid requirements and execute agreements in an amount not-to-exceed the approved project budget
 - Existing building electrification project
 - Electric vehicle charging project



THANK YOU



STAFF REPORT

City Council

Meeting Date:

1/12/2021

Staff Report Number:

21-007-CC

Regular Business:

Provide direction on the annual goal/priority setting process

Recommendation

While it is customary for City staff to provide City Council with a single recommendation, the annual goal/priority setting process belongs to the City Council. The yearly goal/priority setting process reflects the City Council's will and expectations of City staff. This report identifies several options for City Council consideration.

Policy Issues

City Council prepares its annual priorities and work plan, historically referred to as "goal setting," in January and February of each calendar year. The adopted priorities and work plan strive to achieve transparency into how the city manager prioritizes the organization's limited resources.

Background

The annual goal/priority setting process has evolved over the past several years to identify each calendar year's top priorities and work plan. The 2020 process was interrupted by COVID-19, and the City Council ultimately took action to adopt five top priorities (Attachment A and B.) City Council did not take formal action to add/remove work plan projects; hence the title "Identified Work Plan Projects."

Analysis

At the City Council's January 14, 2020 meeting, City staff transmitted a preliminary analysis of staff capacity by functional area to engage in a full discussion of prioritizing resources (Attachment C.) As identified at the time, the vast majority of City staff perform duties mandated by law or considered baseline public services. Therefore, the annual goal/priority setting process clarifies the City Council's expectations for significant projects, studies, and initiatives possible with remaining organizational capacity. City staff has not updated the work sheet to reflect budget reductions due to competing workload demands.

2020 impact on special project capacity

As the City Council considers various options for the 2021 goal/priority setting process, certain events of 2020, as discussed below, introduce new constraints on special project capacity that were not contemplated fewer than 10 months ago.

- The COVID-19 pandemic shuttered public access to City facilities and some City services in March, and City facilities will remain closed well into 2021. Public health protocols that currently impact City services are likely to continue through 2021, including efforts to maximize telework for City staff and continued limits on high contact activities/programs and large public events.

- The COVID-19 pandemic financial impacts necessitated sudden and unprecedented budget reductions, including a 15 percent reduction in personnel capacity across the organization. Table 1 details staff capacity lost, by City department, through the budget process and does not include the exception of two factors relevant to resource planning. First, Table 1 does not have City Council’s November 10 authorization of 2.0 Full-time equivalents (FTEs) restored in community development. Both positions are expected to be vacant until April or May 2021 to allow for recruitment. Second, Table 1 does not include vacant positions, which also reduces capacity. Vacancies fluctuate over the year and, as of January 4, the City had 10.75 vacant FTEs, including the November 10 authorization. It is unlikely that the number of vacancies will appreciably diminish in 2021.

Department	2019-20 Adopted budget	2020-21 Adopted budget	Year-over-year capacity change (%)
City Council/Attorney/Manager, Admin. Services	39.00	33.50	-14%
Community Development	31.00	25.75	-17%
Library and Community Services	70.75	59.00	-17%
Police	76.50	61.50	-20%
Public Works	69.50	63.00	-9%
Total	286.75	242.75	-15%

- The transition to telework for approximately 50 percent of the City’s workforce accelerated the replacement of decades-old business systems and paper-based processes in nearly every functional area. Multiple business system migrations are underway and will continue to demand staff capacity through 2021.
- City staff has successfully advanced the Menlo Park Community Campus project in coordination with Facebook and facility and neighborhood stakeholders. Once City Council authorizes the necessary approvals, City staff will devote their attention to financing the City’s share of construction costs, construction oversight, and programming the facility for a post-pandemic world.
- National events elevated the discussion of law enforcement policies, procedures, and activities and have challenged governments to address structural racism embedded in all aspects of federal, state and local institutions.
- Wildfires around the planet reinforced the urgency of a comprehensive national and international response to climate change to abate threats to Menlo Park, including wildfires, heatwaves, air quality and sea-level rise. City Council approved an aggressive climate action plan to achieve carbon neutrality by 2030.
- New state mandates directed significant changes in City operations, exposing the City to the risk of a lawsuit if not fully adopted/implemented.
- City Council met more regularly, averaging 5.8 meetings per month in 2020, and expanded the number of subcommittees to expedite work on the specific subject matter.

2021 impacts on special project capacity

- The City's finances are stable, and no evidence suggests a recovery in 2021-22.
- Labor agreements expire June 30, 2021, and negotiation of successor agreements will impact the City's leadership team's capacity, including City Council.
- Library and Community Services continue to experience operational impacts resulting from COVID-19 public health directives. In preparation for the 2021-22 budget, the department will undergo a rebuilding exercise to identify what aspects of the department's pre-pandemic portfolio of services, programs, and events are practical when safe.

2021 goal/priority setting session options

City staff has identified three goal/priority setting options to provide a framework for City Council discussion of their desired format and outcome for the 2021 session. City Council may select one of the options or identify a different process that will help the City Council identify its priorities.

Option 1 - Status quo goal/priority session

The annual goal/priority session historically occurs in January and February to prioritize budgeted resources through the end of the current fiscal year and direct inclusion of new efforts in the city manager's proposed budget for the upcoming year. If the City Council desires to proceed with the status quo, the agenda would substantially follow the following format. With each of the major bullets below, members of the public will have the option to submit written or verbal public comment.

- Financial update – City staff provide an update on current fiscal year revenue and expenditures as of December 31.
- City Council procedures – City Council conducts a comprehensive review of City Council procedures, a task last completed in early 2018.
- 2021-22 budget principles – City staff present prior year budget principles with suggested edits. The budget principles set the stage for development of the 2021-22 city manager's proposed budget. City Council action on budget principles is necessary at City Council's February 9 meeting to maintain the budget calendar and process.
- Priority setting – As an interactive discussion between City Council and City staff, City Council reaches consensus on the feasibility of additions, deletions, or modifications to the 2020 approved priorities. City staff's initial assessment of the top priorities for 2021:
 1. Menlo Park Community Campus project (carry-over from 2020)
 2. 2022 housing element update and related zoning code changes (carry-over from 2020)
 3. Information technology master plan implementation (carry-over from 2020)
 4. Existing building electrification and electric vehicle charging (New, climate action plan)
 5. SAFER Bay implementation plan (New)
 6. Rebuilding library and community services (New)

The City Council adopted meeting calendar has January 19 reserved for goal/priority setting, although the date can change at City Council's direction. January 19 may not be practical if City Council desires staff work beyond the items identified above.

In previous years the number of public comments during goal/priority setting necessitated a reduced time limit on public comment to two minutes per agenda item with no provision to donate time. If the City Council desires, staff will highlight the time limit so that members of the public can plan their comments accordingly. Web form comments will also be accepted similar to previous years and consistent with current teleconferenced City Council meetings. City staff does not recommend a facilitator due to the proximity of a

goal setting session.

Option 2 – Subcommittee on annual goal/priority setting process

As an alternative to the status quo, City Council may appoint an ad hoc subcommittee to prepare a recommendation for full City Council consideration on the annual goal/priority setting process. As part of their discussions, the subcommittee could explore a vision statement, statement of values, and policy goals versus specific projects. The subcommittee could also explore the use of a professional facilitator.

- Estimated resource requirement – The resources required for Option 2 depends on the desired modifications to the existing process and prioritization of the subcommittee's work above all other pending projects and responsibilities.
- Opportunity – An annual goal/priority setting process developed at the subcommittee level represents an organic process intended to adjust to uncertain fiscal conditions, known and unknown adaptations required by the COVID-19 pandemic, and the evolution of district-elections.
- Risk – Work will continue on 2020 City Council adopted priorities and work plan (Attachment A) until modified by City Council. The 2020 priorities may or may not reflect current City Council priorities.

Option 3 – Hybrid

City Council may consider combining Options 1 and 2 into a streamlined consideration of priorities with a commitment to identify the structure for goal/priority setting in the future. Option 3 maintains the 2020 top priorities and adopts the identified work plan for 2021. Once the subcommittee completes their recommendation on goal/priority setting process and City Council adopts a new process, City Council could schedule a midyear review or defer the adopted process to 2022. Attachment A outlines the 2020 priorities and identified work plan.

Impact on City Resources

Direction requested will help City staff prepare for a goal/priority setting process aligned with City Council expectations, minimizing the unnecessary impact on limited City resources.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. 2020 City Council adopted priorities and identified work plan
- B. Hyperlink – Staff Report # 20-224-CC - Receive and file the City Council's fiscal year 2020-21 priorities and work plan quarterly update as of September 30: [menlopark.org/DocumentCenter/View/26375/I2-20201013-CC-CC-priorities-and-workplan](https://www.menlopark.org/DocumentCenter/View/26375/I2-20201013-CC-CC-priorities-and-workplan)
- C. Previous year resource capacity by functional area memo, January 9, 2020

Staff Report #: 21-007-CC

Report prepared by:
Nick Pegueros, Assistant City Manager

2020-21 City Council Priorities and Work Plan
Updated November 10, 2020

10 20 30 40 50 60 70 80 90 100

Ref #	Priority projects (Approved August 18, 2020)	Lead Department	0	--	% Complete	--	100	
1	Transportation master plan (TMP)	Public Works						
2	2022 Housing Element, zoning code update and related work	Community Development						
3	Menlo Park community campus	City Manager's Office						
4	COVID-19 pandemic local emergency response	City Manager's Office						
5	Information Technology Master Plan implementation	Administrative Services						
Ref #	Identified work plan projects (No action taken on August 18, 2020)	Lead Department	0	--	% Complete	--	100	
6	Transportation management association (TMA) formation	Public Works						
7	Middle Avenue pedestrian & bicycle rail crossing planning	Public Works						
8	Short-term rental ordinance	Community Development						
9	Accessory dwelling unit ordinance update	Community Development						
10	ConnectMenlo community amenities list update	Community Development						
11	ECR/Downtown Specific Plan area housing development incentives	Community Development						
12	Development and environmental review process education series	Community Development						
13	Santa Cruz Ave closure and economic development initiatives	Community Development						
14	Citywide communication program development	City Manager's Office						
15	Climate Action Plan implementation	City Manager's Office						
16	NLC Race, Equity, And Leadership (REAL) program Institutional bias reform	City Manager's Office						
17	Menlo Park SAFER Bay project, phase 2	Public Works						
22	Middle Avenue traffic calming project	Public Works						
Ref #	Suspended projects (Approved August 18, 2020)	Lead Department	0	--	% Complete	--	100	
18	Near-term downtown parking and access strategies	Public Works						
19	Ravenswood Avenue Caltrain grade separation study	Public Works						
20	Single-Family residential design review	Community Development						
21	City Council procedures update	City Manager's Office						
			Complete					
			In progress / Implementation phase					
			On hold/ Suspended					



MEMORANDUM

Date: 1/9/2020
To: Starla Jerome-Robinson, City Manager
From: Nick Pegueros, Assistant City Manager
Re: Resource capacity by functional area

The purpose of this memorandum is to transmit a draft document of work compiled by the department heads regarding the various services provided to residents and how the City's workforce is allocated to those services.

Background

The City of Menlo Park, under the direction of the City Council, provides a level of service to the community that has evolved as the result of legal mandates and decisions to expand service levels to fill identified needs. More recently, the City has elected to tackle quality of life matters that are symptoms of policy decisions both locally and regionally. Examples include traffic congestion management, work to reduce the impacts of Caltrain electrification, and the provision of affordable housing. In addition, the City has taken a leadership role in the area of climate change with the implementation of local amendments to the building code (energy reach codes), zero waste efforts, and the preliminary discussion of a Climate Action Plan 2.0 that strives for net-zero by 2030. Finally, the City has taken action on matters typically regulated by the State or Federal governments with the adoption of a local minimum wage and a ban on e-cigarettes/flavored tobacco sales. Each of these areas results in new demands on staff capacity, either temporarily or long-term, that impact City staff's ability to complete mandated and baseline services or previously approved projects.

City organization

For a snapshot of the various services approved by the City Council over the past several decades, staff has compiled a preliminary view of capacity by functional area. The City provides services in 45 functional areas with 286.75 authorized FTEs and an annual personnel budget of \$53.2 million across all funds in fiscal year 2019-20. Functional areas reflect the department's effort to identify discrete business units that provide mandated, baseline, and flexible services (defined below). Each functional area has evolved over the past several decades to meet service level demands by community members and to fulfill the requirements of various federal, state, and local mandates. In the absence of an identified tradeoff, each new mandate or service level enhancement increases the demand for City staff capacity. In many cases, the City Council has supported the increased demand through the approval of new FTEs, most commonly during the annual budget cycle. Through the City Council's budget hearings for the fiscal year 2019-20, the City Council decided to defer action to increase the number of FTEs until more information became available regarding a variety of competing requests.

Resource capacity assessment methodology

Attachment 1 provides a summary of resource allocation by identified functional areas. To assist department heads in their compilation of this information, they

answered four questions:

- **How is your department functionally divided?**

As opposed to a hierarchical organizational chart, departments prepared a functional organizational chart that identified the department's discrete service areas. For example, four units comprise the public works department: administration, transportation, engineering, and maintenance. The public works maintenance unit is responsible for city-owned facilities, streets, trees, and water delivery in a portion of the City.

- **Approximately what percentage of staff capacity is dedicated to mandated services?**

Federal, state, or local laws impose a series of mandates on local government. An example of a federal mandate is the National Pollutant Discharge and Elimination System (NPDES) related to storm water. Cities must comply with NPDES mandates to control or eliminate pollution of waterways such as creeks and the San Francisco Bay or face daily fines by the regulating agency. NPDES mandates require the capacity of technical, maintenance, and administrative support staff. To create capacity, the City Council may take action to deprioritize compliance with a specific federal mandate upon consideration of the legal and financial risk exposure created by such action.

An example of a state mandate includes compliance with public contract code regulations regarding public works such as the street resurfacing project. Compliance with the public contract code requires administrative and technical staff capacity to manage the bidding process and confirmation of certified payrolls to ensure compliance with the prevailing wage mandates. Failure to comply with the public contract code requirements may result in increased costs to the taxpayer as well as project delays if there are legal challenges or a need to re-bid. To create capacity, the City Council may take action to deprioritize compliance with a specific state mandate upon consideration of the legal and financial risk exposure created by such action.

At the local level, the City's municipal code outlines local mandates that require maintenance, technical, and administrative staff support. The City Council retains control over aspects of the municipal code that are not directly mandated by the general laws of the State of California. One recent example of a local mandate is the energy reach codes local amendment to the State building code. To create capacity, the City Council may take action to temporarily suspend or eliminate sections of the municipal code that require maintenance, technical, or administrative support.

- **Approximately what percentage of staff capacity is dedicated to baseline services?**

Baseline services are those services not mandated by federal or state laws and have evolved to represent the City's level of service to the community. Baseline services have their origin in a desire to improve the quality of life for residents and are directly related to the increase in the number of FTEs. Examples of baseline services in Public Works – transportation are the shuttle program, neighborhood traffic management program, and coordination with regional transportation agencies such as CalTrain and SamTrans.

The City Council retains full discretion over baseline services. It may direct staff to identify functions to suspend or eliminate to create capacity for new projects in 2020. For example, if the City Council prefers to suspend the neighborhood traffic management program, the transportation engineer typically responsible for that work may be dedicated to another transportation priority. It is important to note, however, that all existing services have a constituency.

- **Approximately what percentage of staff capacity is flexible to perform nice-to-have services?**

Flexible services are those that are not mission-critical to the organization; however, they are responsive to the City Council's work plan and management initiatives to improve processes or procedures. In concept, flexible capacity is most available for new projects. Unfortunately, there are more requests than available capacity, so the addition of something new to a function area requires the reprioritization of something underway. An excellent example of a project that currently relies on flexible capacity is improvements to Geographic Information Systems (GIS.), which helps with visualizing data.

Attachments

1. City of Menlo Park Staff Capacity Summary DRAFT – January 9

City of Menlo Park Staff Capacity Summary

DRAFT - January 9

Ref #	City Manager's Office	0	10	20	30	40	50	60	70	80	90	100	Total FTEs	
		% of available hours											10.00	
1	City Council support												3.25	
2	Special projects												2.00	
3	Public records												0.75	
4	Communication												1.00	
5	Public engagement												1.00	
6	Sustainability												2.00	
		% of available hours											23.00	
7	Finance												9.40	
8	Human resources												6.30	
9	Information technology												7.30	
		% of available hours											31.00	
10	Planning												13.90	
11	Building - inspections												6.30	
12	Building - plan checks												1.30	
13	Building - permitting												6.30	
14	Housing												2.15	
15	Economic development												1.05	
		% of available hours											52.25	
16	Gymnastics												7.95	
17	Menlo Children's Center												11.60	
18	Onetta Harris Community Center												3.05	
19	Seniors												3.10	
20	Belle Haven Children's Development Center												16.20	
21	Arrillaga Recreation Center												4.40	
22	Youth and adult sports												3.50	
23	Special events												2.45	
		% of available hours											18.50	
24	Main library - youth services												4.75	
25	Main library - information services												5.00	
26	Main library - access services												5.00	
27	Branch library												3.75	
		% of available hours											76.50	
28	Patrol - beats 1, 2, and 3												32.60	
29	Patrol - traffic												10.95	
30	Patrol - community response team												6.25	
31	Special operations - investigations unit												4.30	
32	Special operations - detective unit												5.35	
33	Special operations - administration												3.30	
34	Special operations - communications												8.95	
35	Special operations - records												4.80	
		% of available hours											69.50	
36	Transportation												10.10	
37	Engineering - capital projects												8.80	
38	Engineering - land development												9.95	
39	Engineering - utilities												4.35	
40	Maintenance - facilities												7.00	
41	Maintenance - fleet												2.45	
42	Maintenance - parks												9.25	
43	Maintenance - streets												5.90	
44	Maintenance - trees												4.70	
45	Maintenance - water												7.00	
		% of available hours											280.75	
	Mandated by fed, state, local law												City Council	5.00
	Baseline services												City Attorney	1.00
	Flexible - project oriented												Total FTEs	286.75

Agenda item G2
Kathy Switky, Resident

Thank you for the opportunity to comment.

I am one of 300 Menlo Park residents who signed a Change.org petition to ban gas-powered leaf blowers in Menlo Park.

As part of the City's commitment to climate action, I urge you to add to the City's priorities for the year a ban on gas leaf blowers. While their contribution of CO2 emissions is relatively small, the sheer number of blowers in use throughout the city makes this an obvious positive step to decreasing emissions.

These blowers create emissions that are hazardous to our health, and significant noise pollution that has become all the more apparent with more people working and studying from home. A ban on these machines will improve quality of life for all who live and work in the City.

I thank you for considering following the lead of many other area cities in banning gas-powered leaf blowers.

Agenda item G2
Deborah Holtzman, Resident

Dear Menlo Park City Council,

I am a resident of Menlo Park, living in Sharon Heights. I am one of the 300 residents who has signed a Change.org petition to ban gas powered leaf blowers in Menlo Park. I write now to further urge you to make consideration of such a ban one of your 2021 priorities.

It has become evident during these many months of staying at home due to the pandemic that these machines create very disturbing noise pollution. My household consists of two adults (myself and my husband) working from home as well as two children (a seventh grader and a ninth grader) learning virtually from home, and we have all found the noise from gas-powered leaf blowers to be intolerable when trying to concentrate, work, or participate in Zoom meetings/classes. We asked our own gardener to switch to an electric blower, which he willingly did, and which is much quieter. Now we wish our neighbors would do the same. This may, however, require an ordinance.

In addition to the noise pollution, the gas-powered leaf blowers' fossil fuel emissions create smog and dust pollution that is detrimental to our health, even if they do not account for a significant amount of CO2 Greenhouse Gas when compared with all the cars on our roads. The fumes and noise surely cannot be good for the health of the workers wielding the blowers.

Electric leaf blowers have become much more powerful and efficient as battery technology has improved and there is no reason that an electric blower could not be used to accomplish the same tasks that gas blowers now do. While there may be equity issues in requiring landscapers to purchase new equipment, this issue can surely be solved with some creative thinking. I personally would be willing to pay some kind of surcharge that would help subsidize these small businesses' switch to quieter, healthier, and more ecologically friendly equipment.

thank you for your consideration,
Deb Holtzman

Agenda item G2
John Donald, Resident

Dear Councilmembers,

As you consider priorities for the next year, please consider implementing a total ban on gas powered leaf blowers for use on residential property. These machines are noisy, polluting and totally unnecessary. Quieter, electric leaf blowers could be used to achieve the same goal. Thank you.

Agenda item G2
Julie Shanson, Resident

Good evening City Council Members,

I'm inspired by the idea of a fresh start to the new year and at the same time want to encourage you to continue the disruptions of the status quo we saw in 2020. To that end, here are three thoughts on goal setting.

Double down on equity and inclusion in our fair city:

How do we understand the systems we have built over time? One way is to perform an audit of who we hire and how we pay them, as well as take fresh look at what services we provide and who uses them with an eye toward removing barriers so that all residents may share in the resources we have to offer. Remember, even in 2020, there are residents who do not use email on a regular basis. How are we managing to capture their input and communicate important information to them?

Let everyone connect:

While the last formal approvals of the new Community Center in the Belle Haven neighborhood are being discussed, please remember that done correctly, a state of the art gathering place can remind residents they are welcome and encourage collaboration and communication as well as remove barriers to learning. For example, can we provide a safe place to park and connect with free wifi and plentiful charging stations at this site as neighboring cities are doing as a way to help students during stay at home school?

Learn from the demonstrations of the summer of 2020:

When we take a holistic approach to public safety, there are more needs than just police intervention. How are we applying the lessons from the summer's exposure of the documented pain of residents and the resignation of our police chief to change the way we think about, fund, and provide public safety in Menlo Park?

With deep gratitude for your ongoing service,

Julie Shanson

Agenda item G2
Leah Elkins, Resident

Dear Council, I write to urge the Council to take up the question of banning gasoline powered leaf blowers in Menlo Park this year. This last year has literally brought home the extreme noise pollution and daily destruction of our peace and quiet and ability to enjoy our own private property that gas blowers cause. Over 300 hundred Menlo Parkians signed an online petition seeking to ban these machines this fall. As we attempted to adjust to working and going to school from our homes, we discovered that these incredibly noisy machines are in near constant use around our neighborhoods and that their unique sound frequency can not be blocked out by merely closing our windows. In August and September our skies turned orange from the effects of nearby wildfires, making obvious the precious nature of clean, breathable air. As a City that is attempting to lead the way in addressing climate change, it should be a no-brainer to ban these machines even if they are not a large source of the overall carbon emissions in our area. To me and many others, this is a matter of public health, both mental and physical, as much as it is about GHG emissions. Many of our neighboring cities have already taken this step or plan to in the near future. Let's not be left out.



2021 GOAL/PRIORITY SETTING

January 12, 2021



DIRECTION REQUESTED

- City Council preferred 2021 goal/priority setting process
 - Status quo process
 - Develop a new process
 - Hybrid option
 - Unidentified alternative
- Details, if possible
 - Date
 - Time
 - Public input requested



2021-22 BUDGET CALENDAR

- January and February – Policy direction
 - Annual goal/priority setting process
 - 2021-22 budget principles
 - Mid-year budget changes
- January through April – Internal staff work
 - Operating budget assumptions: major revenue and expenditure categories
 - Capital improvement program update
 - Mandated and baseline budgets
 - Program or service level modifications
- May and June – Review and adoption
 - City Manager’s proposed budget published, May 7
 - City Manager’s budget workshop, June 1
 - Public hearing, June 8
 - Adoption, June 22



OPTIONS SUMMARY

- **Status quo**
 - Financial update
 - City Council procedures
 - Fiscal year 2021-22 budget principles
 - Consensus on 2021 priorities and work plan
- **New process**
 - Adopt 2021-22 budget principles in open session, February 9
 - Special meeting for Council procedures
 - City Council subcommittee to prepare alternative process for Council action
 - No change to 2020 adopted priorities
 - New 2021 goal/priority session conducted as soon as possible
- **Hybrid - new process with:**
 - Slight adjustment to top priorities, add CAP #1 and #3, SAFER Bay implementation plan, and Rebuilding library and community services
 - New goal/priority setting process used in 2022



DIRECTION REQUESTED

- City Council preferred 2021 goal/priority setting process
 - Status quo process
 - Develop a new process
 - Hybrid option
 - Unidentified alternative
- Details, if possible
 - Date
 - Time
 - Public input requested



QUESTIONS





STAFF REPORT

City Council
Meeting Date: 1/12/2021
Staff Report Number: 21-010-CC

Regular Business: **Authorize the city manager to accept the grant deed for 555 Hamilton Avenue, execute all documents necessary to complete the purchase and approve the appropriation of below market rate housing funds not to exceed \$525,500 to purchase and retain the property in the below market rate housing program**

Recommendation

Staff recommends that the City Council:

1. Authorize the city manager to accept the grant deed for 555 Hamilton Avenue and to execute all documents necessary to complete the purchase, including but not limited to a real estate purchase contract, escrow instructions and closing documents; and
2. Approve the appropriation of below market rate (BMR) housing funds not to exceed \$525,500 to purchase and retain 555 Hamilton Avenue, a detached single-family home, and thereafter sell the unit to an income-qualifying owner.

Policy Issues

The affordability restrictions on this unit were established in accordance with City requirements. The deed restrictions include a 90-day closing provision that requires the City to purchase the unit in order to preserve the home in the BMR housing program, if the City does not find a qualified buyer. Preserving the unit in the City's BMR housing program is consistent with the City's ongoing efforts to provide affordable homeownership opportunities for low and moderate-income households.

Background

The aforementioned property, 555 Hamilton Avenue, is part of the Hamilton Avenue Housing and Park Development, which included the development of 47 single-family residences and an approximately one-acre public park. Located on Hamilton Avenue between Henderson Avenue and Chilco Street, the 6.2-acre site was assembled by the City's former Redevelopment Agency over many years and developed by Clarum Corporation in 2006. The residences are detached, two-story homes of 3 and 4 bedrooms. Twenty of the 47 residences are BMR housing units that were sold to qualified, first-time homebuyers. Eligible buyers of BMR ownership units are required to meet the City's eligibility criteria as well as submit extensive financial records to ensure BMR requirements are adhered to. Selected buyers are also required to sign deed restrictions and BMR subordination agreements that ensure the City's commitment to preserve existing affordable housing.

In compliance with the City of Menlo Park's BMR Housing Program Guidelines, all BMR units require deed restrictions and conditions that include a first right of refusal in favor of the City for a period of 55 years under which the City will be entitled to purchase the property. Deed restrictions also prohibit sales or transfers of the property except with written consent of the City. When a current BMR homeowner decides to sell their unit, they are required to notify the City of their intent to sell. Subsequently, the City is obligated to find a qualified buyer within a given timeline outlined in the deed restriction. If time constraints do not allow for a qualified buyer to be identified, the City has the option to preserve the BMR unit by purchasing the property.

Analysis

On November 6, 2020, the BMR homeowners of 555 Hamilton Avenue notified the City's BMR administrator of their intent to sell their home. The deed restriction for 555 Hamilton Avenue, signed in 2007, stipulates the City has only 90 days, from the date of the receipt of intent to sell notice, to find a buyer or complete the City's purchase of the property. The timeline of 90 days is a concern to staff, especially given the spike in COVID-19 cases potentially having an effect on a new qualified homebuyer's ability to purchase. The timing of winter holidays and a proposed transition to a new BMR administrator also added to staff's interest in pursuing the City's purchase of the property. Rather than risk violating these terms to find a qualified buyer in 90 days, staff is recommending City Council approve the appropriation of BMR housing funds to purchase the property and authorize the city manager to execute documents related to the purchase.

The benefit of proceeding with a City purchase at this time is that the City will be able to identify a qualified buyer for the unit without having to adhere to a required 90-day timeline. Note the City's current BMR deed restrictions require the seller to provide 180 days for the City to identify a qualified buyer, which is generally sufficient time. After the proposed purchase by the City of 555 Hamilton Avenue, the City's BMR administrator will facilitate the identification of a qualified buyer and the resale of the property.

The current owners of 555 Hamilton Avenue qualified for the purchase of the property in 2007, which had a sales price of \$379,500. For all BMR ownership units, the initial sales prices is based on an income category up to 120 percent of the area median income as determined by the California Department of Housing and Community Development for San Mateo County. Included in the maximum sales price are monthly housing costs including mortgage rates, insurance costs, homeowners' dues, taxes, closing costs and any other consideration of costs of qualifying for a first mortgage and purchase of the BMR unit. These calculations are strictly followed to ensure the sales price and ownership expenses remain affordable according to the income category of first-time BMR homeowners.

In accordance with the City's BMR guidelines, the City or its designee establishes the resale price for the property, based on the original selling price of the unit, depreciated value of substantial improvements made by the seller and one-third of the increase in the cost of living index for the Bay Area. Applying this established formula, the estimated sales price for the property is \$448,000. This dollar amount is subject to change as owner improvements and potential repairs prior to the City's purchase are identified. The full resale price is expected to be recovered at the time the City identifies a new buyer and moves forward with their resale of the property. Additional costs the City anticipates incurring, which are not expected to be recovered, include home inspection, escrow and closing cost, Realtor fees and a contingency for

repairs after the purchase of the home prior to a new buyer being identified. These additional costs are expected to be equal or less than \$77,500, some of which include contingency funds that may go unused. Combining the estimated sales price and added expenses, staff recommends appropriating a total of \$525,500 from the BMR housing fund toward the purchase of 555 Hamilton.

With the median home price in Menlo Park surpassing \$2.3 million, retaining this unit in the City's BMR housing program is consistent with the efforts to preserve and provide affordable ownership opportunities for lower income households working or living in Menlo Park. There are a total of 68 deed restricted BMR ownership units in Menlo Park's portfolio, including 555 Hamilton Avenue. Additional units are expected to be added with new developments currently in the pipeline; however, retaining the existing portfolio is of utmost importance given the high cost of housing in Menlo Park.

Impact on City Resources

Up to \$525,500 from the City's BMR housing fund will be utilized for this action.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

None.

Report prepared by:

Michael Noce, Management Analyst II

Report reviewed by:

Rhonda Coffman, Deputy Community Development Director – Housing



STAFF REPORT

City Council

Meeting Date:

1/12/2021

Staff Report Number:

21-009-CC

Regular Business:

Approve a budget amendment of \$15,000 in below market rate housing funds and authorize the city manager to execute an agreement with HouseKeys Inc. to provide below market rate housing program administration services

Recommendation

Staff recommends the City Council approve a budget amendment of \$15,000 of below market rate (BMR) housing funds and authorize the city manager to execute an agreement with HouseKeys Inc. to provide BMR housing program administration services through June 30, 2021, including an option to extend the agreement for three additional one-year terms.

Policy Issues

The City Council must provide authorization to the city manager to enter into this agreement as the cost exceeds the city manager's spending authority. BMR housing program administration services are required in order to implement BMR housing programs, services and activities.

Background

As a result of the elimination of redevelopment agencies in 2011 and the reduction in the housing division staff, the city initially outsourced its BMR housing administration services beginning in 2012. Two different contractors have provided services, initially by Alta Housing (formerly known as Palo Alto Housing Corp.) from 2012 to 2014 and then by Hello Housing since 2014. Due to the increasing cost of annual contract services with the current BMR housing program administrator, and to determine cost reasonableness, a request for proposals (RFP) was issued.

Analysis

Scope of work

The general responsibilities of the BMR administrator include, but are not limited to, the services and primary tasks identified in Table 1, which were also identified in the RFP.

Table 1: Scope of services

Services	Primary tasks
BMR program administration - general	<ul style="list-style-type: none"> • Provide information and advice to interested persons and housing seekers about the City’s BMR ownership and rental programs. • Update and maintain portion(s) of administrator’s website pertaining to the City’s BMR program. • Conduct marketing of BMR ownership and rental programs to ensure a sufficient pool of qualified buyers and/or potential renters, as directed by the City. • Maintain records and statistics related to BMR ownership and rental units and households served, including a permanent database, with contact information, of all ownership households, rental units and loan servicing.
Ownership services	<ul style="list-style-type: none"> • Conduct an annual eligibility screening of the approximately 150 households on the BMR ownership waiting list. • Coordinate BMR ownership refinance requests. • Conduct annual compliance monitoring of 68 BMR ownership units. • Coordinate the sale of new BMR units and resale of existing BMR ownership units. • Provide assistance and counseling to BMR owners, in coordination the City staff, to help owners resolve financial, occupancy or title matters that can affect the preservation of BMR ownership units. • Send an informational update to BMR owners annually to keep owners informed of their responsibilities under the deed restrictions and distribute other informational materials to owners as appropriate or as directed by the City. • Conduct waitlist outreach activities to attract qualified ownership households, as needed. • Coordinate and conduct homeownership educational workshops, as directed by the City, to inform ownership waitlist participants about the Menlo Park BMR ownership program. The frequency of workshops over the past five years has been approximately two, as the resale of units is rare and new units enter the market fairly infrequently.
Rental services	<ul style="list-style-type: none"> • Notify households on the rental interest list when new and existing units become available. • Provide annual compliance monitoring of BMR inclusionary rental units on behalf of the City for properties within the City’s portfolio, currently 39 units. The City has an inclusionary ordinance and this number is expected to increase. This service will exclude affordable housing developments with other governmental regulatory agreements. • Provide technical assistance to BMR property owners and property managers on City policy and regulations. • Perform annual income and eligibility certifications for 4 BMR rental units currently owned by the City.
Loan services	<ul style="list-style-type: none"> • Provide loan servicing to the City’s loan portfolio of approximately 40 loans. • Coordinate loan payments, deferred loans, loan balance reconciliation, compliance monitoring and any necessary tax preparations while maintaining professional communications with borrowers. • Provide monthly or quarterly reporting and loan remittance payment to the City.

Contractor selection

On November 4, 2020, staff issued an RFP seeking qualified contractors to provide BMR housing program administration services. Given the unique type of services and limited number of contractors, contractors were permitted to submit proposals for a portion of the scope of services or the full scope of services identified in Table 1, with itemized costs. On November 25, 2020, the city received four proposals from nonprofit organizations, with two that included the full scope of services and itemized costs listed in Table 2.

Table 2: Proposals			
Contractor / organization	Annual fixed costs	Annual variable costs	Total proposed cost
Hello Housing	\$135,665	\$57,815	\$193,480
HouseKeys, Inc.	\$85,000*	\$11,250	\$96,250

*Includes one-time onboarding fee of \$10,000, annual fee will be \$75,000 after first year.

All proposals were submitted by nonprofit organizations. The two other proposals submitted, including one from HIP Housing Affordable Ventures, proposed a partial scope of services and another from Soup proposed the full scope of services but was operating in a startup capacity, lacking the experience of the two organizations included in Table 2. Staff reviewed and ranked proposals individually. The finalist was selected based on a number of criteria including overall cost, experience, capacity, work methodology, proposal quality, familiarity with BMR housing program administration services, and references, among others. Two other factors considered in the evaluation of the full service proposals from Hello Housing and HouseKeys Inc. are the second and third year costs. Hello Housing costs escalate in years two and three while HouseKeys Inc. decreases after the first year and then either decreases or remains the same in the second and third years.

Other factors that were considered in the selection included equity, diversity and inclusion. HouseKeys Inc. has a diverse range of staff, has in-depth experience working with a diverse range of clients and provides bilingual services. A brief description of their organization and key team members is included in Attachment A of this report. HouseKeys Inc. was ranked as the top choice when considering all of these factors and the proposed scope of work is included as Attachment B. The selection of HouseKeys Inc. for BMR housing administration services will result in a significant cost reduction to the city for the same scope of services currently provided.

Next steps

The city will execute an agreement with HouseKeys Inc. and staff will coordinate the transition of services from the current contractor. All activities will be conducted remotely and if any on-site customer services are required, such as a BMR home resale, HouseKeys Inc. will abide by COVID-19 public health guidelines during the provision of services.

The initial agreement with HouseKeys Inc. will be for the term beginning February 1, 2021 through June 30, 2021. The amount for fiscal year 2020-21 will be prorated based on five months of service, a one-time onboarding fee and 15 percent contingency for variable costs. These amounts are listed in Table 3. To ensure continuous uninterrupted services, the City would execute an agreement for the next three consecutive years with HouseKeys Inc. for approximately \$86,250 (annual fixed cost of \$75,000 plus 15 percent contingency for variable costs) for each fiscal year, based on annual budget approval.

Impact on City Resources

An additional amount of \$15,000 will need to be added to the fiscal year 2020-21 approved budget to cover these contract services. There are sufficient available funds in the special BMR housing fund to allocate for these expenses.

Item	Amount
Hello Housing (7/1/20-1/31/21)	\$58,148
HouseKeys Inc. (2/1/21-6/30/21)	\$47,438
BMR contracts subtotal	\$105,585.50
Approved budget FY 2020-21 (contracts)	\$91,000
Additional budget request	\$14,585.50
Total revised budget FY 2020-21	\$105,585.50

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15601(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. HouseKeys Inc. entity description and team roster
- B. Scope of services from HouseKeys Inc. proposal

Report prepared by:

Rhonda Coffman, Deputy Community Development Director – Housing

Report reviewed by:

Justin Murphy, Deputy City Manager



Organizational Profile

HouseKeys Inc

358 Digital Drive, Morgan Hill, CA 95037

Main Phone Line: 1-877-460-KEYS (5397)

Main Website: www.housekeys.org

Main Email: programs@housekeys.org

Web-Based Software Platform: www.myhousekeys.com

Primary Contact: Julius Nyanda, CEO/Program Manager

julius@housekeys.org

Office Line: 408-684-8202 / Cell: 415-846-8004

Founding Team and First Client

The HouseKeys Founding Team was created because of the shutdown of Neighborhood Housing Services Silicon Valley (NHS Silicon Valley). NHS Silicon Valley was the only NeighborWorks-Chartered member of its kind in the state of California, combining a Fannie Mae Approved Seller-Servicer of First Mortgages, HUD-Approved Counseling Agency, Licensed Real Estate Broker, Treasury-Certified Community Development Financial Institution (CDFI), and Housing Program Administrator contracted with several municipal agencies dating back to 2008. Members of the founding team were recruited from South County Housing's Program Administration Department that managed the application and compliance process for income-eligible buyers on their real estate development projects. This uncommon combination of affordable housing experience focused on transaction management and homebuilding created one of the most unique teams in the country. When you pair that capability with a software development team, there is a real opportunity for government agencies to consolidate their affordable housing programming on a platform that enables the standardization and scale needed to meaningfully impact supply and increase public participation.

Founding Tea Member	# of Years in Housing
Mandy Israde	2000, 20 Years
Julius Nyanda	2008, 12 Years
Kathie Wells	2011, 9 Years
Christina Enriquez	2013, 7 Years
Total Individual Years of Experience	48 Years
Total Collaborative Years of Experience	40 Years

HouseKeys first contract was with the City of Morgan Hill to manage their ownership program. This 40-Year old program with 568 ownership units spread out over 84 subdivisions, has a unique set of restrictive covenant agreements, compliance requirements and resale calculations. HouseKeys spent the first year of its existence, onsite at City Hall, and working alongside Staff to forensically analyze the inventory and modernize the program. This work not only involved the Housing Team, but team members in Finance, Legal, the Clerk's Office, and the City Manager's Office. As HouseKeys expanded, it continually incorporated lessons learned to develop best practices and to professionalize the program administration field.



Our Team Roster

Position	Role	Name	Phone	Email
Program Manager	Oversight of the Organization & Program	Julius Nyanda	408-684-8202	julius@housekeys.org
Assistant Program Manager	Program Education, Partnerships, Reporting, Escalations	Abraham Valle	408-684-0769	abraham@housekeys.org
Program Asset Manager	Transactions, Program Inventory & Compliance	Christina Enriquez	408-684-8788	christina@housekeys.org
Assistant Asset Manager & Broker of Record	Marketing, Resales, Community Relations	Katarina Marusic	408-684-8291	katarina@housekeys.org
Program Operations Coordinator	Ticket Handling, Application Prep, Lender Onboarding	Kamala Loving	408-684-8364	kamala@housekeys.org
Program Underwriter, Compliance Manager	Applicant Eligibility and Participant Compliance	Kathie Wells	408-684-8831	Kathie@housekeys.org
Program Accountant and Analyst	Accounting, Loan Servicing, and Program Support Projects	Angelica Garcia	N/A	angelica@housekeys.org
Real Estate Project Manager	Rehab/Remodel projects and site inspection for BMR Units under construction	John Ash	408-592-7884	john@housekeys.org
Program Operations Manager	Workflow Design, Agency Onboarding, Software Implementation Management	Mandy Israde	408-684-8830	mandy@housekeys.org
Technology Manager & Database Engineer	Design and Implementation of Data Model, Database & Initial Prototype	Everett Bobby Gasper	N/A	bobby@housekeys.org
Software Engineering	Interface and Full Stack Development	Kunal Bohra	N/A	kunal@housekeys.org
Server Administrator & API Engineer	Security and Infrastructure	Frank Adams	N/A	frank@housekeys.org
Infrastructure Consultant	Security and Infrastructure	Consultant 1	N/A	tech@housekeys.org
Software Engineering	Server-Side Development	Consultant 2	N/A	tech@housekeys.org



HouseKeys Scope of Services 2020-2021 Ownership / Rental / Finance Program Administration

This Scope of Services (“Scope”) details the roles and responsibilities that HouseKeys serves for its Clients. As a Third-Party Program Administrator (“Administrator”), HouseKeys is the Agency’s interface with industry practitioners and the public. This ecosystem not only includes Applicants (e.g. buyers, renters) and Program Participants (e.g. owners, tenants) - it also includes, but isn’t limited to project owners, property managers, mortgage lenders, real estate agents, and escrow/title officers.

\$75,000 Base plus Per-Unit Fee Above 150 Units

HouseKeys prices each contract with a base fee of \$75,000 and then evaluates the # of Units, City Size, Budget, and other factors to determine a per-unit fee for all existing units above a 150-Unit Threshold. A “Unit” is considered an ownership, rental, or finance resource allocated to an eligible household. For example, if an Agency had 200 Units, HouseKeys could price out the contract at \$75,000 plus \$500 per Unit. Total cost would come to \$75,000 plus \$25,000 (the Charge for Units 151-200) totaling \$100,000 per year. Note: Rental Units are priced differently from Ownership Units.

Transaction Fees

In addition to the base cost above, Transaction Fees are charged in accordance with an annual Fee Schedule. Please note that Transaction Fees are typically charged to third parties at the point-of-service (e.g. New Construction Fees are charged to the Developer for delivering an eligible buyer and as part of their contribution to ongoing compliance costs). HouseKeys uses these fees to cover marketing costs and to compensate third parties for services performed, including HUD-Approved Counseling Agencies and outside Real Estate Agents.

Onboarding

In addition to the base cost and fee schedule, there is an Onboarding Process that can take between 30 days and 6 months. Onboarding costs and timelines depend on Agency-specific Scope of Work. While HouseKeys does its best to accurately price its contracts, experience has shown that it takes 12 to 18 months of working as the Agency’s Administrator to truly understand and calculate cost and scope. HouseKeys aims to work with Agencies who value standardization and who are willing to defer to HouseKeys best practices when it comes to program administration workflows, policies, and procedures. Note: Agencies with an existing Administrator have a lower cost onboarding if the Administrator is on our Comparison Guide.

Pricing Philosophy

HouseKeys' goal is to utilize the standardization and streamlining enabled by its software platform to decrease the base cost of program administration over time. Once the Agency Client Roster reaches a critical mass, transaction revenue should sustainably cover most costs to deliver services. A combination of service, support and software is critical to effective program administration.

Service Breakdown

1. **Documentation.** Administrator will administer the program and assure Affordability Deed Restrictions are recorded and followed by all parties as applicable for each property.
2. **Support and Education.** Administrator will provide offsite support for service requests. Orientations and workshops will be held for residents of the Agency. Note: In Response to COVID-19 restrictions, content is streamed online via webinars and pre-recorded content available on HouseKeys-hosted program websites.
 - a. Administrator shall conduct introductory Home Buyer, Renter Education/Training classes – Homebuyer/Renter Orientation Classes prior to Program application. A minimum of 6 events will be held each year and at least 30 Weeks of Weekly Frequently Asked Question (FAQ) sessions will be open to all program applicants and participants.
3. **Guidelines and Materials.** Administrator will regularly update program guidelines and program materials in conjunction with Agency staff to reflect the Administrator's administrative process for Program Administration including, but not limited to: applications, program pamphlets, rent & resale calculations, selection processes, vacancies, sale and resale of units, refinancing requests, collection of Agency fees and other applicable fees, and default monitoring/resolution process. Administrator's objective will be to work alongside Agency Staff to incorporate "learnings" from the team's collective history with Affordability Programs in California.
4. **Website Presence.** Administrator will maintain an affordability program website presence that will link to the Agency's housing website.
5. **Performance Measures.** Administrator and the Agency will agree to mutually acceptable performance measures for program administration. These measures shall be included in the quarterly program summary report.

- a. General Inquiries: Respond within 48 business hours
 - b. Loan Requests: Respond within 48 business hours, Complete requests within reasonable time, with weekly status updates for outstanding requests
 - c. Orientations: Minimum 6 per year, with more as needed for new opportunities
 - d. Rental Vacancies: Fill vacancies within 60 days
 - e. Annual Ownership Monitoring: Provide homeowners 30 days to submit recertification packages. Note: multiple collection rounds will extend this timeline.
 - f. Annual Rental Monitoring: Provider Property Owners (and Management Companies) with 60 to 90 days to submit tenant roles and appropriate documents and “test” compliance with a minimum review of 10% to 15% of affordable rental units.
 - g. Follow up letters at 60 and 90 days before beginning enforcement procedures for non-compliant homeowners
 - h. Eligibility List: Maintain a minimum buyer-to-property and renter-to-unit ratio of 5:1
 - i. Application ID issuance: Available online year-round 24/7 with troubleshooting issues handled within 2 business days. Manual Application ID issuance will also take up to 2 business days.
6. **Recordkeeping.** Administrator shall maintain the Agency’s existing records and files through a database-driven information retention and management system for the programs. All electronic records will be considered work products that are property of the Agency and will be available via data export. The Administrator shall update the Agency’s records quarterly to ensure a coordinated seamless record keeping process. The database shall include the following at a minimum:
- a. For each Program / Former RDA Development if applicable (new and existing):
 - A list of all program units in the development
 - The date of the program developer agreement
 - Program units lost, including date, reason for loss, initial sales price, resale price, and actions taken
 - b. For each ownership unit (new and existing):
 - i. The address for each ownership unit
 - ii. The level of affordability (e.g., Extremely Low, Very Low, Low, Moderate)
 - iii. The current owner of record
 - iv. The expiration date of the owner agreement
 - v. The last date of recertification
 - vi. The recertification status (updated annually)

- vii. The original sales price
 - viii. The current resale restriction price
 - ix. Dates of owner turn-over, as applicable
- c. For each rental unit (new and existing)
 - i. The unit number for each rental unit
 - ii. The level of affordability (e.g., Extremely Low, Very Low, Low, Moderate)
 - iii. The current tenant of record
 - iv. The last date of recertification
 - v. The recertification status (updated annually)
 - d. For each affordable housing loan:
 - i. The type of loan (e.g., RDA, CalHOME, BEGIN, FTHB, etc.)
 - ii. The address associated with the loan
 - iii. The current owner of record (this should be the loan recipient)
 - iv. The amount, term, and due date of the loan
 - v. dates of payoff and interest collected, as applicable
 - vi. dates of refinance/subordination, as applicable
 - vii. dates of write-off and amount, as applicable
7. **Reporting.** Administrator shall provide a quarterly program summary report to the Agency with the following information. An abbreviated monthly report will accommodate each monthly invoice.
- a. Performance Measures (See #5 above)
 - b. Any Fees Collected, as Applicable
 - c. For each owner unit (new and existing):
 - i. The address for each ownership unit
 - ii. The level of affordability (e.g., Very Low, Low, Moderate)
 - iii. The current owner of record
 - iv. The last date of recertification and current recertification status
 - d. For each rental unit (new and existing)
 - i. The unit number for each rental unit
 - ii. The level of affordability (e.g., Very Low, Low, Moderate)
 - iii. The current tenant of record
 - iv. The last date of recertification and current recertification status
 - e. For each affordable housing loan:
 - i. The type of loan (e.g., RDA, CalHOME, BEGIN, FTHB, etc.)
 - ii. The address associated with the loan
 - iii. The current owner of record (this should be the loan recipient)

- iv. The amount, term, and due date of the loan
- v. Dates of payoff and interest collected, as applicable
- vi. Dates of refinance/subordination, as applicable
- vii. Dates of write-off and amount, as applicable

- f. Current list of defaults and pending defaults
- g. Actions taken to date
- h. Next steps, including dates

8. **Services.** Administrator will provide the following services:

- a. Making minor revisions to the Agency's existing program materials and legal documents.
- b. Overall management and implementation of specific program policies, including required reporting.
- c. Conducting income qualifications including review of assets, income, Verifications of Employment, and all other necessary approvals to ensure qualification for the Agency Programs (Ownership, Rental, Finance).
- d. Underwriting program applications in accordance with program requirements.
- e. Underwriting program compliance in accordance to restrictive covenants and project-specific program agreements
- f. Underwriting transaction compliance (e.g. refinances, transfers) to ensure they conform with restricted covenants and project-specific program agreements
- g. Preparing all program documents, overseeing proper execution thereof, and conducting final program approval reviews.
- h. Ensuring timely delivery of all necessary documents into escrow, and preparing escrow demands and funding requests.
- i. Preparation of program materials by revising the Agency's current documents.
- j. Calculating all pay off demands and issuing any disclosures and tax forms as required by State and/or Federal Law.
- k. Calculating the resale value of all ownership program homes as requested annually by the County.
- l. Work with Agency staff to ensure a seamless and coordinated development of documents as it relates to the Affordability Program, including the Developer application process where Restricted Affordability Units are included, reviewing developer agreements, and ensuring that affordability requirements are outlined in an Affordable Housing Agreement or equivalent document, and any subsequent amendments to the development documentation.

Note 1: HouseKeys recommends that Agency Agencies include affordability requirements, the Administrators roles, and any fees related

to affordable unit commitments in the **conditions of approval** to assure transparency at the earliest possible point in the entitlement process

9. **Transaction Coordination.** Administrator shall act as transaction coordinator for all real estate transactions and will provide the Agency with a Fee Schedule. Where there is a conflict between the Administrator’s Fee Schedule and recorded Agreements (“Legacy Agreements”), Administrator will adjust fees to compensate for the difference with the understanding that newly drafted agreements will conform to the fee schedule.

Note 2: Transaction Fees charged for New Construction Sales are considered a single transaction with a partial “side” of the real estate transaction to represent the buyer pool. At a minimum of 5:1, each for-sale or rental unit requires a pool of applicants to be managed for each unit that needs to be occupied. During the resale of an ownership unit, there are two sides of the transaction – one for the first-time home seller and two for the eventual buyer who completes the selection process. This two-sided transaction has a higher cost as reflected on the HouseKeys fee schedule. This accounts not only for the work involved (eligibility, legal timelines, property condition), but also accounts for the legal liability and risk.

Note 3: Transaction fees charged to homeowners for refinance transactions are charged for the time taken to ensure that proposed transaction complies with restrictive covenants. This can include a refinance with a mortgage lender or other types of transfers as referenced in the recorded document (E.g. Divorce, Estates, Inheritance, etc.)

- a. Administrator will coordinate document transmittals between buyers, renters, borrowers, homeowners, tenants, developers, and Agency as needed. Administrator will be responsible for ensuring all documents submitted for Agency signatures are complete and accurate. Administrator will be responsible for making any necessary corrections to documents.

10. **Monitoring, Compliance, and Loss Mitigation.** Administrator shall work alongside Staff to conduct monitoring to annually evaluate Program Owners’ & Renters’ (“Counterparty’s”) compliance with the terms and conditions of the recorded deed restrictions and program guidelines including the following:

- a. Mailing monitoring letters to all the Program units.
- b. Reviewing in conjunction with Agency staff, Agency or County Assessor data to assist in the process (e.g., water utility bills, property records).
- c. Review Agency’s preliminary monitoring list to identify follow up actions required.
- d. Meet with Agency staff to develop guidelines for acceptable default

remedies (e.g., allowing rental of Program Units for hardship cases).

- e. Administrator shall work alongside Staff to investigate and identify cure potential program-related defaults including:
 - i. Conduct follow up of those Program Owners, Project Owners, and Management Companies (collectively referred to as “Counterparties”) who do not submit their compliance documentation.
 - ii. Reviewing information on calls from Program Unit neighbors and interested parties.
 - iii. Conduct reasonable follow-up investigation to assess potential defaults including unit site visits.
 - iv. Scheduled appointments with Counterparties to discuss compliance issues.
- f. For confirmed defaults, provide Counterparties with list of actions needed to remedy the default and conduct follow-up to monitoring compliance.
 - i. Maintaining log of actions taken to remedy the defaults.
- g. For those defaults in which the Counterparties choose not to remedy the situation within a reasonable amount of time, Administrator will meet with Agency staff to determine the course of action to pursue. Agency authorization will be sought for any legal action taken.
- h. Administrator will participate in legal deliberations at all Staff Levels and Council Decisionmakers as needed.
- i. Agency will provide a list of any current program participant defaults and actions taken to date.

11. Marketing. HouseKeys’ marketing philosophy is driven by a network effect approach. Each agency that joins the HouseKeys client base adds value to the network. This improves the feedback loop used to improve services, name recognition, program participation, and can lead to economies of scale. The HouseKeys Team wants to deliver this value in aggregate, but also must target the Agency’s local residents and community members. This includes targeting the least likely to apply and working in compliance with federal laws addressing Affirmative Fair Housing Marketing.

- a. All Materials will include proper fair housing logo and other federal and state-mandated disclosures
- b. Initial Campaign to Introduce HouseKeys to key employers, community organizations, religious organizations, trade associations, and small businesses
- c. Mailers and other collateral that go out within a .25 to .5-mile radius of each Opportunity listing featured in the MyHouseKeys Platform
- d. Local workshops targeting the groups above
- e. Participating in local events as public health restrictions (e.g. COVID-19) allow

- f. Online and Social Media Campaigns to share available opportunities locally
- g. Listings on popular websites and real estate aggregators (E.g. Craigslist, Local MLS, etc.)
- h. When appropriate and when the budget allows, Administrator will advertise in local media (radio, print, etc.)

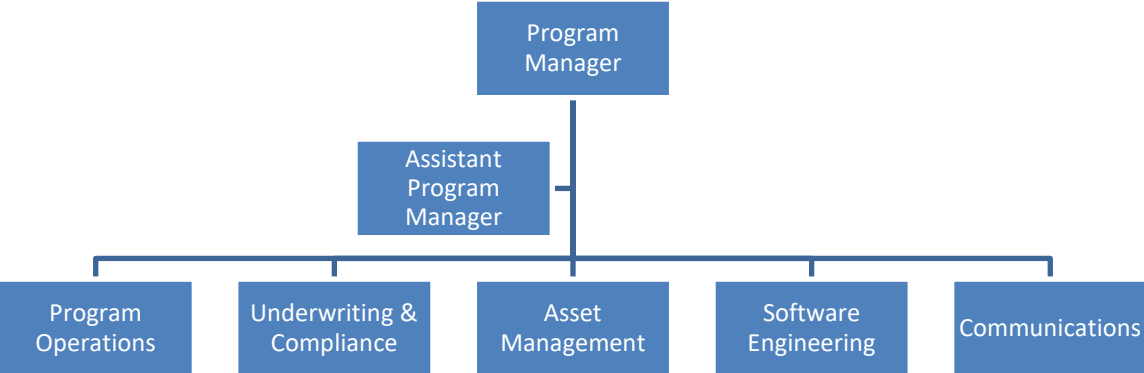
12. Additional Service Descriptions. Administrator will provide the following additional services.

- a. Administrator shall build and maintain a group of qualified and eligible Program homebuyers and renters at a minimum Buyer/Renter-to-Property ratio of 5:1. For Agencies that maintain an accruing Waitlist based on registration timestamp, HouseKeys will assign Application ID using the Timestamp and assign a “Legacy Applicant” Preference Assignment.
- b. Administrator will partner with the Agency to create Program legal templates for documents required for signature by the Program participants. Administrator shall supply documents that are typically used in the Applicable County for residential real estate transactions (e.g. purchase and sale, disclosure acknowledgements, addendums, etc.)
- c. Administrator will maintain a list of approved loan officers and lending operations eligible to provide mortgage lending for purchase and refinance transactions
- d. Administrator will maintain a list of approved real estate agents and brokers eligible to provide listing services to sellers for resale transactions
- e. Administrator will maintain a list of appraisers for fair market valuations
- f. Administrator will maintain a list of escrow officers who are familiar with program requirements and transaction compliance
- g. Administrator will review individual program restrictions for terms and requirements as needed including shared equity programs, down payment assistance loans and any resale restriction agreements.
- h. Administrator will prepare Agency staff reports and hold Council Study and Closed Sessions to discuss complicated and sensitive program matters.
- i. Administrator will enter contract with the Agency with the intention of adding the Agency to the Model City Project that incorporates Industry Best Practices, A Program Database, and a Regional Program Working

Group. This Project will improve efficiencies and reduce program costs to the Agency.

- j. Administrator will provide training, analysis, and suggested improvements to the Affordability Program.
- k. Administrator will prepare a presentation for Staff and Council Members on the Model City Project.
- l. **Special Projects.** There will be cases where Administrator will be asked to complete a Project that is outside of the contract scope. If project scope and terms are defined in writing, Administrator will agree to complete project at a specified billing rate.

Administrator Staffs its Departments in the following Organization Structure





STAFF REPORT

City Council

Meeting Date:

1/12/2021

Staff Report Number:

20-008-CC

Regular Business:

Adopt Resolution No. 6606 authorizing transfers and sales to adjoining property owners of vacated alley currently owned by the Successor Agency to the now dissolved Menlo Park Community Development Agency

Recommendation

Staff recommends that City Council, acting as Successor Agency to the Menlo Park Community Development Agency, adopt Resolution No. 6606 approving the sale of portions of the vacated alley to Menlo Gateway, Inc. (MidPen Housing) and the Dora L.C. Caballero Trust (Attachment A.)

Policy Issues

The recommended actions comply with State law governing transfers of real property formerly owned by the Community Development Agency.

Background

Formation of Menlo Park's Community Development Agency

The California Community Redevelopment Act was created in 1945 to give local governments tools to address urban problems such as blight, degraded buildings and a lack of affordable housing. Redevelopment agencies develop a plan and provide the initial funding to encourage and attract private investment that otherwise would not occur. Menlo Park's redevelopment area was established in 1981 when the City was searching for a way to address problems facing the Belle Haven neighborhood and had limited resources to do so.

Menlo Park's redevelopment agency was called the Community Development Agency of the City of Menlo Park ("CDA".) The CDA helped develop and construct a series of projects in Belle Haven including 47 energy efficient homes surrounding a community park, the original Sun Microsystems campus (now owned by Facebook), and the Belle Haven Child Development Center, library and Menlo Park Senior Center. The CDA also built various streetscape improvements, including undergrounding utilities along Hamilton Avenue and replacing poorly constructed streets that did not contain sidewalks, curbs or street trees.

State dissolution of redevelopment agencies

In 2011, the state Legislature adopted legislation dissolving the State's redevelopment agencies. This was done in large part to rectify a multibillion dollar state deficit following the 2010 recession. After a series of statewide lawsuits, the redevelopment agencies were officially dissolved as of February 1, 2012. To help facilitate the winddown process at a local level, successor agencies were established to manage

redevelopment projects currently underway, make payments on enforceable obligations, and dispose of redevelopment assets and properties. Each successor agency has an oversight board that supervises its work.

Winddown of Menlo Park's Redevelopment Agency

On Feb. 1, 2012, the City's former CDA officially dissolved and the City Council elected to serve as its successor agency ("Successor Agency".) The dissolution process required all CDA-owned real property and assets to be transferred to the Successor Agency. At the time, two pieces of CDA-owned real property were identified: Hamilton Avenue East, and 313 Market Place. On January 13, 2013, the City Council approved the Long Range Property Management Plan ("LRPMP") (Attachment B.) The LRPMP contained a plan for disposing of Hamilton Avenue East and 313 Market, but did not address any other properties.

Recently the City discovered an additional property owned by the CDA.¹ This approximate 4,000 square foot parcel consists of an alley adjacent to 1305 and 1345 Willow Road. On March 26, 2019, the City Council vacated the alley and authorized staff to sell the parcels to the adjoining parcel owners (Attachment C.) The sale was requested by MidPen to increase the square footage of its Menlo Gateway housing development. Since the property is currently owned by the CDA, to finalize the sale, the City must obtain approval of the Oversight Board and the State Department of Finance.

Procedure for transferring property owned by the CDA

Any properties that were not originally included in the LRPMP, must go through a three-step process before they may be sold or transferred. Staff engaged in conversations with the County and the Department of Finance to understand the procedures for transferring title of this parcel to the adjoining properties. An overview of the procedures for transferring ownership of CDA-owned land is as follows:

1. Resolution of the Successor Agency. The City Council, acting as the Successor Agency, must adopt a resolution for each piece of land authorizing the transfer.
2. Resolution of the Oversight Board. The City must present the resolution to the San Mateo County Oversight Board for consideration and approval. The Oversight Board was established in accordance with Health and Safety Code 34179(j) and contains representatives from other taxing authorities in the county. Since the Oversight Board has fiduciary responsibility to the local agencies that benefit from property tax distributions, the property valuation and proposed sales prices are important considerations.
3. State Approval. The Oversight Board's approval goes to the State for review and final approval. Our understanding is that typically the Department of Finance will defer to the Oversight Board's determination.

The proceeds from the sale of any CDA parcel are distributed to the agencies that contributed to the funding of the RDAs. For sales that occur this fiscal year, the factors used to compute the distribution per agency are set forth in Table 1 below.

¹ The City has also identified a second piece of property owned by the CDA. That piece of property is an alley adjacent to 1283 Willow Road and is approximately 4,746 square feet. This staff report does not address that piece of property. Staff anticipates discussing the disposition of this property in an upcoming closed session with the City Council.

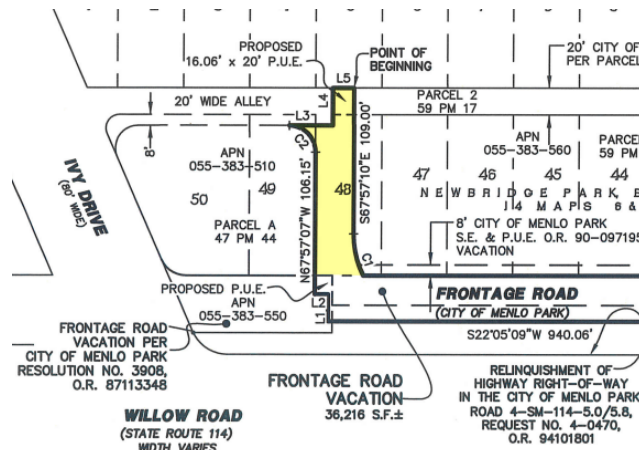
Table 1	
Tax account description	% total
General County tax	0.2090845058
City of Menlo Park	0.1060722249
Menlo Park City elem genl pur	0.0281560255
Ravenswood elem genrl purpose	0.2678063292
Redwood City elem genl pur	0.0286413355
Sequoia High genrl purpose	0.1377689266
SM JR College gen pur	0.0598225765
Menlo Park Fire District	0.1064211873
Fair Oaks sewer district	0.0001948766
Ravenswood slough flood zone	0.0002984906
Midpeninsula reg. open space	0.0161953028
Bay Area Air Quality Management	0.0018404582
County Harbor District	0.0031068321
SMC Mosquito and Vector Control District	0.0016923560
Sequoia Hospital district	0.0017726523
County education tax	0.0311259201
Total	1.0000000000

Analysis

Sale of vacated alley to owners of adjoining parcels

History

The vacated alley is a portion of the frontage road that runs perpendicular to Willow Road between the properties at 1305 and 1345 Willow Road as shown below:



The CDA acquired the vacated alley January 17, 1984 as part of a larger land purchase (Attachment D.)

On March 26, 2019, the City Council adopted Resolution No. 6489, which abandoned the public alley perpendicular to Willow as well as the frontage road running parallel to Willow.² At the same meeting the City Council authorized the city manager to execute purchase and sale agreements to sell portions of the vacated alley to the adjoining parcel owners at 1305 Willow Road and 1345 Willow Road (Attachment C.)

The property located at 1345 Willow Road is owned by Mid-Peninsula Housing, a nonprofit sponsor and developer of affordable housing (“MidPen”.) On July 18, 2017, the City Council voted to affirm a funding commitment to MidPen for up to \$6.7 million for an affordable multifamily housing project at 1345 Willow Road.³ The proposed development will include a net increase of 58 affordable units at the location, resulting in a total of 140 units. And July 15, 2019, the City and MidPen entered into a purchase and sale agreement (“MidPen Purchase Contract”) to sell the northern portion of the vacated alley to MidPen.⁴ A copy of the MidPen Purchase Contract is included in Attachment C.

The property located at 1305 Willow Road is owned by the Dora L.C. Caballero Trust (“Caballero Trust”.) The land is developed with one commercial building which houses the Soleska Market. On July 12, 2019, the City entered into a purchase and sale agreement (“Caballero Trust Purchase Contract”) to sell the southern portion of the vacated alley. A copy of the Caballero Trust Purchase Contract is included in Attachment C.

While the sales were in escrow, the City learned that the CDA, not the City, owned the vacated alley. The time to close escrow has since passed, but both parties are still interested in moving forward with the purchase contracts once the issue of ownership is resolved.

Current use

The vacated alley is currently a vacant alley that is used as parking access from Ivy Drive for 1345 Willow Road.

Proposed disposition

To finalize the transaction, the City Council, acting as the Successor Agency, must adopt a resolution expressing its intent to sell the northern vacated alley to MidPen and the southern portion to Caballero Trust under the terms and conditions previously approved by the City Council. Those terms and conditions include a sales price of One Dollar (\$1) to MidPen and a sale price of one hundred dollars (\$100) per square foot for a total of one hundred fifty-four thousand five hundred dollars (\$154,000) to Caballero Trust. Both sales would be “as is” and the sale properties would be merged with the larger properties.

² Since the City only owned as easement along the frontage road, once the vacation occurred, the frontage road reverted back to the owner of the underlying fee, MidPen. However, the alley parcel was owned in fee by the CDA and thus the CDA retained fee ownership of that parcel.

³ The City Council subsequently increased this funding commitment to up to \$9,331,000 on September 15, 2020.

⁴ The party to the MidPen Purchase Contract is Menlo Gateway, Inc., an affiliate of MidPen.

Parcel value

The City commissioned a third party appraiser to value the vacated alley (Attachment E.) The appraisal noted that as a stand-alone parcel, the alley has minimal utility. In the open market the parcel would command most interest from a developer of an adjacent parcel for assemblage purposes. The appraiser assumed the zoning for the property would be mixed use similar to the site at 1305 Willow. The appraised value as of December 10, 2020 was \$100 square foot. This amount is comparable to the sales price of the southern portion of the vacated alley, but more than the sales price offered to MidPen for the northern portion of the vacated alley. Staff does not anticipate any problems with obtaining Oversight Board approval for the sale to 1305 Willow (the site of Soleska Market.) Note it is anticipated that the City will not receive the entire proceeds from the sale; instead, they will be split among the various taxing authorities described in Table 1 above. Additionally, staff is hopeful that the Oversight Board will approve the below market value sale to MidPen, especially in light of the following factors:

- the current state and local need for affordable housing;
- the irregularly shaped and undersized parcel;
- the lack of open market for such parcel;
- the desirability of minimizing liability associated with a vacated alley;
- the City's decision to recoup some of the value by selling the property to the other adjoining neighbor for fair market value; and
- the uncertainties that the pandemic has caused in the real estate market.

Impact on City Resources

Staff resources are needed to seek Oversight and Department of Finance approval for the transfer of the vacated alley.

Environmental Review

This project is exempt from the California Environmental Quality Act under Section 15305 in that this is a minor alteration to land use restrictions in that the sales are conditioned upon a lot merger to better reflect the current owners of the property.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Proposed Resolution No. 6606 authorizing transfer of vacated alley to adjoining properties
- B. January 14, 2013 Staff Report and Resolution approving long range property management plan
- C. March 26, 2019, Staff Report vacating alley and authorizing sale of vacated parcel to MidPen and Caballero Trust
- D. Grant Deed conveying alley parcel to Community Development Agency
- E. Appraisal of vacated alley (date of value December 10, 2020)

Staff Report #: 21-008-CC

Report prepared by:
Cara E. Silver, Interim City Attorney

RESOLUTION NO. 6606**RESOLUTION OF THE CITY OF MENLO PARK, ACTING IN ITS CAPACITY AS THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MENLO PARK, APPROVING THE SALE OF PORTIONS OF THE VACATED ALLEY TO THE ADJOINING PROPERTY OWNERS UNDER HEALTH & SAFETY CODE SECTION 34181(a)**

WHEREAS, the former Redevelopment Agency for the City of Menlo Park "City" was called the Community Development Agency of the City of Menlo Park ("CDA"); and

WHEREAS, the CDA was dissolved on February 1, 2012, and the City Council elected to serve as its successor agency ("Successor Agency"); and

WHEREAS, there was real property which was transferred to the Successor Agency which is responsible for the disposition of the property in accordance with the procedures and requirements of Assembly Bill x1 26, which eliminated all redevelopment agencies in California, and Assembly Bill 1484, an amendment to Assembly Bill x1 26; and

WHEREAS, the Successor Agency's real property assets are therefore required to be disposed of pursuant to Health and Safety Code § 34177 (e) and Health and Safety Code § 34181(a); and

WHEREAS, the disposition for the real property was set forth in the City's Long-Range Property Management Plan, approved by the Oversight Board on January 14, 2013; and

WHEREAS, the City recently discovered that the Long Range Property Management Plan unintentionally left out a parcels of land owned by the Successor Agency commonly referred to as the vacated alley; and

WHEREAS, the vacated alley, which is approximately 4,000 square feet, is adjacent to 1305 and 1345 Willow Road as depicted on Exhibit A which is attached to this resolution.

WHEREAS, in 1984 for valuable consideration the CDA acquired the vacated alley as part of a larger land parcel acquisition.

WHEREAS, On March 26, 2019, the City Council adopted Resolution No. 6489, which abandoned the public alley perpendicular to Willow as well as the frontage road running parallel to Willow. At the same meeting the City Council authorized the City Manager to execute purchase and sale agreements to sell portions of the vacated alley to the adjoining parcel owners at 1305 Willow Road and 1345 Willow Road. Those terms and conditions include a sales price of One Dollar (\$1) to Menlo Gateway, Inc. and a sale price of One Hundred Dollars (\$100) per square foot for a total of One Hundred Fifty-Four Thousand Five Hundred Dollars (\$154,000) to Caballero Trust. Both sales would be "as is" and the sale properties would be merged with the larger properties.

WHEREAS, since the property is currently owned by the Successor Agency, to finalize the sale, the City must obtain approval of the Oversight Board and the State Department of Finance; and

WHEREAS, on December 10, 2020, the Successor Agency commissioned an appraisal of the southern portion of the vacated alley which concluded the parcel had a fair market value of \$100.00 per square foot as of December 10, 2020;

NOW, THEREFORE, BE IT RESOLVED that the Successor Agency of the Community Development Agency of the City of Menlo Park hereby:

1. Approves the sale of the northern portion of the vacated alley to Menlo Gateway, Inc., or successor entity, for a sales price of One Dollar (\$1) upon the terms set forth in the Purchase and Sale Agreement set forth in the January 12, 2021 staff report.
2. Approves the sale of the southern portion of the vacated alley to the Dora L.C. Caballero Trust, or successor entity, for a sales price of One Hundred Dollars (\$100.00) per square foot upon the terms set forth in the Purchase and Sale Agreement set forth in the January 12,

2021 staff report.

3. Authorizes and directs staff to take all actions necessary under the Dissolution Act and AB 1484 to receive approval of such sale from the Oversight Board and the California State Department of Finance and to prepare and execute necessary documentation.
4. Finds this project is exempt from the California Environmental Quality Act under Section 15301 and 15305.

I, Judi A. Herren, City Clerk of Menlo Park, do hereby certify that the above and foregoing City Council Resolution was duly and regularly passed and adopted at a meeting by said City Council on the twelfth day of January 2021, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this twelfth day of January 2021.

Judi A. Herren, City Clerk

1730 N. FIRST ST.
SUITE 600
SAN JOSE, CA 95112
408-467-9100
408-467-9199 (FAX)



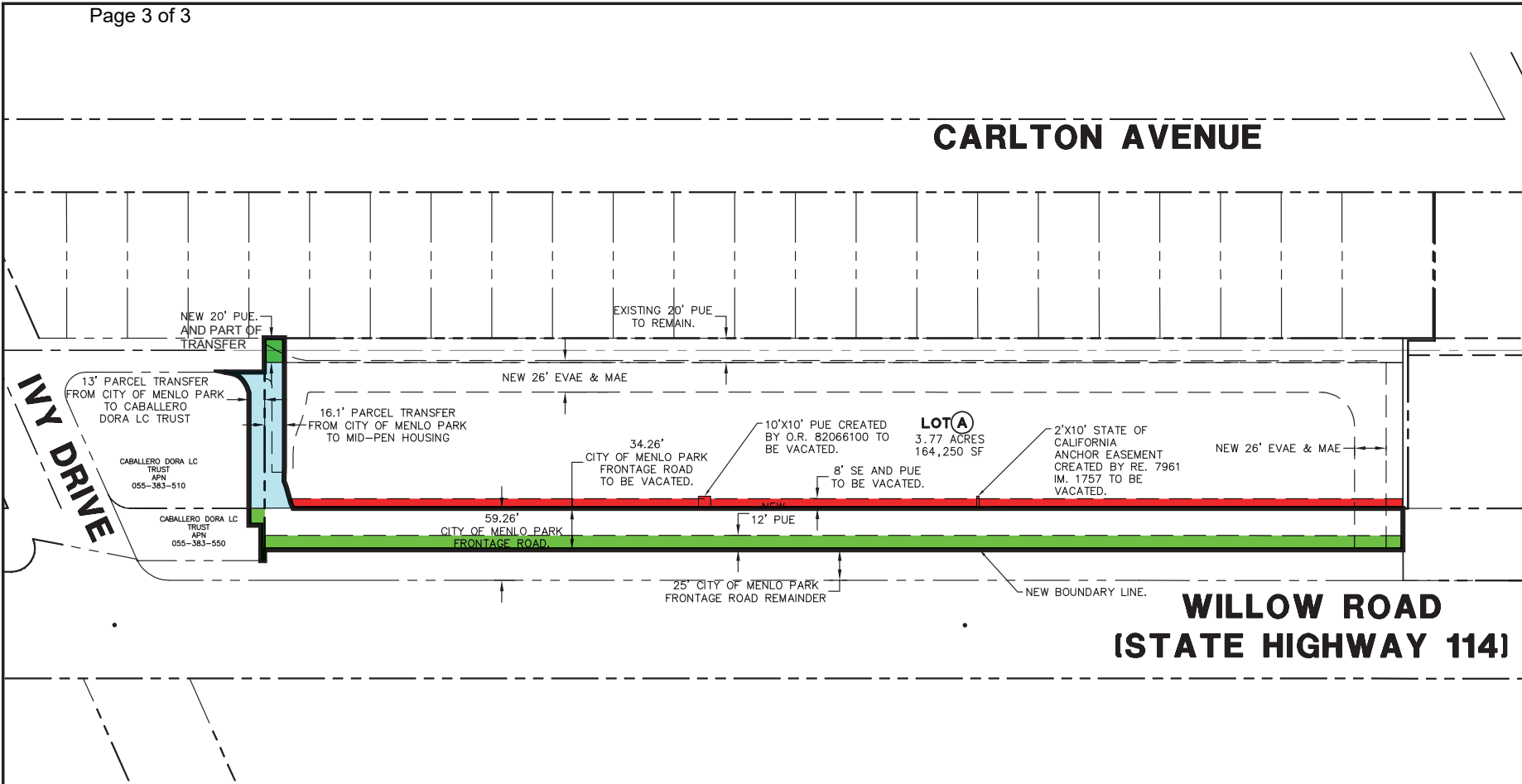
FRONTAGE ROAD VACATION EXHIBIT
GATEWAY FAMILY HOUSING
1345 WILLOW ROAD
MENLO PARK SAN MATEO CALIFORNIA

Revisions	
No.	Description

Date: 12.18.18
Scale: 1" = 60'
Design: FCG
Drawn: FCG
Approved: JN
Job No: 20156154

Drawing Number:
EX1

1 OF 1

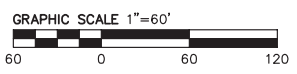


ABBREVIATIONS

- D = DELTA ANGLE
- E = EAST
- EVAE = EMERGENCY VEHICLE ACCESS EASEMENT
- L = LENGTH
- MAE = MAINTENANCE ACCESS EASEMENT
- N = NORTH
- O.R. = OFFICIAL RECORD
- PAE = PUBLIC ACCESS EASEMENT
- PM = PARCEL MAP
- PUE = PUBLIC UTILITY EASEMENT
- R = RADIUS
- R/W = RIGHT-OF-WAY
- ROS = RECORD OF SURVEY
- RTE = ROUTE
- S = SOUTH
- S.E. = SIDEWALK EASEMENT
- W = WEST

LEGEND

- PROJECT PROPERTY LINE
- ADJACENT PROPERTY LINES
- LOT LINES
- CALTRANS RIGHT OF WAY
- STREET CENTER LINE
- EASEMENT LINE
- NEW PUE TO COVER EXISTING MAINS
- EASEMENT TO BE ABANDONED
- FRONTAGE ROAD TO BE VACATED
- FRONTAGE ROAD TO BE TRANSFERRED





SUCCESSOR AGENCY

To the Community Development Agency of the City of Menlo Park

Oversight Board Meeting Date: January 14, 2013
Agenda Item: 4

REGULAR BUSINESS: Adoption of a Long-Range Property Management Plan and Approval of the Transfer of Title of a Specific Parcel to the City of Menlo Park for Open Space and Recreational Purposes

RECOMMENDATION

Staff recommends that the Oversight Board adopt the attached Long-Range Property Management Plan and approve the transfer of title to the City via grant deed for one specific parcel currently in use as a public park.

BACKGROUND

The former redevelopment agency of the City of Menlo Park was dissolved on February 1, 2012, and the only real property of the former agency was transferred on that date to the Successor Agency. The Successor Agency is now responsible for disposition of the property in accordance with the procedures and requirement of ABx1 26 and AB 1484, the statutes that govern the dissolution of the former redevelopment agency and the liquidation of its former property.

Assembly Bill 1x26 that dissolved redevelopment agencies included provisions for the disposition of properties owned by the former redevelopment agency. Initially, successor agencies were charged with disposing of redevelopment agency properties "expeditiously and in a manner aimed at maximizing value". The passage of AB 1484 in June of this year modified portions of the property disposition process. Specifically, except for properties designated for a "governmental purpose," AB 1484 requires the development of a long-range Property Management/Disposition Plan. The plan is intended to address the use or disposition of all of the properties in the Community Redevelopment Property Trust Fund. The plan will become effective upon the occurrence of all of the following: approval of the plan by the Oversight Board; (2) approval of the plan by the California Department of Finance (DOF); and (3) issuance of a Finding of Completion by the DOF to the Successor Agency in accordance with Health and Safety Code Section 34179.7.

ANALYSIS

Because no property transfers or dispositions can occur prior to the approval of the Property Management Plan, staff has prepared the plan in advance of receiving the Finding of Completion by the DOF. The Successor Agency has already completed its first due diligence review (DDR) of housing assets and transmitted the amount of funds per the DOF's review of this document to the County for distribution to the taxing entities. The second DDR – for non-housing assets – has also been completed and has been submitted to the Oversight Board for approval. Once the DOF has approved this second DDR and approved balances are transmitted to the County for distribution, a Finding of Completion will be requested. Once granted by the DOF, the Finding of Completion will be requested. Because the sale of the Hamilton Avenue East properties is pending, the DOF has assured Successor Agency staff that the request for a Finding of Completion will be expedited.

The Long-Range Property Management Plan (Attachment A) addresses the disposition and use of the two real properties held by the Successor Agency. When submitting the plan to the DOF, a checklist developed by the DOF (Attachment B) will be included. The checklist is intended to facilitate the review process and ensure that the plan complies with all requirements pursuant to Health and Safety Code section 34191.5.

Proposed Disposition of Property

The Property Management Plan describes the history and status of the multiple parcels known as Hamilton Avenue East currently held by the Successor Agency, and the steps that have been taken to insure an expeditious and beneficial sale of the property. As previously noted, the purchase and sale agreement between the Successor Agency and Greenheart Land Company can only be approved once the Finding of Completion has been granted by the DOF.

Identification of Governmental Purpose

AB 1x26 and AB 1484 define “government purposes” as those properties used for “roads, school buildings, parks, police and fire stations, libraries and local agency administrative buildings” (Health and Safety Code 34181(a)). The Addendum to the Property Management Plan identifies the parcel at 313 Market Place as a site that was purchased by the former redevelopment area in 1997 and incorporated into the existing Market Place Park. Although the entire park is included in the infrastructure assets of the City for financial statement purposes, this parcel was never formally transferred to the City as with other capital improvements completed by the former redevelopment agency.

The Successor Agency proposes that, upon approval of the Long Range Management Plan by the Oversight Board and the DOF, that the parcel be transferred to the City with a deed restriction ensuring the continued use of the property for open space and recreational purposes.

IMPACT

Approval of the Long-Term Property Management Plan and transfer of the specified parcel to the City of Menlo Park will help to ensure full compliance with redevelopment dissolution statutes and expedite the disposition of the former redevelopment agency's properties for the benefit of all taxing entities of the former redevelopment area.

ENVIRONMENTAL REVIEW

Environmental review is not required.

Signature on file

Carol Augustine, Finance Director
City of Menlo Park

Attachments:

- A.) Long-Range Property Management Plan of the Successor Agency for the Former Redevelopment Agency of the City of Menlo Park
- B.) Long-Range Property Management Plan Checklist
- C.) OB Resolution 13-002 Approving the Adoption of the Long-Range Property Management Plan of the Successor Agency for the Former Redevelopment Agency of the City of Menlo Park
- D.) OB Resolution 13-003 Approving the Transfer of Title to Specified Property, via Grant Deed, to the City of Menlo Park

Successor Agency to the Community Development Agency of the City of Menlo Park

Long Range Property Management Plan

The Community Redevelopment Property Trust Fund was established to serve as the repository of the former redevelopment agency's real properties. The RDA held two properties at the time of dissolution. The Hamilton Avenue East property consisting of multiple parcels is held by the trust and is described below. Another parcel had been previously classified as City park land, and had no carrying value on the books of the former Agency. This parcel is described in an addendum to this report.

Hamilton Avenue East

The real property commonly known as 777,785,787,791,801,811 and 821 Hamilton Avenue, Menlo Park constitutes the inventory of land holdings in the trust fund as of dissolution of the redevelopment agency. Together, the property consists of vacant land on the north side of Hamilton Ave, between Willow Road and Chilco Street in Menlo Park. (The assessor's parcel numbers are 055-398-020 though -080.)

In 2001, the City of Menlo Park Community Development Agency (the former Agency) purchased the various vacant and improved properties at 777 through 821 Hamilton Avenue with the intent of developing the consolidated property in order to implement the Amended and Restated Las Pulgas Project Area Plan and to eliminate blight in the Project Area. The total acquisition cost of all properties was \$5,694,977. Initially, the properties were to be used for the possible relocation of existing businesses at the Belle Haven Park and Housing site on Hamilton Avenue, so the properties were cleared of existing structures within two months of purchase. Ultimately the properties were not needed as exchange properties to facilitate the park and housing project, completed in 2008.

Prior to the Supreme Court decision to dissolve redevelopment agencies, the City Council had directed staff to work toward encouraging the development of the site, along with the adjacent properties, as a market rate housing development with a Below Market Rate component (15% of all units) to address lower income affordability. Toward that end, City staff had released a Request for Qualifications to the development community to identify potential developers that would purchase the City's property and attempt to aggregate the adjoining lots for a larger development project. The City was in the middle of that effort when the court decision dissolved the Community Development Agency.

The Dissolution Act called for the Successor Agency, under the direction of the Oversight Board, to dispose of real property of the former RDA. The Oversight Board sought an appraisal of the property in April, 2012 and on June 27, 2012, directed the Successor Agency to release a Request for Proposals (RFP) to identify a commercial realtor to list the property for sale, the proceeds from which would be disbursed by the County. The appraisal indicated a value of between \$2.925 million and \$3.24 million. Following approval of the selection of a realtor by the Oversight Board on August 8, 2012, the City Attorney negotiated a listing agreement and work began to determine an

appropriate asking price for the site, communicate with adjacent property owners about the prospects for the sale of other properties on Hamilton Avenue, and to market the property for sale.

Marketing materials for the property were developed and circulated among prospective buyers, including well over 100 developers, the Silicon Valley brokerage community and through various online services. The marketing campaign for the property generated substantial interest and the City's Community Development Department addressed numerous questions regarding potential parking restrictions, zoning and potential densities for the property. The Hamilton Avenue East site is currently zoned M1 (light industrial). The site is approximately 2.1 acres and could potentially support up to 38 housing units in accordance with the site's current General Plan designation of R3 zoning density at 18.5 units per acre or up to 30 units per acre at the proposed density that is set forth in the City of Menlo Park's preliminary draft Housing Element (currently under review at the State Department of Housing and Community Development).

On October 18, 2012 bids for the property were opened and included 14 proposals ranging in price from \$3.1 million to \$7.8 million and proposing a variety of housing projects on the site and outlining various terms and contingencies. The Oversight Board met in closed session on Monday, November 5, and authorized the City Attorney to negotiate a Purchase and Sale Agreement for the sale of the property for the sum of \$8 million by the Successor Agency to Greenheart Land Company. The City Council (Successor Agency Board) approved the Purchase and Sale Agreement for the sale of the property for the sum of \$8 million to Greenheart Land Company, and the Oversight board approved the PSA at their meeting on November 26, 2012.

The Successor Agency has no knowledge of any environmental contamination of the property and has not performed any environmental studies, nor has the property been classified as a brownfield site. The proposed buyer of the property has conducted its own environmental studies/evaluation of the property and has agreed to purchase the property in its "as is" condition.

The property is not located in the City's priority development area as identified by ABAG/MTC and is not located near any major public transportation system such as CalTrain. In the future, the Dumbarton Rail may be rebuilt and extended to provide some commute oriented transportation access. The site is proposed for development at higher density consistent with transit-oriented development.

As noted above, the property has been landbanked by the Agency with the intent that it be developed for higher density residential uses, as it is located in a residential neighborhood. Previous light industrial uses have been relocated elsewhere. There have been no previous development proposals pending rezoning of the property to higher density residential zoning. Since the property has been vacant land, there have been no efforts to rent or lease the property.

There have been no transfers of the property since the property is to be sold and the funds distributed to other taxing agencies.

Successor Agency to the Community Development Agency of the City of Menlo Park

Long Range Property Management Plan - Addendum

313 Market Place

This parcel was purchased by the former Redevelopment Agency on March 20, 1997. The purpose of the acquisition was to incorporate the property into the existing Market Place Park, a public park owned by the City of Menlo Park. The site is located near the northwesterly corner of Market Place and Hamilton Avenue. The right side and rear property lines abutted the existing park; the left side property line abutted a twenty-foot public right of way containing a paved pathway leading into the park. The location would therefore lend itself easily to the expansion of the existing park, compatible with the Redevelopment Implementation Plan for the Las Pulgas Community Development Project Area and consistent with the City's General Plan.

As approved by the City Council, the 5,402 square foot parcel was purchased by the City of Menlo Park Housing and Redevelopment Division for \$128,000, and a Replacement Housing Plan for the project was adopted on April 22, 1997. The single-family residence occupying the site was demolished in June 1997. After an environmental assessment determined that the project could not have significant effect on the environment, a Negative Declaration was prepared in accordance with CEQA Guidelines, and the property was rezoned from R-1-U (Single Family Urban Residential District) to O-S-C (Open Space and Conservation District) in December, 1997.

The site was subsequently landscaped in a manner that incorporated it into the existing park. The Market Place Park Improvement Project completed in 2004 included new play area fencing and gates, parking, lighting, concrete walks, concrete paving areas, picnic tables, benches, waste containers, trees and irrigation improvements.

The Successor Agency requests approval to transfer title of the parcel to the City of Menlo Park as there is no other potential use of the site zoned O-S-C and it is, and has been, in use as part of a public park. The acquisition and subsequent improvements to the park were never formally transferred to the City as with other capital improvements of the former agency. With the implementation of GASB 34 in 2003, the entire 16,553 square foot Market Place Park (including the 5,402 square feet owned by the former redevelopment agency) was included in the valuation of the City's infrastructure assets at \$7.95 per square foot. Upon approval of the Long Range Management Plan by the Oversight Board, the Successor Agency would propose to transfer title via Grant Deed to the City of Menlo Park with a deed restriction requiring the parcel to be used for open space and recreational purposes.

The Successor Agency has no knowledge of any environmental contamination of the property and has not performed any environmental studies, nor has the property been classified as a brownfield site.

The property is not located in the City's priority development area as identified by ABAG/MTC and is not located near any major public transportation system such as CalTrain.

As noted above, the property was acquired for and has been in use as part of a City park. There have been no previous development proposals. Since the property has been used as a City park, there have been no efforts to rent or lease the property.



LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

Instructions: Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Long-Range Property Management Plan”. The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

GENERAL INFORMATION:

Agency Name: **Successor Agency for the Former Redevelopment Agency of the City of Menlo Park**

Date Finding of Completion Received:

Date Oversight Board Approved LRPMP:

Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes No

For each property the plan includes the purpose for which the property was acquired.

Yes No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes No

For each property the plan includes an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

X Yes No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

X Yes No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

X Yes No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

X Yes No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

X Yes No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

X Yes No

ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

Agency Contact Information

Name: Carol Augustine

Name:

Title: Finance Director

Title:

Phone: (650) 330-6645

Phone:

Email: ctaugustine@menlopark.org

Email:

Date: 01/15/13

Date:

Department of Finance Local Government Unit Use Only

DETERMINATION ON LRPMP: APPROVED DENIED

APPROVED/DENIED BY: _____ DATE: _____

APPROVAL OR DENIAL LETTER PROVIDED: YES DATE AGENCY NOTIFIED: _____

OB RESOLUTION NO. 13-002

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MENLO PARK ADOPTING A LONG-RANGE PROPERTY MANAGEMENT PLAN OF THE SUCCESSOR AGENCY FOR THE FORMER REDEVELOPMENT AGENCY

WHEREAS, the former Redevelopment Agency of the City of Menlo Park was dissolved on February 1, 2012; and

WHEREAS, there was real property which was transferred to the Successor Agency which is responsible for the disposition of the property in accordance with the procedures and requirements of Assembly Bill x1 26 and Assembly Bill 1484; and

WHEREAS, Assembly Bill 1484 requires the development of a Long-Range Property Management/Disposition Plan to address the use or disposition of all of the properties except those designated for a governmental purpose in the Community Development Property Trust Fund; and

WHEREAS, the Property Management Plan describes the history and status of the multiple parcels known as Hamilton Avenue East, which is not designated for a governmental purpose and the parcel at 313 Market Place as a site designated for a governmental purpose per Health and Safety Code Section 314181(a).

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the City of Menlo Park, that said Board hereby approves the Long-Range Property Management Plan; and

BE IT FURTHER RESOLVED, that the Oversight Board hereby authorizes and directs the Successor Agency staff to take all actions necessary under the Dissolution Act and AB 1484 to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the Long-Range Property Management Plan and to take any other actions necessary to ensure the validity of the Long-Range Property Management Plan.

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

I, Margaret S. Roberts, Secretary to the Oversight Board, do hereby certify that the above and foregoing Board Resolution was duly and regularly passed and adopted at a meeting by said Board on this thirteenth day of January, 2013, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand on this thirteenth day of January, 2013.

Margaret S. Roberts, MMC
City Clerk

OB RESOLUTION NO. 13-003

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MENLO PARK APPROVING THE TRANSFER OF TITLE OF A SPECIFIED PARCEL TO THE CITY OF MENLO PARK FOR OPEN SPACE AND RECREATIONAL PURPOSES

WHEREAS, the former Redevelopment Agency of the City of Menlo Park was dissolved on February 1, 2012; and

WHEREAS, there was real property which was transferred to the Successor Agency which is responsible for the disposition of the property in accordance with the procedures and requirements of Assembly Bill x1 26 and Assembly Bill 1484; and

WHEREAS, the Property Management Plan describes the history and status of the multiple parcels known as Hamilton Avenue East, which is not designated for a governmental purpose and the parcel at 313 Market Place as a site designated for a governmental purpose per Health and Safety Code Section 314181(a) as open space and recreational use.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the City of Menlo Park, that said Board hereby approves the a transfer of title for the parcel at 313 Market place to be used as open space and recreational purposes, with a deed restriction ensuring the continued use of the property for open space and recreational purposes as allowed under Health and Safety Code 34181(a); and

BE IT FURTHER RESOLVED, that the Oversight Board hereby authorizes and directs the Successor Agency staff to take all actions necessary under the Dissolution Act and AB 1484 to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the transfer of title; and

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

I, Margaret S. Roberts, Secretary to the Oversight Board, do hereby certify that the above and foregoing Board Resolution was duly and regularly passed and adopted at a meeting by said Board on this thirteenth day of January, 2013, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand on this thirteenth day of January, 2013.

Margaret S. Roberts, MMC
City Clerk



STAFF REPORT

City Council Meeting Date: 3/26/2019
Staff Report Number: 19-050-CC

Public Hearing: **Adopt Resolution No. 6489 to abandon public right-of-way and public utility easements adjacent to 1345 Willow Road, and authorize the city manager to execute purchase and sales agreements, escrow instructions, deeds, and related documents, for the sale of portions of the frontage road to MidPen Housing and Dora L C Caballero Trust**

Recommendation

Staff recommends that the City Council, in connection with the MidPen Housing project at 1345 Willow Road:

1. Adopt Resolution No. 6489 (Attachment A) to abandon public right-of-way along the frontage road and public utility easements adjacent to 1345 Willow Road
2. Authorize the City Manager to execute Purchase and Sales Agreements (Attachment B), escrow instructions, deeds, and related documents, for the sale of portions of the frontage road to MidPen Housing and Dora L C Caballero Trust, including a potential reduction in the purchase price in exchange for the dedication of a public access easement at 1305 Willow Road.

Policy Issues

The City is legally required conduct a multi-step process in order to abandon right-of-way and public utility easements (PUEs). The final step in the applicable process is a public hearing regarding the abandonment.

Background

On July 18, 2017, the City Council voted to affirm the funding commitment to MidPen Housing for up to \$6.7 million for an affordable multi-family housing project at 1345 Willow Road. The proposed development would include a net increase of 58 affordable units at this location, resulting in a total of 140 units. The property is located on the west side of Willow Road between Hamilton Avenue and Ivy Drive.

On December 14, 2018, MidPen Housing, property owner of 1345 Willow Road, applied for the abandonment and submitted a tentative parcel map. The abandonment request includes partial vacation of the frontage road that runs along the Willow Road frontage of the property, a deed transfer of a portion of the frontage road perpendicular to Willow Road, and abandonment of multiple PUEs within their property (Attachment C).

The applicable abandonment procedure is a three step process that requires 1) City Council adoption of a Resolution of Intent to abandon public right-of-way and easements; 2) Planning Commission review for conformance to the General Plan and recommendation to City Council; and 3) a Public Hearing by City Council and a Resolution ordering the vacation of the public right-of-way and easements. On January 29, 2019, the City Council adopted Resolution of Intention No. 6480 (Attachment D) to abandon public right-of-

way and public utility easements (PUEs) adjacent to the property at 1345 Willow Road, referring the matter to the Planning Commission for a recommendation on General Plan consistency, and setting the date for a public hearing by City Council as March 12, 2019. Because it was not possible to schedule consideration of the abandonment for the Planning Commission on February 25, 2019 as originally planned, it was necessary to reschedule the public hearing for March 26, 2019. The City Council adopted Resolution No. 6487 (Attachment E) on February 26, 2019, rescheduling the dates for the Planning Commission consideration and the public hearing before the City Council.

At its March 11, 2019 meeting, the Planning Commission reviewed the proposed abandonment and determined that it was consistent with the City's General Plan. The Planning Commission issued Resolution No. 2019-01 (Attachment F) recommending to the City Council that the public right-of-way and PUEs adjacent to the property at 1345 Willow Road be abandoned as proposed.

Additionally, at its March 11, 2019 meeting, the Planning Commission heard from both projects that would be affected by the right-of-way abandonment. It conducted a study session on the proposed residential development at 1345 Willow Road as part of the R-4-S compliance review process. The study session provided an opportunity for members of the Commission and public to provide feedback on the proposal's compliance with the R-4-S development regulations and design standards. Following the study session and review of the comments received, the Community Development Director will make a determination regarding the proposed residential development's compliance with the R-4-S zoning district requirements.

The Planning Commission also reviewed and approved a request for a use permit, variance, sign review, and architectural control for the Soleska Market at 1305 Willow Road on March 11, 2019. The proposed development of both properties has been designed with the intent that the right-of-way and applicable PUEs would be abandoned.

The March 26, 2019 public hearing is the final step in the three step process. Should the City Council consider the abandonment favorably, a Resolution ordering the vacation and abandonment of the public right-of-way and PUEs adjacent to 1345 Willow Road would be adopted.

Analysis

MidPen Housing is requesting that the City abandon a portion of the frontage road on the 1300 block of Willow Road. There are two primary areas proposed for abandonment: portions of the frontage road parallel to and perpendicular to Willow Road. Each area and the proposed transaction is further described below.

Abandonment Parallel to Willow Road

The area to be vacated parallel to Willow Road is currently used as a drive aisle and parking strip for the existing housing units, and is not necessary for the functionality of existing public streets. The width of the vacation is proposed to be 34 feet, which would provide the project the necessary width to meet parking, emergency vehicle access, and setback requirements. The City would retain 25 feet of the frontage road, and the new right-of-way line would be consistent with MidPen Housing's recently completed Sequoia Belle Haven project at 1221 Willow Road, and many of the other properties along Willow Road. Retaining 25 feet of right-of-way will allow the City flexibility for future improvements along Willow Road. Within the portion of the roadway to be vacated, a new 12 foot PUE is being reserved to allow existing public utilities to remain in place. The reservation of the PUE would occur concurrently with the abandonment. The right-of-way was relinquished by Caltrans to the City of Menlo Park in 1994, granting the City easement rights to use the property as a roadway, however, the underlying ownership belongs to the lot owner. Upon recordation of the vacation, the City would relinquish its easement rights to use the property as a roadway, effectively

releasing the property to the owner (MidPen).

Abandonment Perpendicular to Willow Road

The portion of frontage road that runs perpendicular to Willow Road between the properties at 1305 and 1345 Willow Road is also proposed to be abandoned. Because this strip of property is owned in fee by the City of Menlo Park, the land would need to be purchased by the adjacent owners, Dora L C Caballero Trust and MidPen Housing. Dora L C Caballero would pay the market rate (established using recent appraisals of similar land sales) of \$100 per square foot, or a total of \$154,500. The City also has requested that the property owner dedicate a public access easement (PAE) over a portion of their existing parcel, which is already encumbered with a PUE, in order to close a gap in the 25 feet' of right-of-way along Willow Road that is controlled by the City. Negotiations are still underway and staff is seeking Council authority for the City Manager to consider a reduction in the purchase price for the acquisition of the PAE. MidPen Housing would pay the below market fee of \$1.00. The transfer of land to MidPen is considered part of the City's overall contribution to the affordable housing project. The draft Purchase and Sales Agreements are included as Attachment B.

Utility Coordination

All of the utility companies with an interest in the right-of-way have been notified, and none have objections to the proposed abandonments, subject to certain criteria. Menlo Park Municipal Water (MPMW) operates a 6" water main within the area to be vacated. MidPen will be required to relocate all MPMW facilities within the 25' of public right-of-way that is to remain. Gas, electric, and communication lines will be placed in a joint trench also within the 25' of public right-of-way. The reserved 12' PUE will allow the existing AT&T facilities to remain in place.

Impact on City Resources

The fee for staff time to review and process the abandonment for 1345 Willow Road has been waived by the City Council in accordance with provision 19.98.050 (Fee Waivers) of the Affordable Housing Overlay (AHO), and will be considered as part of the City's overall contribution to the MidPen Housing project. The applicant of 1305 Willow Road has paid fees for staff time to review and process the abandonment.

Environmental Review

The proposed street abandonment is Categorically Exempt under Class 5, minor alterations in land use, of the current State of California Environmental Quality Act (CEQA) Guidelines.

Public Notice

Public notification was achieved by publishing a legal notice in The Daily News, a local newspaper, on March 15 and March 22, 2019, and posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Resolution No. 6489
- B. Purchase and sales agreements
- C. Vacation exhibit
- D. Resolution No. 6480
- E. Resolution No. 6487
- F. Planning Commission Resolution No. 2019-01

Staff Report #: 19-050-CC

Report prepared by:
Theresa Avedian, Senior Civil Engineer

Report reviewed by:
Nikki Nagaya, Assistant Public Works Director

RESOLUTION NO. 6489**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK FOR THE VACATION AND ABANDONMENT OF PUBLIC RIGHT OF WAY AND PUBLIC UTILITY EASEMENTS ADJACENT TO THE PROPERTY AT 1345 WILLOW ROAD**

WHEREAS, on January 29, 2019, the City Council of the City of Menlo Park adopted Council Resolution No. 6480 declaring the intention of said City Council to abandon the public right-of-way and public utility easements adjacent to the property at 1345 Willow Road and set specific dates for consideration by the Planning Commission and a Public Hearing before the City Council; and

WHEREAS, the City Council adopted Resolution No. 6487 on February 26, 2019 rescheduling the dates for consideration by the Planning Commission and Public Hearing before City Council; and

WHEREAS, the Planning Commission of the City of Menlo Park held a Public Hearing on this subject on March 11, 2019, to consider the aforementioned proposed abandonment and has reported to the City Council that said proposed abandonment conforms with the City's General Plan and has recommended that it be abandoned as proposed; and

WHEREAS, a Public Hearing was held before the City Council of the City of Menlo Park regarding the foregoing matter on March 26, 2019; and

WHEREAS, notice of said Public Hearing was duly made by publication, mailing, and posting as required by law, and proof thereof is on file with the City Clerk of the City of Menlo Park; and

WHEREAS, no protests were filed with or received by said City Council; and

WHEREAS, the City Council finds that the public convenience and necessity require that utility easements be reserved within the area to be vacated.

IT APPEARING to the City Council of the City of Menlo Park that the public right-of-way and public utility easements should be abandoned for the reason that they are no longer needed and it would allow the applicant to proceed with the construction of the multi-family affordable housing project proposed for the site, and that public convenience, necessity, and the best interests of the citizens of Menlo Park will be served by such abandonment.

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

BE IT AND IT IS HEREBY RESOLVED by the City of Menlo Park

- A) that said City Council does hereby abandon, to the full extent permitted by law, the public right-of-way and public utility easements adjacent to the property at 1345 Willow Road, described on the legal plats, Exhibit A attached hereto and by the legal descriptions of said public utility easements on file in the Engineering Division, and said Exhibit and legal descriptions are incorporated herein and made a part hereof; and
- B) that the City of Menlo Park reserve PUEs as more particularly shown on said Exhibit A; and
- C) that said abandonment is consistent with the General Plan; and
- D) that said abandonment is exempt under current California Environmental Quality Act (CEQA) guidelines.

I, JUDI A. HERREN, City Clerk of the City of Menlo Park, do hereby certify that the above and foregoing Council Resolution was duly and regularly passed and adopted at a meeting by said Council on the twenty-sixth day of March, 2019 by the following votes:

AYES:

NOES:

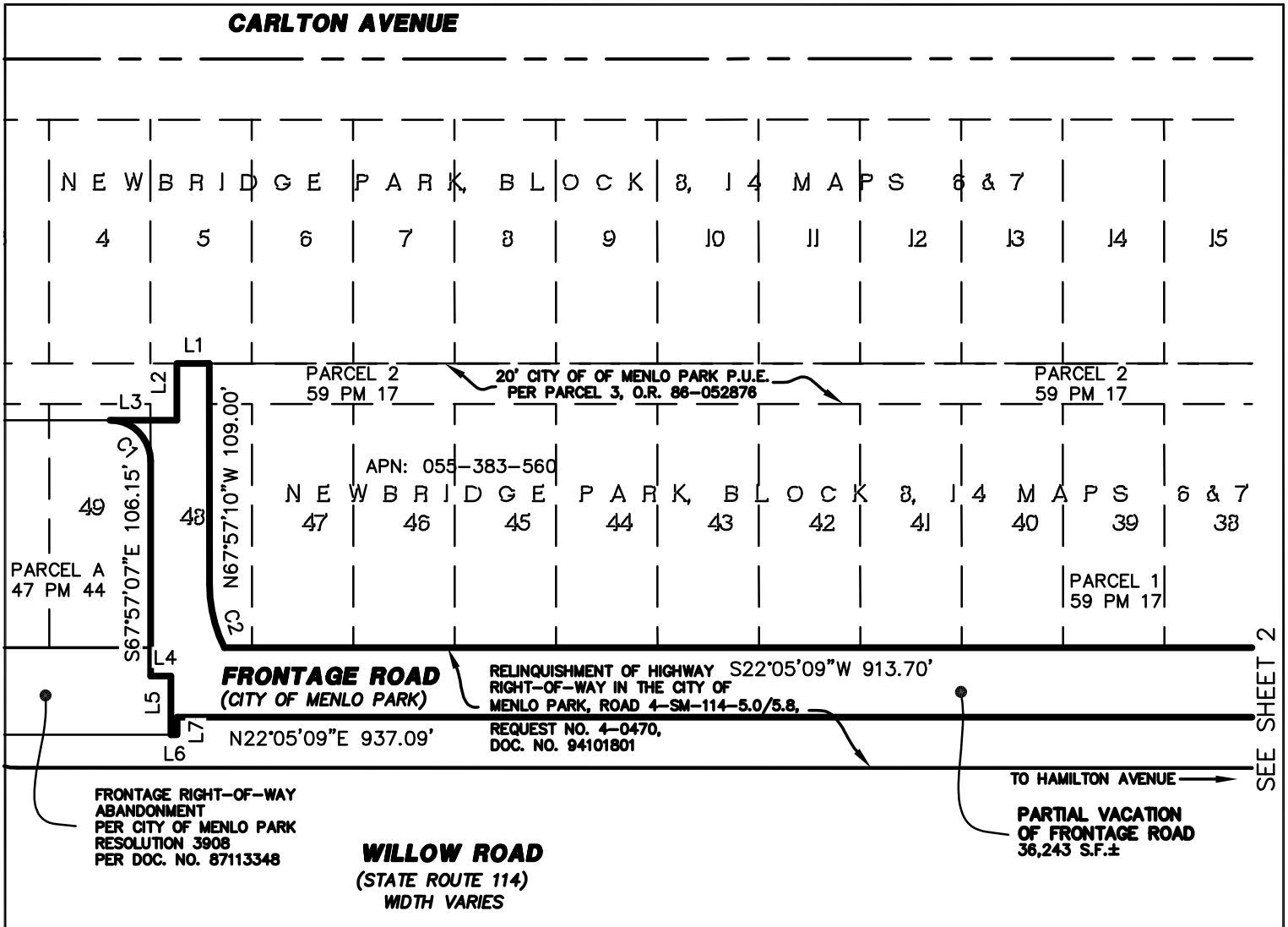
ABSENT:

ABSTAIN:

IN WITNESS THEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Menlo Park on this twenty-sixth day of March, 2019.

Judi A. Herren
City Clerk

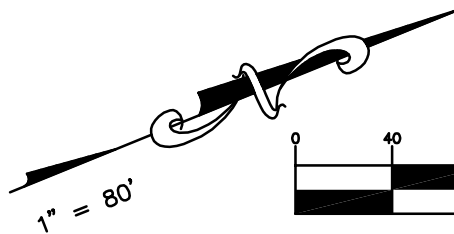
CARLTON AVENUE



IVY DRIVE

LINE TABLE		
NO.	DIRECTION	LENGTH
L1	S22°04'54"W	16.06'
L2	S67°57'07"E	27.99'
L3	S22°02'53"W	32.99'
L4	N22°05'09"E	10.00'
L5	S67°57'07"E	29.00'
L6	N22°02'53"E	3.00'
L7	N67°57'07"W	8.73'

CURVE TABLE			
NO.	RADIUS	DELTA	LENGTH
C1	20.00'	89°57'59"	31.40'
C2	70.00'	26°25'27"	32.28'



SCALE IN FEET



EXHIBIT "B"
PLAT TO ACCOMPANY
LEGAL DESCRIPTION
(INITIAL DRAFT)



1730 N. FIRST STREET
SUITE 600
SAN JOSE, CA 95112
408-467-9100
www.bkf.com

Subject PARTIAL VACATION
OF FRONTAGE ROAD

Job No. 20156154

By CHOU Date 2018-12-14 Chkd. JVK

SHEET 1 OF 2

CARLTON AVENUE

HAMILTON AVENUE

NEW BRIDGE PARK, BLOCK 8, I 4 MAPS 6 & 7
24

16 17 18 19 20 21 22 23
PARCEL 1
59 PM 52

PARCEL 1
71 PM 15-16

25

PARCEL 2
59 PM 17

20' CITY OF OF MENLO PARK P.U.E.
PER PARCEL 3, O.R. 86-052876

PARCEL 1
59 PM 17

APN: 055-383-560

LANDS OF MENLO
GATEWAY, INC. PER
O.R. 98-222B13
APN: 055-383-570

PARCEL 1
71 PM 15-16

37 36 35 34 33 32 31 30 29 28 27 26

NEW BRIDGE PARK, BLOCK 8, I 4 MAPS 6 & 7

S22°05'09"W 913.70'

FRONTAGE ROAD
(CITY OF MENLO PARK)

34.26'
N67°58'13"W

CITY OF MENLO PARK
PUBLIC UTILITY & ACCESS
EASEMENT
O.R. 98-144569

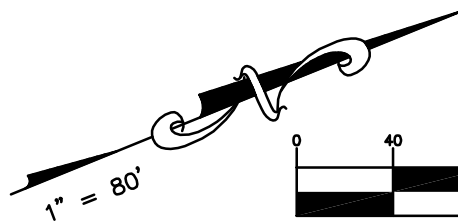
N22°05'09"E 937.09'

TO IVY DRIVE

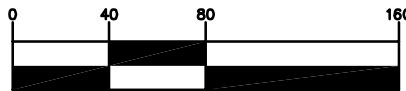
**PARTIAL VACATION
OF FRONTAGE ROAD**
36,243 S.F.±

WILLOW ROAD
(STATE ROUTE 114)
WIDTH VARIES

SEE SHEET 1



1" = 80'



SCALE IN FEET



EXHIBIT "B"
PLAT TO ACCOMPANY
LEGAL DESCRIPTION
(INITIAL DRAFT)



1730 N. FIRST STREET
SUITE 600
SAN JOSE, CA 95112
408-467-9100
www.bkf.com

Subject PARTIAL VACATION
OF FRONTAGE ROAD
Job No. 20156154
By CHOU Date 2018-12-14 Chkd. JVK
SHEET 2 OF 2

PURCHASE AND SALE AGREEMENT

City Manager's Office
701 Laurel St., Menlo Park, CA 94025
tel 650-330-6620



This Purchase and Sale Agreement (the "Agreement") is made as of [Click here to enter a date.](#) by and between the City of Menlo Park, a California Municipal Corporation (the "Seller") and Menlo Gateway Inc., a non-profit public benefit corporation (the "Buyer"), with reference to the following facts and purposes.

RECITALS:

- A. The Seller is the owner of the real property as described in Exhibit A (the "Property").
- B. Buyer is the owner of adjacent property commonly known as 1317-1385 Willow Road, Menlo Park, CA.
- C. Buyer desires to purchase from Seller and Seller desires to sell the Property to the Buyer.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Buyer and the Seller (the "Parties") agree as follows:

1. Purchase and Sale of the Property.

Subject to the terms and conditions set forth below, Seller agrees to sell the Property to the Buyer.

2. Purchase Price.

The purchase price for the Property will be One Dollar (\$1.00).

3. Opening Escrow.

Prior to Closing (as defined below), the Parties will establish an escrow ("Escrow") with Lawyer's Title Company ("Escrow Holder").

4. Escrow and Closing.

- (a) The date for Closing will be established through the mutual agreement of the Parties, but in no event will the date of Closing be later than April 1, 2021. This Agreement will terminate and be of no further force and effect if the Closing has not occurred on or before April 1, 2021.
- (b) Subject to satisfaction of the contingencies hereinafter described, Escrow Holder will close this Escrow (the "Closing") by recording one or more grant deeds and other documents required to be recorded and by disbursing the funds and documents in accordance with the joint escrow instructions of Buyer and Seller.
- (c) The Closing is contingent on the following: (1) Seller having entered into a Purchase and Sale Agreement for the sale of the adjacent portion of right of way to the owner of 1317-1385 Willow

Road, Menlo Park, CA; (2) Buyer shall submit verification of adequate financing to complete the Gateway Family Housing project for which the Property is being purchased; (3) Buyer shall submit a complete building permit application package to the City of Menlo Park for the Gateway Family Housing project; and (4) Buyer shall submit an application to merge the Property with its adjacent property described in Recital B above.

(d) Buyer shall complete the merger described in the preceding paragraph within six (6) months of the close of escrow for the purchase of the Property.

5. Costs of Escrow.

All costs of Escrow will be paid by Buyer.

6. Indemnification.

Buyer agrees to indemnify, defend and hold Seller and its officers, employees and agents harmless from and against any and all claims, demands, liabilities, losses, costs, and expenses, including, without limitation, attorneys' fees and costs of litigation, which arise out of or in connection with this Agreement; provided, however, that this indemnification shall not extend to any claim to the extent arising from the Seller's acts, omissions or negligence or negligent failure to perform its obligations under this Agreement.

7. Conveyance by Deed.

At the Closing, the Seller will convey title to the Property from the Seller to the Buyer by a grant deed in a form approved by the Buyer and deliver possession of the Property to Buyer.

8. Property Taxes and Assessments.

Property taxes, assessments, utilities and all other charges related to the Property will be prorated between the Seller and the Buyer as of the date of closing. Such prorations will be made on the basis of a 365-day year.

9. "As Is".

Buyer is purchasing the Property "as is" and Seller makes no representations as to the condition of the Property or its suitability for the purpose for which Buyer is acquiring the Property.

10. No Brokers.

Each party represents to the other that it has not had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee. If any broker or finder makes a claim for a commission or finder's fee based upon a contact, dealings, or communications, the party through whom the broker or finder makes this claim will indemnify the other party, defend with counsel of the indemnified party's choice, and hold the indemnified party harmless from all expense, loss, damage and claims, including the indemnified party's attorneys' fees, if necessary, arising out of the broker's or finder's claim.

11. Notices.

Unless otherwise provided herein, any notice, tender or delivery to be given pursuant to this Agreement by either party may be accomplished by personal delivery in writing or by first class certified mail, return receipt requested. Any notice by such mailing will be deemed received four (4) days after the date of mailing. Mailed notices will be addressed as set forth below, but each party may change its address by written notice in accordance with this Section 11.

To Buyer: c/o MidPen Housing Corporation
 Attn: Jan Lindenthal
 303 Vintage Park Drive, Suite 250
 Foster City, CA 94404

To the Seller: City of Menlo Park
 Attn: City Clerk
 701 Laurel Street
 Menlo Park, CA 94025

12. Assignment.

The Buyer will have no right, power, or authority to assign this Agreement or any portion hereof or to delegate any duties or obligations arising hereunder, either voluntarily, involuntarily or by operation of law, except for an assignment to MidPen Housing Corporation or an affiliate thereof that acquires title to the property described in recital B above, to which Seller's consent shall not be unreasonably withheld.

13. General Provisions.

- a) Headings. The title and headings of the various sections hereof are intended for means of reference and are not intended to place any construction on the provisions hereof.
- b) Invalidity. If any provision of this Agreement will be invalid or unenforceable the remaining provisions will not be affected thereby, and every provision hereof will be valid and enforceable to the fullest extent permitted by law.
- c) Attorneys' Fees. In the event of any litigation between the Parties hereto to enforce any of the provisions of this Agreement, the prevailing party shall be entitled to all costs and expenses, including reasonable attorneys' fees incurred by the prevailing party, all of which may be included as part of the judgment rendered in such litigation.
- d) Entire Agreement. The terms of this Agreement are intended by the Parties as a final expression of their agreement and may not be contradicted by evidence of any prior or contemporaneous agreement. The Parties further intend that this Agreement constitute the exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceedings involving this Agreement. No provision of this Agreement may be amended except by an agreement in writing signed by the Parties hereto or their respective successors in interest. This Agreement will be governed by and construed in accordance with the laws of the State of California.
- e) Successors. This Agreement will be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties hereto.
- f) Time of the Essence. Time is of the essence in this Agreement.
- g) Cooperation of Parties. The Seller and the Buyer will, during the Escrow period, execute any and all documents reasonably necessary or appropriate to close the purchase and sale pursuant to the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on or as of the date first above written.

BUYER

Menlo Gateway Inc.,
A non-profit public benefit corporation

Jan Lindenthal
Assistant Secretary

SELLER

APPROVED AS TO FORM:

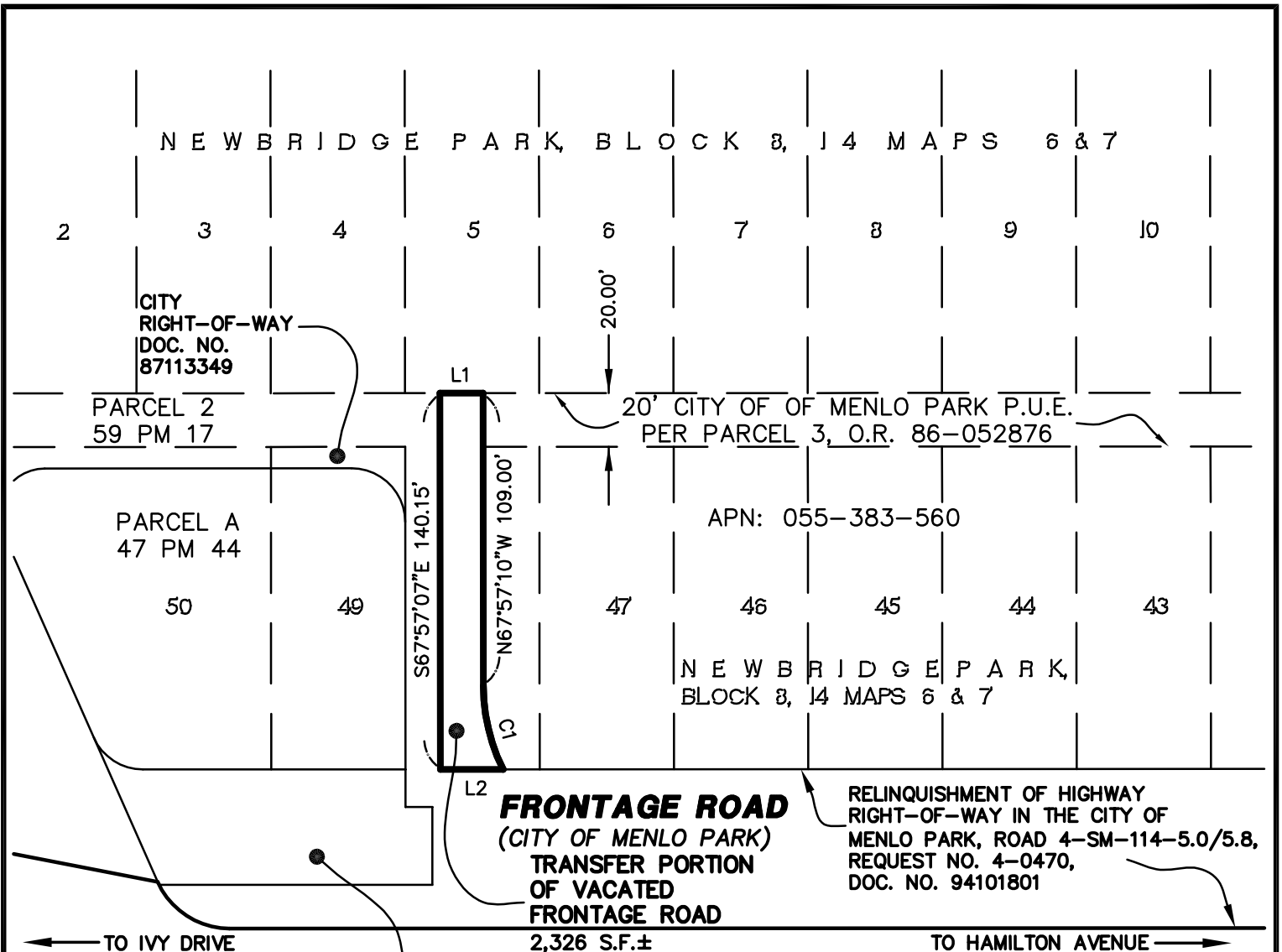
William L. McClure, City Attorney

CITY OF MENLO PARK:

Starla Jerome-Robinson, Interim City Manager

ATTEST:

Judi A. Herren, City Clerk



RELINQUISHMENT OF HIGHWAY RIGHT-OF-WAY IN THE CITY OF MENLO PARK, ROAD 4-SM-114-5.0/5.8, REQUEST NO. 4-0470, DOC. NO. 94101801

2,326 S.F.±

TO IVY DRIVE

TO HAMILTON AVENUE

LINE TABLE

NO.	DIRECTION	LENGTH
L1	S22°04'54"W	16.06'
L2	S22°05'09"W	23.38'

FRONTAGE RIGHT-OF-WAY ABANDONMENT PER CITY OF MENLO PARK RESOLUTION 3908 PER DOC. NO. 87113348

WILLOW ROAD
(STATE ROUTE 114)
WIDTH VARIES

CURVE TABLE

NO.	RADIUS	DELTA	LENGTH
C1	70.00'	26°25'27"	32.28'

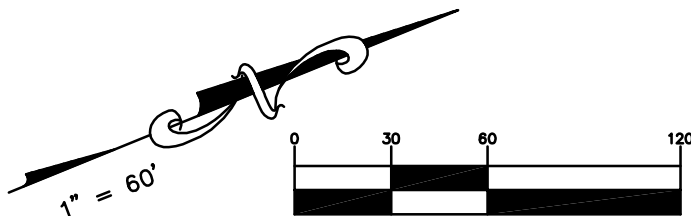


EXHIBIT "B"
PLAT TO ACCOMPANY
LEGAL DESCRIPTION
(INITIAL DRAFT)



1730 N. FIRST STREET
SUITE 600
SAN JOSE, CA 95112
408-467-9100
www.bkf.com

Subject TRANSFER PORTION OF VACATED FRONTAGE ROAD
Job No. 20156154
By CHOU Date 2018-12-14 Chkd. JVK
SHEET 1 OF 1

PURCHASE AND SALE AGREEMENT

City Manager's Office
701 Laurel St., Menlo Park, CA 94025
tel 650-330-6620



This Purchase and Sale Agreement (the "Agreement") is made as of [Click here to enter a date.](#) by and between the City of Menlo Park, a California Municipal Corporation (the "Seller") and Dora L. C. Caballero Trust (the "Buyer"), with reference to the following facts and purposes.

RECITALS:

- A. The Seller is the owner of the real property as described in Exhibit A (the "Property").
- B. Buyer is the owner of the adjacent real property commonly known as 1305 Willow Road, Menlo Park, CA.
- C. Buyer desires to purchase from Seller and Seller desires to sell the Property to the Buyer.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Buyer and the Seller (the "Parties") agree as follows:

1. Purchase and Sale of the Property.

Subject to the terms and conditions set forth below, Seller agrees to sell the Property to the Buyer.

2. Purchase Price.

The purchase price for the Property will be One Hundred Fifty Four Thousand Five Hundred Dollars (\$154,500).

3. Opening Escrow.

Prior to Closing (as defined below), the Parties will establish an escrow ("Escrow") with Lawyer's Title Company ("Escrow Holder").

4. Escrow and Closing.

- (a) The date for Closing will be established through the mutual agreement of the Parties, but in no event will the date of Closing be later than June 30, 2019. This Agreement will terminate and be of no further force and effect if the Closing has not occurred on or before June 30, 2019.
- (b) Subject to satisfaction of the contingencies hereinafter described, Escrow Holder will close this Escrow (the "Closing") by recording one or more grant deeds and other documents required to be recorded and by disbursing the funds and documents in accordance with the joint escrow instructions of Buyer and Seller.
- (c) The Closing is contingent on the following: (1) Seller executing a Purchase and Sale Agreement for the remaining portion of the adjacent right of way with Sequoia Belle Haven, L.P.; and (2)

Buyer submitting a complete application for a lot merger to merge the Property with its adjacent property described in Recital B above.

(d) Within six (6) months following the close of escrow, Buyer shall complete the merger the Property and Buyer's adjacent parcel described in Recital B above.

5. Costs of Escrow.

All costs of Escrow will be paid by Buyer.

6. Indemnification.

Buyer agrees to indemnify, defend and hold Seller and its officers, employees and agents harmless from and against any and all claims, demands, liabilities, losses, costs, and expenses, including, without limitation, attorneys' fees and costs of litigation, which arise out of or in connection with this Agreement; provided, however, that this indemnification shall not extend to any claim to the extent arising from the Seller's acts, omissions or negligence or negligent failure to perform its obligations under this Agreement.

7. Conveyance by Deed.

At the Closing, the Seller will convey title to the Property from the Seller to the Buyer by a grant deed in a form approved by the Buyer and deliver possession of the Property to Buyer.

8. Property Taxes and Assessments.

Property taxes, assessments, utilities and all other charges related to the Property will be prorated between the Seller and the Buyer as of the date of closing. Such prorations will be made on the basis of a 365-day year.

9. "As Is".

Buyer is purchasing the Property "as is" and Seller makes no representations as to the condition of the Property or its suitability for the purpose for which Buyer is acquiring the Property.

10. No Brokers.

Each party represents to the other that it has not had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee. If any broker or finder makes a claim for a commission or finder's fee based upon a contact, dealings, or communications, the party through whom the broker or finder makes this claim will indemnify the other party, defend with counsel of the indemnified party's choice, and hold the indemnified party harmless from all expense, loss, damage and claims, including the indemnified party's attorneys' fees, if necessary, arising out of the broker's or finder's claim.

11. Notices.

Unless otherwise provided herein, any notice, tender or delivery to be given pursuant to this Agreement by either party may be accomplished by personal delivery in writing or by first class certified mail, return receipt requested. Any notice by such mailing will be deemed received four (4) days after the date of mailing. Mailed notices will be addressed as set forth below, but each party may change its address by written notice in accordance with this Section 11.

To Buyer: Dora L. C. Caballero Trust
Attn: Cesar Andre
1305 Willow Road
Menlo Park, CA 94025

To the Seller: City of Menlo Park
Attn: City Clerk
701 Laurel St.
Menlo Park, CA 94025

12. Assignment.

The Buyer will have no right, power, or authority to assign this Agreement or any portion hereof or to delegate any duties or obligations arising hereunder, either voluntarily, involuntarily or by operation of law, except to the owner of the adjacent property described in Recital B above, without Seller's consent, which consent shall not be unreasonably withheld.

13. General Provisions.

- a) Headings. The title and headings of the various sections hereof are intended for means of reference and are not intended to place any construction on the provisions hereof.
- b) Invalidity. If any provision of this Agreement will be invalid or unenforceable the remaining provisions will not be affected thereby, and every provision hereof will be valid and enforceable to the fullest extent permitted by law.
- c) Attorneys' Fees. In the event of any litigation between the Parties hereto to enforce any of the provisions of this Agreement, the prevailing party shall be entitled to all costs and expenses, including reasonable attorneys' fees incurred by the prevailing party, all of which may be included as part of the judgment rendered in such litigation.
- d) Entire Agreement. The terms of this Agreement are intended by the Parties as a final expression of their agreement and may not be contradicted by evidence of any prior or contemporaneous agreement. The Parties further intend that this Agreement constitute the exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceedings involving this Agreement. No provision of this Agreement may be amended except by an agreement in writing signed by the Parties hereto or their respective successors in interest. This Agreement will be governed by and construed in accordance with the laws of the State of California.
- e) Successors. This Agreement will be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties hereto.
- f) Time of the Essence. Time is of the essence in this Agreement.
- g) Cooperation of Parties. The Seller and the Buyer will, during the Escrow period, execute any and all documents reasonably necessary or appropriate to close the purchase and sale pursuant to the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on or as of the date first above written.

BUYER

Dora Licia Cornelio Caballero Revocable Family Living Trust

Signature

SELLER

APPROVED AS TO FORM:

William L. McClure, City Attorney

CITY OF MENLO PARK:

Starla Jerome-Robinson, Interim City Manager

ATTEST:

Judi A. Herren, City Clerk

NEW BRIDGE PARK, BLOCK 3, 14 MAPS 6 & 7

2 3 4 5 6 7 8 9 10

CITY
RIGHT-OF-WAY
DOC. NO.
87113349

PARCEL 2
59 PM 17

PARCEL A
47 PM 44

50

49

N67°57'07"W 92.16'

S67°57'07"E 112.18'

20.00'

20' CITY OF OF MENLO PARK P.U.E.
PER PARCEL 3, O.R. 86-052876

APN: 055-383-560

47

46

45

44

43

NEW BRIDGE PARK,
BLOCK 3, 14 MAPS 6 & 7

FRONTAGE ROAD
(CITY OF MENLO PARK)

**TRANSFER PORTION
OF VACATED**

FRONTAGE ROAD
1,545 S.F.±

RELINQUISHMENT OF HIGHWAY
RIGHT-OF-WAY IN THE CITY OF
MENLO PARK, ROAD 4-SM-114-5.0/5.8,
REQUEST NO. 4-0470,
DOC. NO. 94101801

← TO IVY DRIVE

TO HAMILTON AVENUE →

LINE TABLE

NO.	DIRECTION	LENGTH
L1	N22°02'53"E	32.99'
L2	S22°02'53"W	13.00'

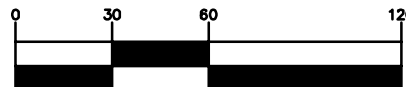
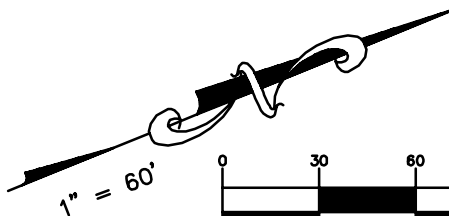
FRONTAGE RIGHT-OF-WAY
ABANDONMENT
PER CITY OF MENLO PARK
RESOLUTION 3908
PER DOC. NO. 87113348

WILLOW ROAD
(STATE ROUTE 114)
WIDTH VARIES



CURVE TABLE

NO.	RADIUS	DELTA	LENGTH
C1	20.00'	89°57'59"	31.40'



SCALE IN FEET

EXHIBIT "B"
PLAT TO ACCOMPANY
LEGAL DESCRIPTION

K:\2015\156154_1300_WILLOW_RD_GATEWAY_FAM\ENG\PLANNING\SHEETS\TMAP\PLATS\MIDPENTTRANSFER - CEZAR.DWG

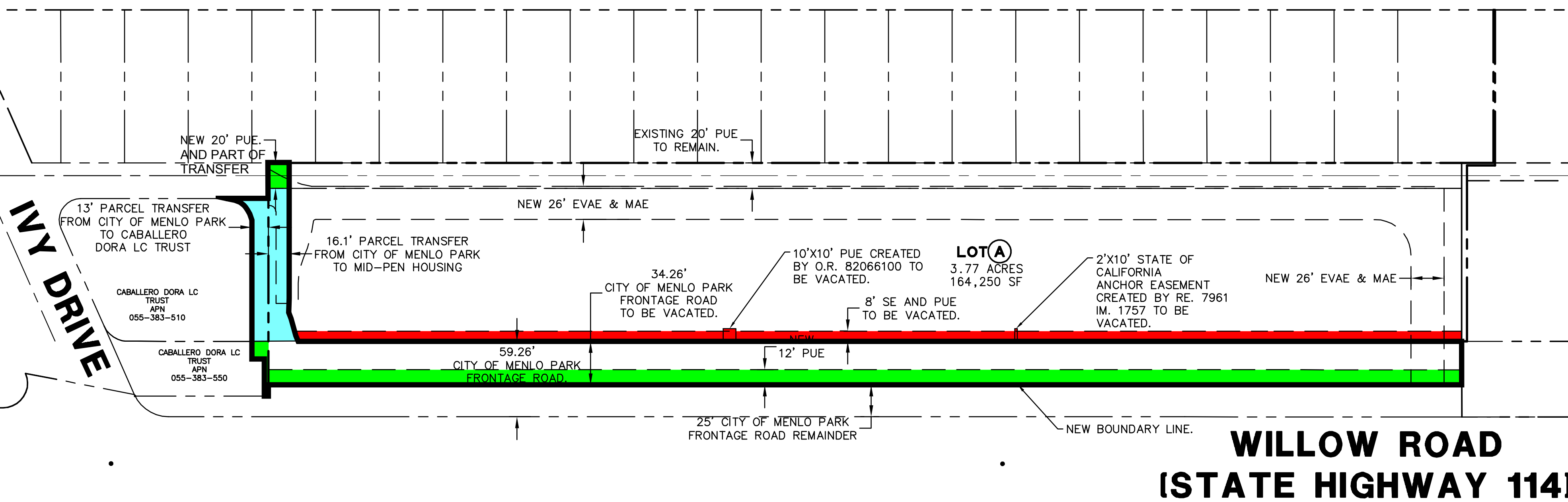
12-14-18 PLOTTED BY: peng



1730 N. FIRST STREET
SUITE 600
SAN JOSE, CA 95112
408-467-9100
www.bkf.com

Subject TRANSFER PORTION OF
VACATED FRONTAGE ROAD
Job No. 20156154
By LP Date 2018-12-14 Chkd. JVK
SHEET 1 OF 1

CARLTON AVENUE



IVY DRIVE

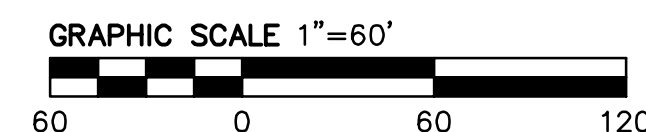
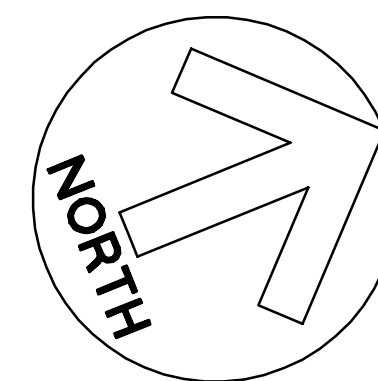
WILLOW ROAD (STATE HIGHWAY 114)

ABBREVIATIONS

- D = DELTA ANGLE
- E = EAST
- EVAE = EMERGENCY VEHICLE ACCESS EASEMENT
- L = LENGTH
- MAE = MAINTENANCE ACCESS EASEMENT
- N = NORTH
- O.R. = OFFICIAL RECORD
- PAE = PUBLIC ACCESS EASEMENT
- PM = PARCEL MAP
- PUE = PUBLIC UTILITY EASEMENT
- R = RADIUS
- R/W = RIGHT-OF-WAY
- ROS = RECORD OF SURVEY
- RTE = ROUTE
- S = SOUTH
- S.E. = SIDEWALK EASEMENT
- W = WEST

LEGEND

- PROJECT PROPERTY LINE
- ADJACENT PROPERTY LINES
- LOT LINES
- CALTRANS RIGHT OF WAY
- STREET CENTER LINE
- EASEMENT LINE
- NEW PUE TO COVER EXISTING MAINS
- EASEMENT TO BE ABANDONED
- FRONTAGE ROAD TO BE VACATED
- FRONTAGE ROAD TO BE TRANSFERRED



**FRONTAGE ROAD VACATION EXHIBIT
GATEWAY FAMILY HOUSING
1345 WILLOW ROAD**

MENLO PARK SAN MATEO CALIFORNIA

1730 N. FIRST ST.
SUITE 600
SAN JOSE, CA 95112
408-467-9100
408-467-9199 (FAX)



Revisions	No.	Date	Scale	Design	Drawn	Approved	Job No.
		12.18.18	1" = 60'	FCG	FCG	JN	20156154

Drawing Number:
EX1
1 OF 1

DRAWING NAME: 1345 Willow Road - Gateway Family Housing - Frontage Road Vacation Exhibit
PLOT TIME: 12/18/18
CUTS BY:

RESOLUTION NO. 6480

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
DECLARING THE INTENTION OF SAID CITY TO ABANDON PUBLIC
RIGHT-OF-WAY AND PUBLIC ACCESS EASEMENTS ADJACENT TO THE
PROPERTY AT 1345 WILLOW ROAD**

WHEREAS, the City Council of the City of Menlo Park has considered the abandonment of public right-of-way and public utility easements adjacent to the property at 1345 Willow Road as shown in Exhibit A, which is attached and made apart thereto; and

WHEREAS, the Planning Commission is scheduled to review the proposed abandonment for consistency with the City's general plan at its meeting on February 25, 2019; and

WHEREAS, the City Council will hold a public hearing on March 12, 2019 at approximately 7 p.m. as required by law to determine whether said public right-of-way and public utility easements shall be abandoned.

NOW, THEREFORE, BE IT RESOLVED, that a Resolution of Intention of the City Council of the City of Menlo Park does hereby propose the abandonment of public right-of-way and public utility easements adjacent to the property at 1345 Willow Road.

I, Judi A. Herren, City Clerk of Menlo Park, do hereby certify that the above and foregoing City Council resolution was duly and regularly passed and adopted at a meeting by said City Council on the twenty-ninth day of January, 2019 by the following votes:

AYES: Carlton, Combs, Mueller, Nash, Taylor

NOES: None

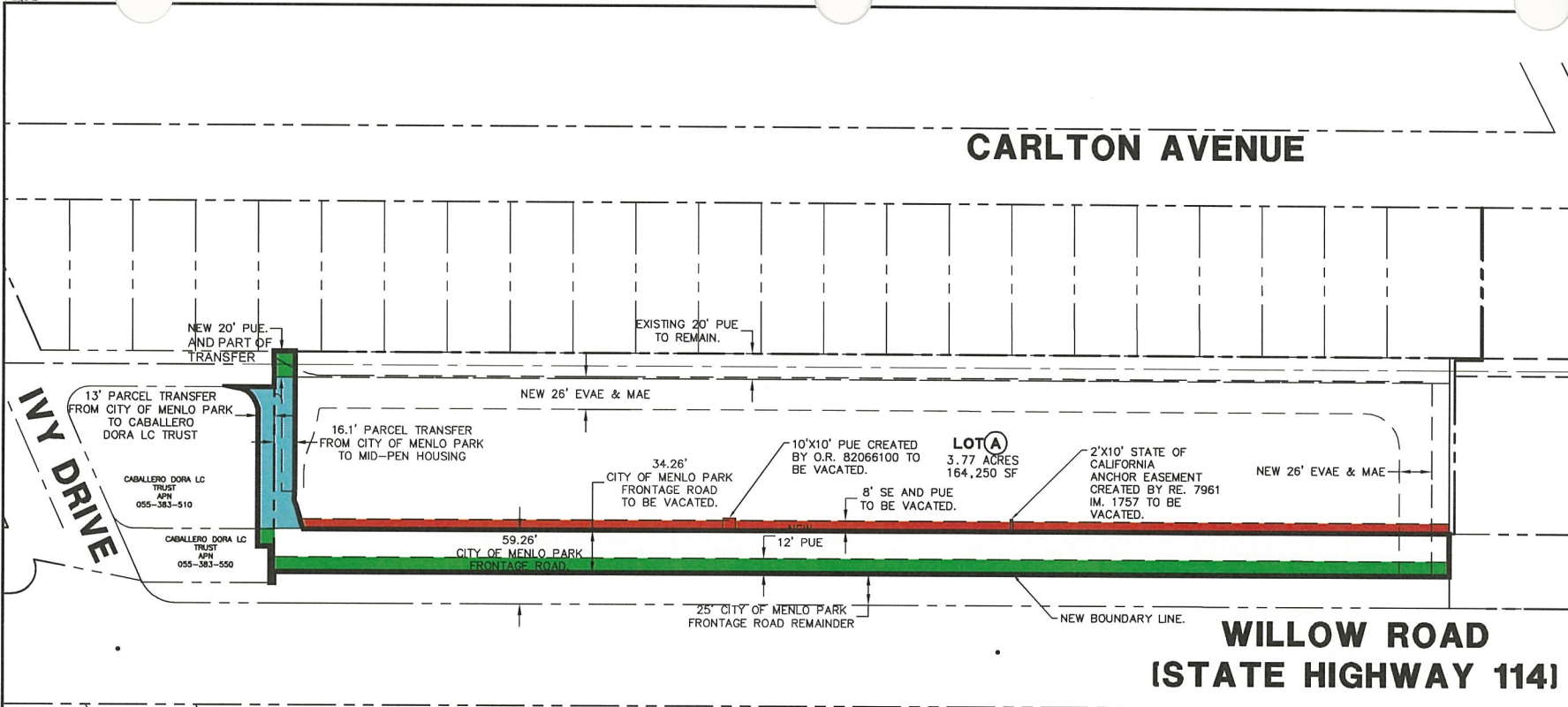
ABSENT: None

ABSTAIN: None

IN WITNESS THEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this twenty-ninth day of January, 2019.



Judi A. Herren, City Clerk



IVY DRIVE

CARLTON AVENUE

**WILLOW ROAD
(STATE HIGHWAY 114)**

1705 N. FIRST ST.
SUITE 100
SAN JOSE, CA 95112
408-467-9100 (PHONE)
408-467-9199 (FAX)

BKF100+
YEARS
ENGINEERS . SURVEYORS . PLANNERS

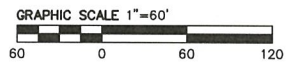
**FRONTAGE ROAD VACATION EXHIBIT
GATEWAY FAMILY HOUSING**
1345 WILLOW ROAD
SAN MATEO CALIFORNIA
MENLO PARK

ABBREVIATIONS

- D = DELTA ANGLE
- E = EAST
- EVAE = EMERGENCY VEHICLE ACCESS EASEMENT
- L = LENGTH
- MAE = MAINTENANCE ACCESS EASEMENT
- N = NORTH
- O.R. = OFFICIAL RECORD
- PAE = PUBLIC ACCESS EASEMENT
- PM = PARCEL MAP
- PUE = PUBLIC UTILITY EASEMENT
- R = RADIUS
- R/W = RIGHT-OF-WAY
- ROS = RECORD OF SURVEY
- RTE = ROUTE
- S = SOUTH
- S.E. = SIDEWALK EASEMENT
- W = WEST

LEGEND

- PROJECT PROPERTY LINE
- ADJACENT PROPERTY LINES
- LOT LINES
- CALTRANS RIGHT OF WAY
- STREET CENTER LINE
- EASEMENT LINE
- NEW PUE TO COVER EXISTING MAINS
- EASEMENT TO BE ABANDONED
- FRONTAGE ROAD TO BE VACATED
- FRONTAGE ROAD TO BE TRANSFERRED



Revisions	
No.	Description

Date: 12.18.18
Scale: 1" = 60'
Design: FCG
Drawn: FCG
Approved: JN
Job No: 20156154

Drawing Number:
EX1
1 OF 1

DATE PLOTTED: 12/18/18 10:14:11 AM FILE: I:\Projects\2018\12\18\181218_114_1345 Willow Road\1345 Willow Road_V13000.dwg
 PLOT BY: JN
 PLOT: 12/18/18 10:14:11 AM

RESOLUTION NO. 6487

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
AMENDING RESOLUTION NO. 6480 REGARDING THE ABANDONMENT
OF PUBLIC RIGHT-OF-WAY AND PUBLIC UTILITY EASEMENTS
ADJACENT TO THE PROPERTY AT 1345 WILLOW ROAD**

WHEREAS, on January 29, 2019, the City Council of the City of Menlo Park adopted Resolution No. 6480 declaring the intention to abandon public right-of-way and public easements adjacent to the property at 1345 Willow Road and set specific dates for consideration by the Planning Commission and a public hearing before the City Council; and

WHEREAS, it is necessary to reschedule the dates for consideration by the Planning Commission and the public hearing before the City Council

NOW, THEREFORE, BE IT RESOLVED, that Resolution No. 6480 is replaced in its entirety as follows:

WHEREAS, the City Council of the City of Menlo Park has considered the abandonment of Public right-of-way and public utility easements adjacent to the property at 1345 Willow Road as shown in Exhibit A, which is attached and made apart thereto; and

WHEREAS, the Planning Commission is scheduled to review the proposed abandonment for consistency with the City's General Plan at its meeting on March 11, 2019; and

WHEREAS, the City Council will hold a Public Hearing on March 26, 2019 at approximately 7:00 p.m. as required by law to determine whether said public right-of-way and public utility easements shall be abandoned.

NOW, THEREFORE, BE IT RESOLVED, that a Resolution of Intention of the City Council of the City of Menlo Park does hereby propose the abandonment of public right-of-way and public utility easements adjacent to the property at 1345 Willow Road.

I, Judi A. Herren, City Clerk of Menlo Park, do hereby certify that the above and foregoing City Council resolution was duly and regularly passed and adopted at a meeting by said City Council on the twenty-sixth day of February, 2019 by the following votes:

AYES: Carlton, Combs, Mueller, Nash, Taylor

NOES: None

ABSENT: None

ABSTAIN: None

IN WITNESS THEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this twenty-sixth day of February, 2019.



Judi A. Herren, City Clerk

RESOLUTION NO. 2019-01

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MENLO PARK DETERMINING THAT ABANDONMENT OF PUBLIC RIGHT-OF-WAY AND PUBLIC UTILITY EASEMENTS ADJACENT TO THE PROPERTY AT 1345 WILLOW ROAD IS CONSISTENT WITH THE GENERAL PLAN

WHEREAS, the Planning Commission of the City of Menlo Park has considered the abandonment of Public right-of-way and public utility easements adjacent to the property at 1345 Willow Road as required for the development of a 140-unit, affordable residential development located in the R-4-S (AHO) zoning district; and

WHEREAS, the Planning Commission has held a public meeting on this subject on March 11, 2019, as required by law, having provided public notification by publishing a legal notice in the local newspaper and notification of property owners and occupants within a 300-foot radius of the subject property; and

WHEREAS, the Planning Commission of the City of Menlo Park has determined that said abandonments are consistent with the General Plan in that the right of way to be vacated is not necessary for the functionality of the existing public sidewalk and streets, a public utility easement will be created to allow existing utilities to remain in place, and there have been no objections to the abandonment proposal; and

NOW, THEREFORE, BE IT RESOLVED, that the Planning Commission of the City of Menlo Park hereby recommends that the proposed right-of-way and public utility easements at 1345 Willow Road, as shown in the attached Exhibit, be abandoned as proposed.

I, Mark Muenzer, do hereby certify that the above and foregoing Resolution was duly and regularly passed and adopted by a majority of the total voting members of the Planning Commission of the City of Menlo park at a meeting held by said Commission on the 11th day of March, 2019 by the following votes:

AYES: Barnes, Doran, Goodhue, Onken, Riggs, Strehl

NOES:

ABSENT: Kennedy

ABSTAIN:

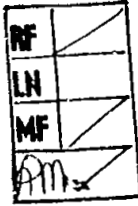
I further certify that the foregoing copy is a true and correct copy of the original of said resolution on file in the office of the Community Development Department, City Hall, Menlo Park, California.

IN WITNESS THEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this 19th day of March, 2019.



Mark Muenzer
Community Development Director
City of Menlo Park

Order No. 260715-RC/WCD
Escrow No.
Loan No.



84005495
RECORDED AT REQUEST OF

FIRST AMERICAN TITLE INSURANCE CO
SAN MATEO COUNTY TITLE DIVISION

JAN 17 9 22 AM 1984

MARVIN C. DOWNS
SAN MATEO COUNTY
PUBLIC ALP 1001

WHEN RECORDED MAIL TO:
The Community Development Agency
of the City of Menlo Park
c/o City Clerk,
City of Menlo Park, Calif 94025.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENTS TO:

Same as above

DOCUMENTARY TRANSFER TAX \$.....none.....
..... Computed on the consideration or value of property conveyed; OR
..... Computed on the consideration or value less liens or encumbrances
remaining at time of sale.

Signature of Declarant or Agent determining tax Firm Name
FIRST AMERICAN TITLE INSURANCE COMPANY

CORPORATION GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
FIRST AMERICAN TITLE INSURANCE COMPANY, San Mateo County Division

Governmental entity acquiring title.
Tax exempt effective November 10, 1969

a corporation organized under the laws of the State of CALIFORNIA, does hereby
WITH WARRANTY, EXPRESSED OR IMPLIED
GRANT to

THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK

the real property in the City of MENLO PARK
County of SAN MATEO, State of California, described as

See Exhibit "A" attached hereto and made a part hereof;

84005495

Dated January 10, 1984

FIRST AMERICAN TITLE INSURANCE COMPANY
San Mateo County Division

STATE OF CALIFORNIA
COUNTY OF
San Mateo

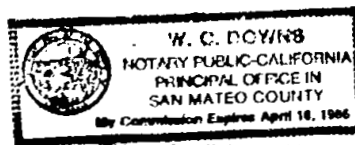
On January 10, 1984
before me, the undersigned, a Notary Public in and for said
State, personally appeared Joseph P. Taylor

By Joseph P. Taylor
Assistant Vice-President
Joseph P. Taylor

By J. A. Norris, Jr.
Assistant Secretary
J. A. Norris, Jr.

known to me to be the Asst. Vice President, and
J. A. Norris, Jr.
known to me to be the Assistant Secretary of
the corporation that executed the within instrument, and known
to me to be the persons who executed the within instrument on
behalf of the corporation therein named, and acknowledged to me
that such corporation executed the within instrument pursuant to
its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.
Signature W. C. Downs



W. C. Downs MAIL TAX STATEMENTS AS DIRECTED ABOVE

1144 (10/89)

RECORDER'S OFFICE SAN MATEO COUNTY

EXHIBIT "A"

DESCRIPTION

PARCEL I:

Lot 41 in Block 8, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 055 383 380

JPN 55 38 383 38

PARCEL II:

All of Lot 33 and the Southwesterly 1/2, front and rear measurements of Lot 32 in Block 5, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 062 103 320

JPN 62 10 103 32 A

PARCEL III:

Lot 42, in Block 8, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 055 383 390

JPN 55 38 383 39 A

PARCEL IV:

Lot 26 in Block 5, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 062 103 260

JPN 62 10 103 26 A

PARCEL V:

The Northeasterly 1/2, front and rear measurements of Lot 29 in Block 5, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 062 103 290

JPN 62 10 103 29 A

PARCEL VI:

Lot 25 in Block 5, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 062 103 250

JPN 62 10 103 25 A

PARCEL VII:

Lot 39 in Block 8, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 055 383 350

JPN 55 38 383 35 A

84005495

continued.

PARCEL VIII:

Lot 28 in Block 5, as designated on the map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", which map was filed in the office of the Recorder of the County of San Mateo, State of California, on June 10, 1926, in Book 14 of Maps at pages 6 and 7.

APN 062 103 280

JPN 62 10 103 28

PARCEL IX:

Lots 44, 45, 46, 47 and 48 in Block 8, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 055 383 410/420/430/440/450

JPN 55 38 383 41A/42A/43A/44A/45A

PARCEL X:

Lots 26 and 27 in Block 8 as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 055 395 030

JPN 55 39 395 3 A

PARCEL XI:

The Southwesterly 1/2 front and rear measurements of Lot 38 and the Northeasterly 1/2 front and rear measurements of Lot 39 in Block 5 as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

The Northeasterly 1/2 front and rear measurements of Lot 38 in Block 5 as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 062 103 510

JPN 62 10 103 51 A

PARCEL XII:

Lot 34 in Block 5, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO County, California", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 062 103 330

JPN 62 10 103 33 A

PARCEL XIII:

Lot 25 in Block 8, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 055 395 020

JPN 55 39 395 02 A

PARCEL IVX:

Lot 24, in Block 8, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 055 395 010

JPN 55 39 395 01 A

continued

84005495

PARCEL XV:

The Southwesterly 37 1/2 feet front and rear measurements of Lot 30 in Block 5 as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 062 103 500

JPN 62 10 103 50

PARCEL XVI:

An undivided 61% interest in the Northeasterly 37.5 feet, front and rear measurements of Lot 31, Block 5, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

An undivided 61% interest in the Southwesterly 12.5 feet, front and rear measurements of Lot 31 and the Northeasterly 25 feet, front and rear measurements of Lot 32 in Block 5 as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California on June 10, 1926 in Book 14 of Maps at pages 6 and 6.

APN 062 103 310

JPN 62 10 103 31

PARCEL XVII:

The Southwesterly 25 feet, front and rear measurements of Lot 29 and the Northeasterly 12 1/2 feet, front and rear measurements of Lot 30 in Block 5, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 062 103 490

JPN 62 10 103 49 A

PARCEL XVIII:

Lot 27 in Block 5, as shown on that certain map entitled "NEWBRIDGE PARK, SAN MATEO COUNTY, CALIFORNIA", filed in the office of the County Recorder of San Mateo County, State of California, on June 10, 1926 in Book 14 of Maps at pages 6 and 7.

APN 062 103 270

JPN 62 10 103 27

84005495

ROAD TO BE VACATED

Adjacent to 1305 Willow Road
Menlo Park, California 94025

APPRAISAL REPORT

Date of Report: January 7, 2021
Colliers File #: LAX200452



PREPARED FOR
Nikki Nagaya
Public Works Director
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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January 7, 2021

Nikki Nagaya
Public Works Director
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

RE: Portion of Road to be Vacated
Adjacent to 1305 Willow Road
Menlo Park, California 94025

Colliers File #: LAX200452

Ms. Nagaya:

This appraisal report satisfies the scope of work and requirements agreed upon by City of Menlo Park and Colliers International Valuation & Advisory Services. The date of this report is January 7, 2021. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). Our appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	Fee Simple	December 10, 2020	\$150,000

The subject property is a portion of city-owned thoroughfare, a 1,544 (0.04-acre) site at Willow Road in Menlo Park, California. Specifically, it is a portion of Frontage Road that extends east from Willow Road, adjacent to a convenience store market. The City intends to offer it for sale to the adjacent property owner for assemblage purposes.

In our analysis, we use the Across the Fence (ATF) methodology and value the subject based upon the hypothetical condition that it can be assigned an assessor parcel number and conform to surrounding zoning (mixed use development). The ATF methodology directs us to appraise the adjacent development and apply

the \$/SF value conclusion from that parcel to arrive at an As-Is Market Value for the subject. This technique is typically used in corridor valuations, such as streets and rail lines and is appropriate for this assignment.

The COVID-19 virus (aka coronavirus) is a serious illness and pandemic that has affected the world and more specifically the United States. The effects thus far include volatility in the stock and capital markets. The impact to demand and ultimately values for real estate is also developing, although there is a wide range of viewpoints with very little consensus on the potential impact. The range of views from market participants suggests the risk premium is widening and we should analyze implications to both near-term and longer-term valuation assumptions. Real estate as an investment type historically takes a longer period of time to be impacted in comparison to alternative investment types, such as stocks and bonds.

The velocity of residential land sale volume transactions has been low over the past the past six months, which is likely a result of the coronavirus pandemic, creating minimal buyer demand for real property. Nevertheless, the market assumes a slight decrease in market conditions since the onset of COVID-19 and I have concluded to a -5% market conditions adjustment.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assignment specific-assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinion of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

No Extraordinary Assumptions were made for this assignment.

HYPOTHETICAL CONDITIONS

The following Hypothetical Condition was made for this assignment.

- At the request of the client, we have made the hypothetical condition that the subject has been assigned its own assessor parcel number and is zoned C2B, consistent with the parcel adjacent to the north.

RELIANCE LANGUAGE

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Colliers International Valuation & Advisory Services is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by Colliers International Valuation & Advisory Services or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that Colliers International Valuation & Advisory Services will be provided with an Indemnification

Agreement and/or Non-Reliance letter, in a form and content satisfactory to Colliers International Valuation & Advisory Services, by a party satisfactory to Colliers International Valuation & Advisory Services. Colliers International Valuation & Advisory Services does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide Colliers International Valuation & Advisory Services with an Indemnification Agreement and/or Non-Reliance letter.

Colliers International Valuation & Advisory Services hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**



David A. Williams, MAI
Valuation Services Director
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CERTIFICATION**ASSUMPTIONS & LIMITING CONDITIONS****ADDENDA**

- Plat & Legal Description
- Valuation Glossary
- Qualifications of Appraisers
- Qualifications of Colliers International Valuation & Advisory Services

GENERAL INFORMATION

Property Name	Road to be Vacated
Property Type	Land - Multi-Family Land
Address	1305 Willow Road
City	Menlo Park
State	California
Zip Code	94025
County	San Mateo
Core Based Statistical Area (CBSA)	San Francisco-Oakland-Hayward, CA
Market	Bay Area
Submarket	South San Mateo County
Latitude	37.476579
Longitude	-122.153157
Number Of Parcels	1
Assessor Parcel	APN based on hypothetical parcel encompassing the part to be valued

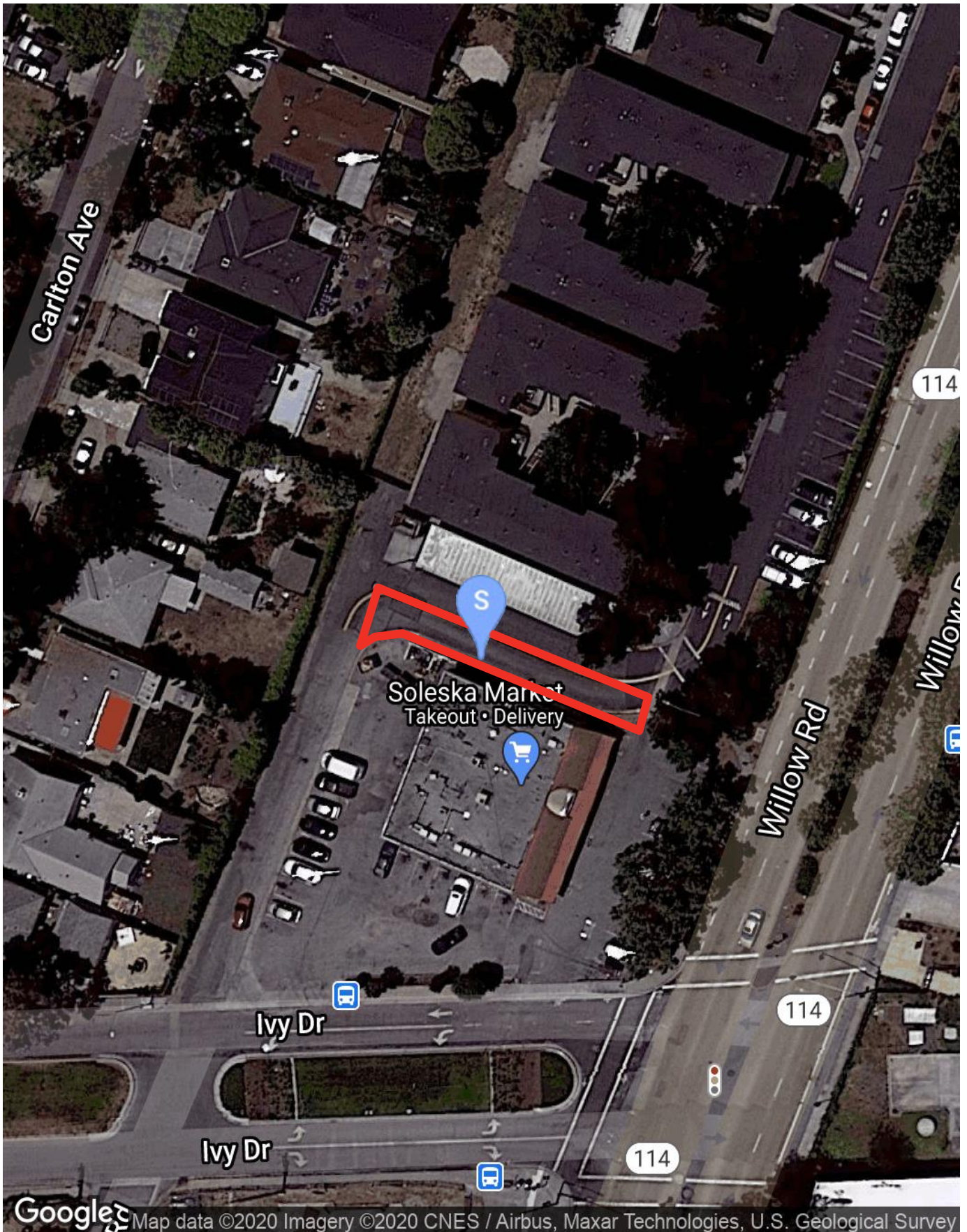
SITE INFORMATION

Land Area	Acres	Square Feet
Usable	0.04	1,544
Unusable	0.00	0
Excess	0.00	0
Surplus	0.00	0
Total	0.04	1,544
Topography	Level at street grade	
Shape	Irregular	
Access	Average	
Exposure	Average	
Current Zoning	Neighborhood Mixed-Use District - Restrictive (C2B)	
Flood Zone	Zone AE	
Seismic Zone	Highest Risk	

VALUATION SUMMARY**VALUATION INDICES****AS-IS
MARKET VALUE****INTEREST APPRAISED****FEE SIMPLE****DATE OF VALUE****DECEMBER 10, 2020****FINAL VALUE CONCLUSION****FINAL VALUE****\$150,000**

\$/SF

\$100/SF



The identification of the subject above is for illustration purposes only.



EASTERLY VIEW OF SUBJECT (FROM ± THE DOUBLE YELLOW LINES EXTENDING RIGHT)



WESTERLY VIEW OF SUBJECT (FROM ± THE DOUBLE YELLOW LINES EXTENDING LEFT)



ADJACENT PROPERTY TO THE NORTH (MULTIFAMILY DEVELOPMENT)



ADJACENT PROPERTY TO THE SOUTH (CONVENIENCE STORE MARKET)



NORTHBOUND VIEW OF ALLEY (CONVENIENCE STORE MARKET AT RIGHT) – GOOGLE IMAGE

PROPERTY IDENTIFICATION

The subject property is a portion of city-owned thoroughfare, a 1,544 (0.04-acre) site at Willow Road in Menlo Park, California. Specifically, it is a portion of Frontage Road that extends east from Willow Road, adjacent to a convenience store market. The City intends to offer it for sale to the adjacent property owner for assemblage purposes.

In our analysis, we use the Across the Fence (ATF) methodology and value the subject based upon the extraordinary assumption that it can be assigned an assessor parcel number and conform to surrounding zoning (mixed use development). The ATF methodology directs us to appraise the adjacent development and apply the \$/SF value conclusion from that parcel to arrive at an As-Is Market Value for the subject. This technique is typically used in corridor valuations, such as streets and rail lines and is appropriate for this assignment.

The COVID-19 virus (aka coronavirus) is a serious illness and pandemic that has affected the world and more specifically the United States. The effects thus far include volatility in the stock and capital markets. The impact to demand and ultimately values for real estate is also developing, although there is a wide range of viewpoints with very little consensus on the potential impact. The range of views from market participants suggests the risk premium is widening and we should analyze implications to both near-term and longer-term valuation assumptions. Real estate as an investment type historically takes a longer period of time to be impacted in comparison to alternative investment types, such as stocks and bonds.

The velocity of residential and mixed-use land sale volume transactions has been low over the past the past nine months, which is likely a result of the coronavirus pandemic, creating minimal buyer demand for real property. With continued uncertainty over the economic fallout and the pandemic's protracted timeline, the market assumes a slight decrease in market conditions since the onset of COVID-19 and I have concluded to a -5% market conditions adjustment.

The legal description of the subject property is presented in the Addenda.

CLIENT IDENTIFICATION

The client of this specific assignment is City of Menlo Park.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest.

INTENDED USE

The report to be provided under this Agreement is intended only to be used to establish the market value of the property. It is intended only for internal decision-making.

INTENDED USERS

City of Menlo Park is the only intended user of this report. Use of this report by third parties and other unintended users is not permitted. report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	January 7, 2021
Date of Inspection	December 10, 2020
Valuation Date - As-Is	December 10, 2020

PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY**Current Owner**

The subject property is a portion of city-owned thoroughfare, therefore, the current owner is the City of Menlo Park Redevelopment Agency.

Three-Year Sales History

The subject property is a portion of a publicly-owned thoroughfare; therefore, there is no sales history.

Subject Sale Status

The subject is portion of Frontage Rd. and has not been marketed for sale. However, the City of Menlo Park intends to sell it to the adjacent property owner at 1305 Willow Rd.

DEFINITIONS

This section summarizes the definitions of value, property rights appraised, and value scenarios that are applicable for this appraisal assignment. All other applicable definitions for this assignment are located in the Valuation Glossary section of the Addenda.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda.

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

VALUE SCENARIOS

The valuation scenario developed in this appraisal report is the As-Is Market Value of the subject property's fee simple interest.

INTRODUCTION

The appraisal development and reporting processes requires gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work for this appraisal assignment is outlined below:

- The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- The appraisers confirmed and analyzed legal and physical features of the subject property including sizes of the site, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site.
- The appraisers completed a land market analysis that included market and sub-market overviews. The Bay Area market and South San Mateo County sub-market overviews analyzed supply/demand conditions using vacancy, absorption, supply change and rent change statistics. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraisers conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject site.
- The appraisers confirmed and analyzed financial features of the subject property including potential entitlement issues, and tax and assessment records. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Sales Comparison Approach to value, which was adjusted and reconciled as appropriate. The appraisal develops an opinion of the As-Is Market Value of the subject property's fee simple interest.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- We understand the Competency Rule of USPAP and the authors of this report meet the standards.
- No one provided significant real property appraisal assistance to the appraiser signing the certification.

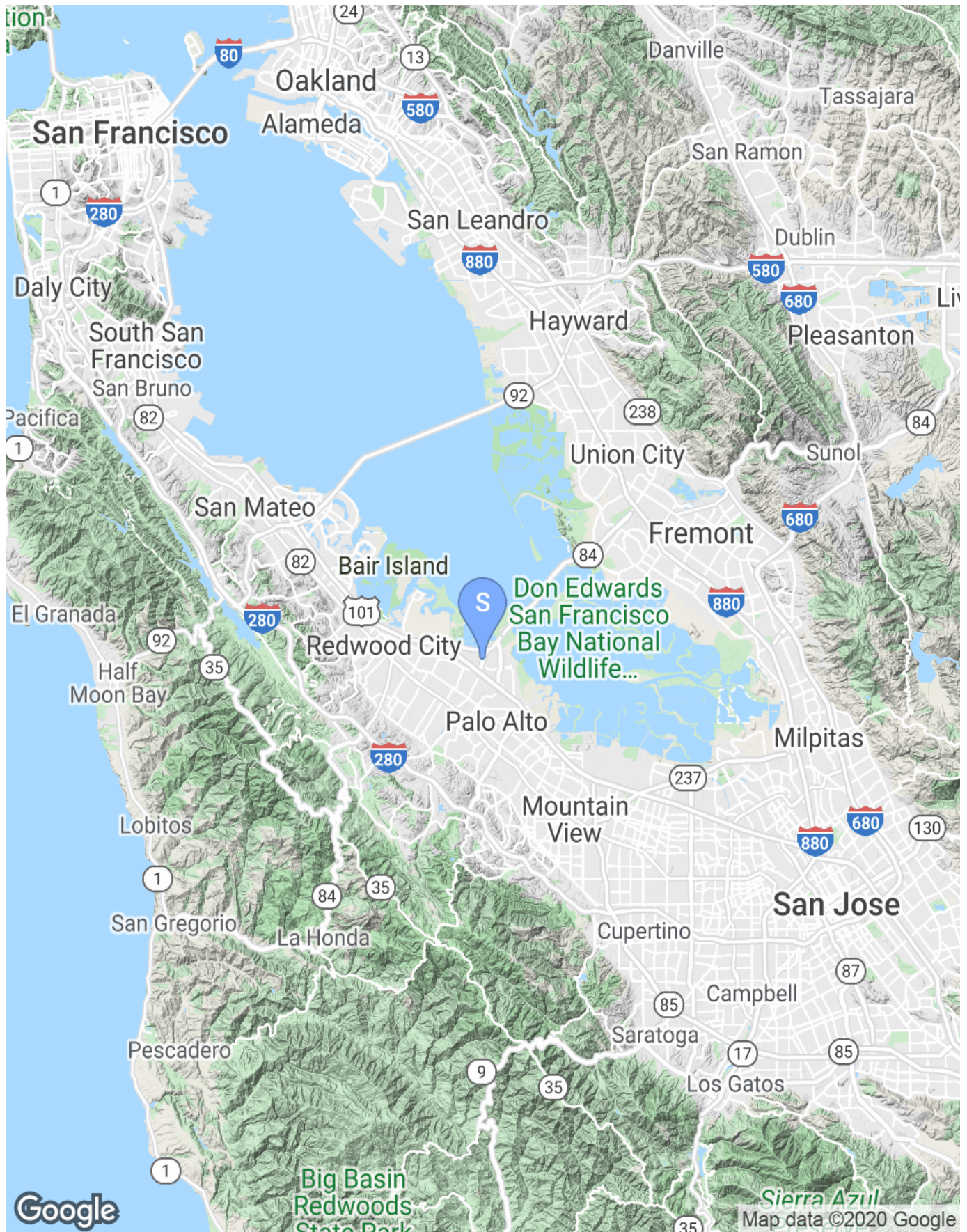
SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	San Mateo County Tax Assessor
Zoning Information	City of Menlo Park Zoning Code
Site Size Information	San Mateo County Tax Assessor
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Client

SUBJECT PROPERTY INSPECTION

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
David A. Williams, MAI	No	-	-
Alex Khasin, MAI	Yes	Site Only	December 10, 2020

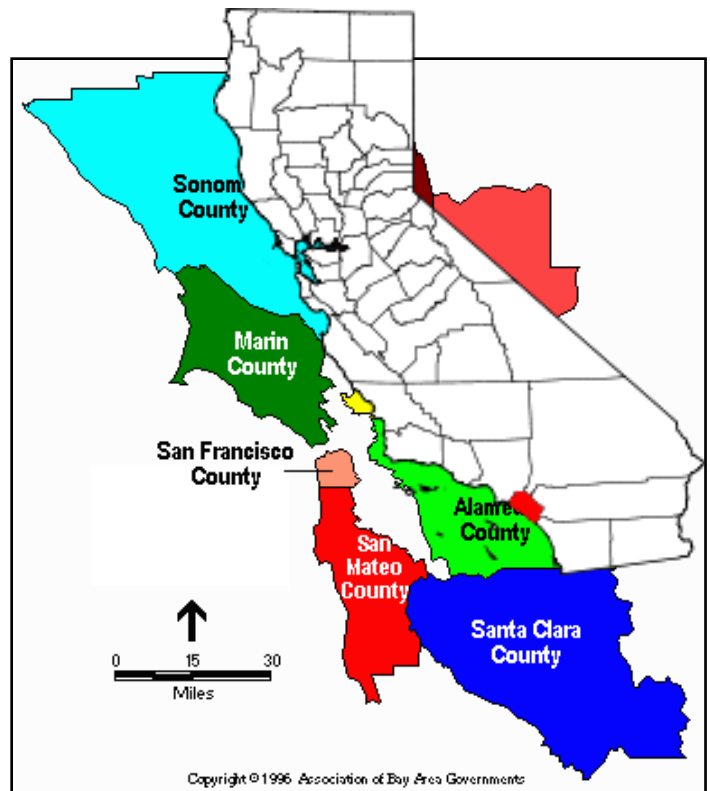


INTRODUCTION

The subject property is located in the City of Menlo Park, within San Mateo County. San Mateo County is located in the San Francisco-Oakland-Hayward CA Metropolitan Statistical Area (MSA). The San Francisco MSA is comprised of San Francisco, Alameda, Contra Costa, Marin, and San Mateo Counties. The MSA is bordered by five neighboring counties as well as the Pacific Ocean. This area encompasses more than 1,015 square miles of land area and miles of scenic coastline.

While San Francisco covers a relatively small land area of approximately 45 square miles, it is the geographic center of the nine-county Bay Area and the fourth largest metropolitan area in the United States. San Francisco is characterized by a moderate climate, vibrant economy and one of the highest standards of living in the United States.

San Francisco is the historical center of the region and the phenomenal growth over the past three decades has led to the emergence of several distinct geographic and economic sub-regions. The area north of San Francisco (Marin, Napa and Sonoma counties) is noted for its rural charm and numerous wineries, many of which have become world-renowned. San Mateo County lies south of San Francisco between San Francisco Bay and the Pacific Ocean. The eastern portion, bordering the Bay, is highly developed, but rugged mountains reaching westward to the ocean characterize central San Mateo County. Santa Clara County, located at the southern end of the Bay, has emerged as a dominant force within the Greater Bay Area and is known internationally as "Silicon Valley" due to its high concentration of semiconductor manufacturers and other high-technology employers. Alameda and Contra Costa Counties form the standard metropolitan statistical area which comprises the East Bay Area. The East Bay region known as the "Tri-Valley" area has become a technology hub and an area of major job growth. Northern Alameda County and Solano County comprise the Sacramento River Delta communities. While much of the area is agricultural, many communities are experiencing rapid expansion due to lower housing costs compared with more established areas closer to the population.



DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective

in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, the San Francisco-Oakland-Berkeley metropolitan area had a 2019 total population of 4,781,196 and experienced an annual growth rate of 1.1%, which was higher than the California annual growth rate of 0.8%. The metropolitan area accounted for 12.0% of the total California population (39,848,262). Within the metropolitan area the population density was 1,888 people per square mile compared to the lower California population density of 252 people per square mile and the lower United States population density of 92 people per square mile.

POPULATION			
YEAR	US	CA	CBSA
2010 Total Population	308,745,538	37,253,956	4,335,391
2019 Total Population	329,429,186	39,848,262	4,781,196
2024 Total Population	340,686,154	41,296,385	5,037,852
2010 - 2019 CAGR	0.7%	0.8%	1.1%
2019 - 2024 CAGR	0.7%	0.7%	1.1%

Source: Pitney Bowes/Gadberry Group - GroundView®

POPULATION DENSITY			
YEAR	US	CA	CBSA
2019 Per Square Mile	92	252	1,888
2024 Per Square Mile	95	261	1,990

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2019 median age for the metropolitan area was 39.07, which was 2.11% older than the United States median age of 38.25 for 2019. The median age in the metropolitan area is anticipated to grow by 0.32% annually, increasing the median age to 39.71 by 2024.

MEDIAN AGE			
YEAR	US	CA	CBSA
2019	38.25	36.83	39.07
2024	38.90	37.38	39.71
CAGR	0.34%	0.30%	0.32%

Source: Pitney Bowes/Gadberry Group - GroundView®

Education

The San Francisco Bay Area is home to one of the best educated workforces in the world. Of all major cities, San Francisco has the second-highest percentage of residents with a college degree, behind only Seattle. More than two-thirds of Bay Area residents have training beyond high school and above 43% have attained a four-year college degree or higher. In addition, 20% of City residents hold graduate degrees, topping the rankings of major cities in the United States. USA Today reported that Rob Pitingolo, a researcher who measured college graduates per square mile, found that San Francisco had the highest rate at 7,031 per square mile, or over 344,000 total graduates in the city's 46.7 square miles. More than 60 colleges and universities comprise the Bay Area's world-class educational and research facilities.

The National Research Council (NRC) rates the University of California, Berkeley (UC Berkeley) and Stanford University as two of the top-ranked graduate schools in the country. NRC also ranks programs in the biological and biomedical sciences at the University of California San Francisco (UCSF) among the nation's best. UC scientists have founded one in three biotechnology companies in California; with California serving as the home to two of the world's three largest Biotech Corporations (Amgen and Gilead Sciences).

Household Trends

The 2019 number of households in the metropolitan area was 1,693,639. The number of households in the metropolitan area is projected to grow by 0.4% annually, increasing the number of households to 1,730,806 by 2024. The 2019 average household size for the metropolitan area was 2.77, which was 6.71% larger than the United States average household size of 2.6 for 2019. The average household size in the metropolitan area is anticipated to grow by 0.64% annually, raising the average household size to 2.86 by 2024.

NUMBER OF HOUSEHOLDS			
YEAR	US	CA	CBSA
2019	123,740,541	13,087,024	1,693,639
2024	127,610,429	13,379,135	1,730,806
CAGR	0.6%	0.4%	0.4%

Source: Pitney Bowes/Gadberry Group - GroundView®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	CA	CBSA
2019	2.60	2.98	2.77
2024	2.61	3.02	2.86
CAGR	0.07%	0.29%	0.64%

Source: Pitney Bowes/Gadberry Group - GroundView®

The San Francisco-Oakland-Berkeley metropolitan area had 45.49% renter occupied units, compared to the lower 44.08% in California and the lower 34.87% in the United States.

HOUSING UNITS			
	US	CA	CBSA
Owner Occupied	65.13%	55.92%	54.51%
Renter Occupied	34.87%	44.08%	45.49%

Source: Pitney Bowes/Gadberry Group - GroundView®

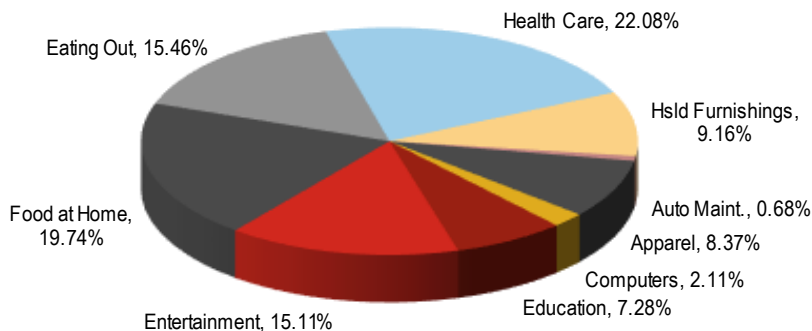
The 2019 median household income for the metropolitan area was \$97,950, which was 60.8% higher than the United States median household income of \$60,918. The median household income for the metropolitan area is projected to grow by 3.8% annually, increasing the median household income to \$117,790 by 2024.

As is often the case when the median household income levels are higher than the national average, the cost of living index is also higher. According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the San Francisco-Oakland-Hayward, CA MSA's cost of living is 193.8 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

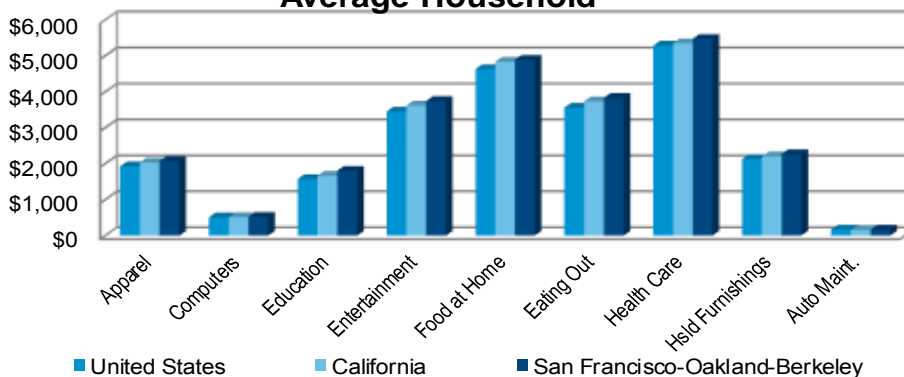
MEDIAN HOUSEHOLD INCOME			
YEAR	US	CA	CBSA
2019	\$60,918	\$71,343	\$97,950
2024	\$73,705	\$86,357	\$117,790
CAGR	3.9%	3.9%	3.8%

Source: Pitney Bowes/Gadberry Group - GroundView®

Consumer Spending San Francisco-Oakland-Berkeley



Consumer Spending Comparison Average Household



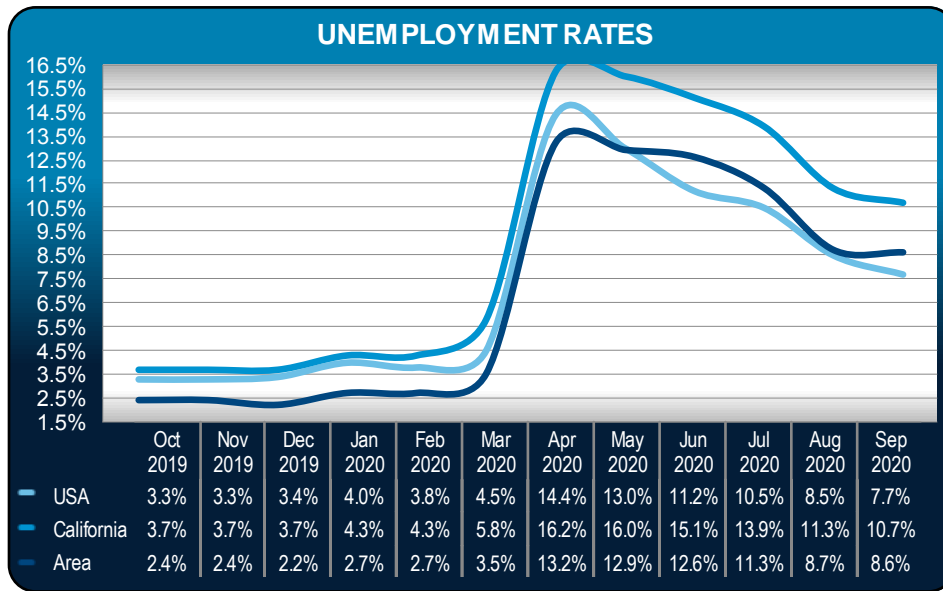
EMPLOYMENT

Total employment has increased annually over the past decade in the state of California by 1.6% and increased annually by 2.1% in the area. From 2018 to 2019 unemployment decreased in California by 0.3% and decreased by 0.2% in the area. In the state of California unemployment has decreased over the previous month by 0.6% and decreased by 0.1% in the area.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2010 - 2019

Year	TOTAL EMPLOYMENT				UNEMPLOYMENT RATE		
	California		San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area		United States*	California	San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area
	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2010	16,091,945	(0.6%)	2,090,453	2.4%	9.6%	12.2%	9.9%
2011	16,258,133	1.0%	2,131,880	2.0%	8.9%	11.7%	9.1%
2012	16,602,672	2.1%	2,205,839	3.5%	8.1%	10.4%	7.8%
2013	16,958,403	2.1%	2,257,853	2.4%	7.4%	8.9%	6.5%
2014	17,310,937	2.1%	2,314,754	2.5%	6.2%	7.5%	5.2%
2015	17,660,651	2.0%	2,372,189	2.5%	5.3%	6.2%	4.3%
2016	17,980,080	1.8%	2,424,730	2.2%	4.9%	5.5%	3.8%
2017	18,257,103	1.5%	2,462,061	1.5%	4.4%	4.8%	3.3%
2018	18,460,725	1.1%	2,490,787	1.2%	3.9%	4.3%	2.8%
2019	18,627,378	0.9%	2,522,015	1.3%	3.7%	4.0%	2.6%
CAGR	1.6%	-	2.1%	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



As seen, the COVID-19 pandemic has had a substantial impact on employment figures throughout the region, state and USA, mainly through the elimination of service jobs. Nevertheless, as shelter-in-place restrictions have eased, the unemployment rates for each area have been gradually decreasing.

TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
Kaiser Permanente	46,044	Healthcare
Sutter Health	25,435	Healthcare
Stanford University	14,727	Research University
Safeway Northern CA Division	14,274	Grocer
Wells Fargo & Co.	14,119	Financial Services
Facebook Inc.	14,000	Social Networking Website
United Airlines	13,000	Airline Carrier
Genentech	11,000	Biotechnology Company
Tesla Inc.	10,000	Electric Vehicle Manufacturer
PG&E Corp.	9,680	Utilities
Oracle Corp.	8,161	Cloud Applications
Salesforce	7,000	CRM
UPS	6,700	Trucking, Shipping, Logistics, Freight
Amazon	6,600	Ecommerce and Cloud Computing
John Muir Health	6,484	Healthcare
Stanford Health Care	6,250	Healthcare
Allied Universal	5,890	Security Systems
Starbucks Coffee Co.	5,692	Coffee
Uber Technologies Inc.	5,500	Ride-Sharing
Chevron Corp.	5,261	Energy, Chemicals, and Petroleum

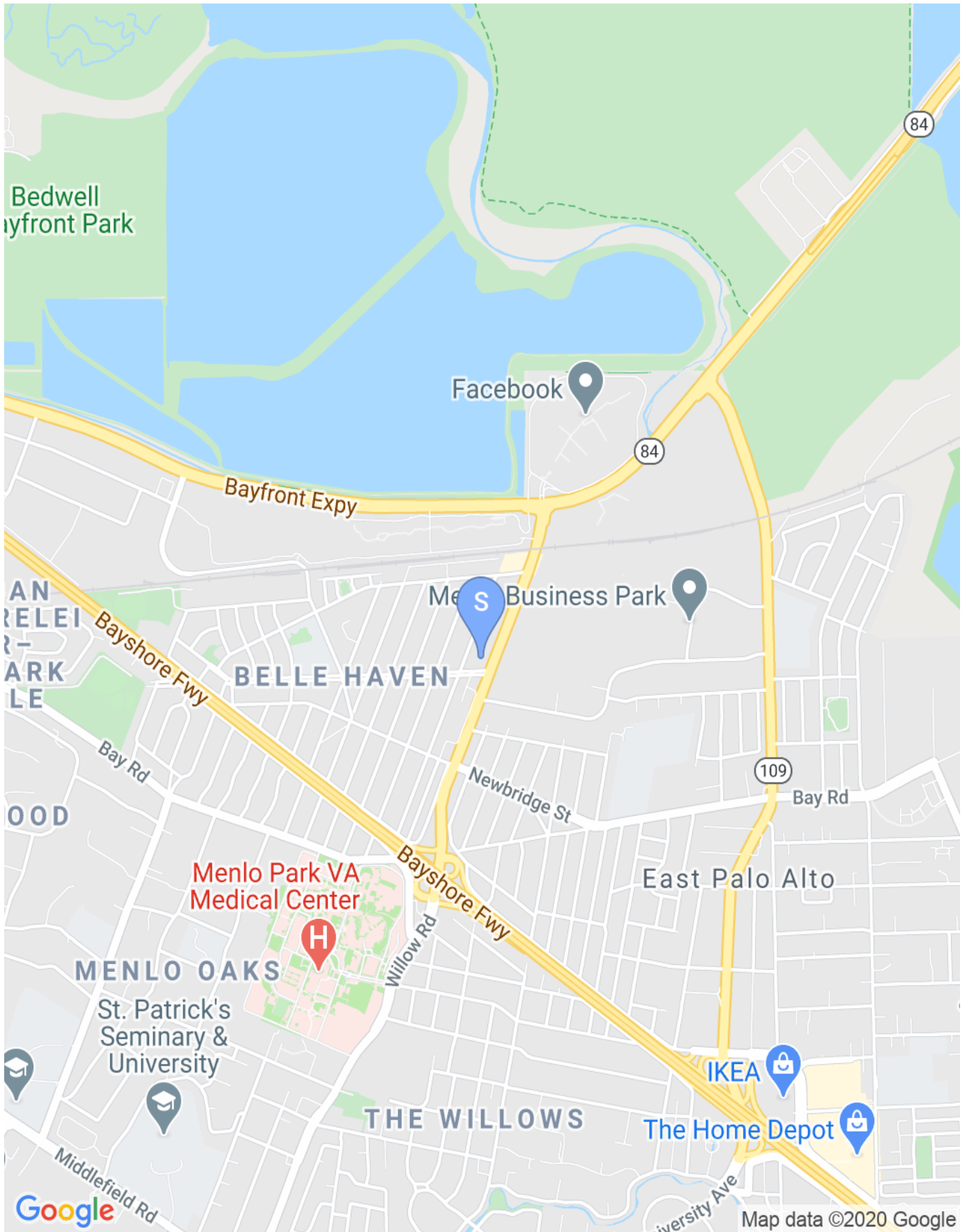
Source: San Francisco Business Times - 2019 Book of Lists

The preceding chart depicts the top employers in Northern California Bay Area. Principal employers are spread throughout diverse sectors, including mining/oil/gas extraction, professional/scientific/technical services, and education. Kaiser Permanente, a Healthcare corporation headquartered in Oakland is the largest employer in the Bay Area with 46,000 employees. The second largest employer is Sutter Health, a Healthcare company headquartered in Sacramento. The third largest employer is Stanford University located in Palo Alto with an endowment of \$22.0 billion, and an annual enrollment of approximately 7,000 students.

SUMMARY

In summary, the San Francisco-Oakland-Hayward, CA MSA has historically benefited from the synergy of Silicon Valley. The Silicon Valley region is a worldwide technology center and regional employment center. Desirable physical features and well-diversified economy contribute to attracting both businesses and residents. Traffic will be a continuing problem in the area; however, there are a few projects approved and underway, which are expected to help alleviate some congestion. Industry in the area is increasingly diversified. The San Francisco-Oakland-Hayward, CA MSA is a leader in technology and a regional employment center. Desirable physical features and a well-diversified economy continue to attract both businesses and residents.

Though COVID-19 has affected the region's employment – as with the rest of the country – the Bay Area's tech-based economy is considered to be resilient and is expected to return to more typical levels once the pandemic situation stabilizes.



INTRODUCTION

In this section of the report, we provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. A map of the local area is presented on the prior page. Below are insights into the local area based on fieldwork, interviews, demographic data and experience working in this market.

LOCAL AREA PROFILE

The subject property is located in Menlo Park, California, within San Mateo County. The city is bordered by San Francisco Bay to the north, Palo Alto to the east, Portola Valley to the south and Atherton/Redwood City to the west.

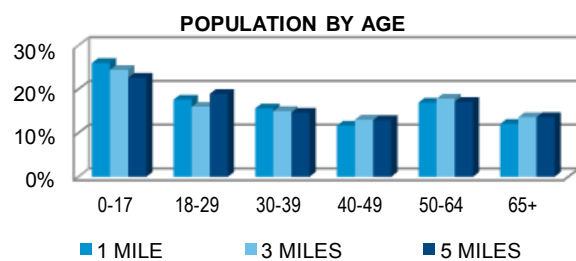
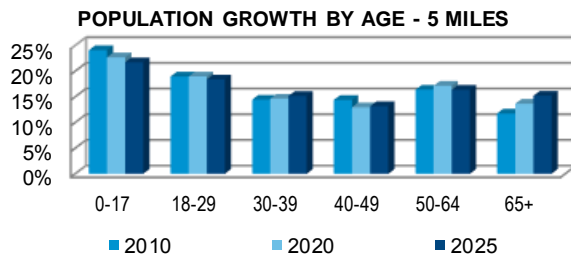
DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas.

A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2000 Population	23,557	95,604	211,249	2020	\$119,111	\$164,663	\$165,767
2010 Population	22,815	96,210	216,930	2025	\$132,741	\$182,993	\$185,518
2020 Population	24,231	104,599	236,960	Change 2020-2025	11.44%	11.13%	11.91%
2025 Population	25,084	108,459	246,382	MEDIAN HOUSEHOLD INCOME			
Change 2000-2010	(3.15%)	0.63%	2.69%	2020	\$75,024	\$117,281	\$117,679
Change 2010-2020	6.21%	8.72%	9.23%	2025	\$90,120	\$139,848	\$142,223
Change 2020-2025	3.52%	3.69%	3.98%	Change 2020-2025	20.12%	19.24%	20.86%
POPULATION 65+				PER CAPITA INCOME			
2010 Population	1,686	10,979	25,482	2020	\$28,873	\$53,712	\$57,942
2020 Population	2,927	14,254	32,318	2025	\$31,700	\$58,515	\$63,771
2025 Population	3,402	16,520	37,470	Change 2020-2025	9.79%	8.94%	10.06%
Change 2010-2020	73.61%	29.83%	26.83%	2020 HOUSEHOLDS BY INCOME			
Change 2020-2025	16.23%	15.90%	15.94%	<\$15,000	9.7%	7.6%	7.2%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	5.2%	4.1%	4.6%
2000 Households	5,473	32,379	74,302	\$25,000-\$34,999	6.1%	4.9%	4.9%
2010 Households	5,456	32,338	75,795	\$35,000-\$49,999	9.4%	6.9%	6.9%
2020 Households	5,702	33,485	79,394	\$50,000-\$74,999	19.6%	12.2%	11.5%
2025 Households	5,817	34,056	81,299	\$75,000-\$99,999	8.8%	7.8%	8.8%
Change 2000-2010	(0.31%)	(0.13%)	2.01%	\$100,000-\$149,999	16.6%	15.6%	14.7%
Change 2010-2020	4.51%	3.55%	4.75%	\$150,000-\$199,999	8.7%	10.2%	10.3%
Change 2020-2025	2.02%	1.71%	2.40%	\$200,000 or greater	16.0%	30.7%	31.1%
HOUSING UNITS (2020)				MEDIAN HOME VALUE			
Owner Occupied	3,114	17,473	38,989	\$865,185	\$1,562,599	\$1,626,102	
Renter Occupied	2,578	16,137	40,400	AVERAGE HOME VALUE			
HOUSING UNITS BY YEAR BUILT				\$1,157,965 \$1,785,221 \$1,822,091			
Built 2010 or later	103	1,115	3,860	HOUSING UNITS BY UNITS IN STRUCTURE			
Built 2000 to 2009	413	2,872	6,427	1, detached	4,303	19,714	41,613
Built 1990 to 1999	102	2,077	5,261	1, attached	116	1,663	4,982
Built 1980 to 1989	268	2,265	6,740	2	136	814	1,851
Built 1970 to 1979	487	3,570	8,962	3 or 4	149	1,711	3,644
Built 1960 to 1969	635	4,331	11,343	5 to 9	250	2,595	5,939
Built 1950 to 1959	2,270	8,639	20,533	10 to 19	172	1,872	5,426
Built 1940 to 1949	1,077	4,544	8,851	20 to 49	313	2,124	5,644
Built 1939 or earlier	348	4,071	7,415	50 or more	222	2,130	8,792
				Mobile home	0	861	1,350
				Boat, RV, van, etc.	32	124	147

Source: Pitney Bowes/Gadberry Group - GroundView®



Transportation Routes

Major traffic arteries are shown in the chart below:

MAJOR ROADWAYS & THOROUGHFARES			
HIGHWAY	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
US 101	east-west	Local Highway	This is within a mile of the subject property.
SURFACE STREETS	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
Willow Rd.	north-south	Primary Arterial	The subject property fronts this street.
Ivy Dr.	east-west	Primary Arterial	The subject property fronts this street.
Newbridge St.	east-west	Primary Arterial	This is within a quarter mile of the subject property.

Public Transportation is available along Willow Rd at Ivy Dr., adjacent to the subject.

Economic Factors

Much of Menlo Park's economy revolves around the companies on Sand Hill Road, consisting of venture capital, private equity, financial services, law firms, and other professional service companies and investment vehicles focusing on technology. Geron, Kattera, Robert Half International, Exponent, and SRI International are among the companies based in Menlo Park. Facebook moved its headquarters to the former campus of Sun Microsystems in Menlo Park in December 2011.

The following is a list of the city's largest employers, per the city's 2018 Comprehensive Annual Financial Report:

MAJOR EMPLOYERS	
COMPANY	NO. EMPLOYEES
Facebook	15,407
SRI International	1,418
Grail	350
E*Trade Financial Corporation	331
Intersect ENT	327
Pacific Biosciences	320
Safeway	300
SHR Hotel	292
City of Menlo Park	287
United Parcel Service	261

According to the city website, the following development projects are in process:

1. 133 Encinal Avenue

Hunter Properties has entitled a new 24-unit residential project on a former garden nursery site.

2. 506-556 Santa Cruz Ave./1125 Merrill St.

Approved redevelopment of three properties at the corner of Santa Cruz Avenue and Merrill Street with mixed-use buildings comprised of office, residential, and retail/restaurant uses.

3. 1020 Alma Street

New three-story office building on a site currently addressed 1010-1026 Alma Street

4. Facebook Campus Expansion

Proposed redevelopment of 300-309 Constitution Drive with two new office buildings and publicly-accessible open space.

5. Guild Theatre project

The Peninsula Arts Guild is proposing to renovate/expand the existing Guild Theatre into a performing arts facility.

6. Middle Plaza at 500 El Camino Real

Stanford University is proposing a new mixed-use residential/office/retail development on a multi-acre site currently addressed 300-550 El Camino Real.

7. Menlo Gateway

Access details about the Menlo Gateway project (Bohannon Hotel - Office).

8. Park James Hotel

Pollock Realty Corporation has developed a new 63-room boutique hotel

9. Station 1300

Redevelopment of a 6.4-acre site on El Camino Real and Oak Grove Avenue with approximately 220,000 square feet of commercial uses and 183 dwelling units.

Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The subject property is located in the Las Lomas Elementary School District. GreatSchools.org is an on-line tool that rates every school on a scale of one to ten based on test scores. They also track parents rating of the school on a one to five scale. The following chart details the ratings of schools nearest to the subject.

SCHOOL DISTRICTS							
SCHOOL DISTRICT	NUMBER OF SCHOOLS						
	ELEMENTARY	MIDDLE	HIGH	PUBLIC	CHARTER	TOTAL	
Las Lomas Elementary School District	2	1	0	2	0	2	

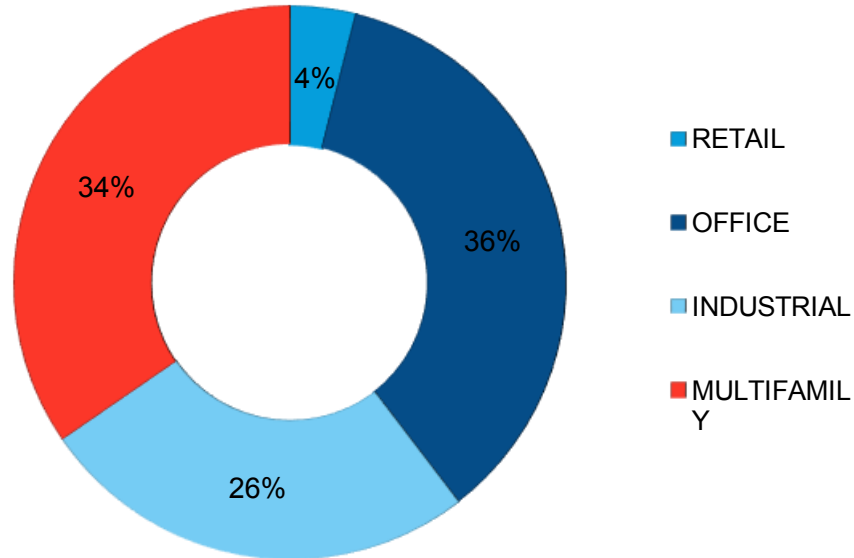
HIGH SCHOOLS							
HIGH SCHOOLS	GREATSCHOOLS RATING	PARENT RATING	SCHOOL TYPE	GRADES SERVED	DISTANCE FROM SBJ.	CITY LOCATION	TOTAL ENROLLMENT
Menlo-Atherton High School	8	4	public	9-12	1.59 miles	Atherton	2,498
Palo Alto High School	9	4	public	9-12	2.65 miles	Palo Alto	2,124
Palo Alto Adult Education	-	-	public	n/a	2.75 miles	Palo Alto	-
Sequoia District Adult Education	-	-	public	n/a	2.75 miles	Menlo Park	-
Packard Children's Hospital/Stanford	-	-	public	K-12	2.92 miles	Palo Alto	23
Sequoia High School	6	4	public	9-12	4.68 miles	Redwood City	2,067
Woodside High School	7	4	public	9-12	4.84 miles	Woodside	1,964
Redwood High School	-	5	public	9-12	5.18 miles	Redwood City	227
Henry M. Gunn High School	9	4	public	9-12	5.40 miles	Palo Alto	2,006
Los Altos High School	9	4	public	9-12	6.77 miles	Los Altos	2,227

Source: GreatSchools.org

Predominant Land Uses

Significant development in the immediate area consists of office, industrial and multifamily uses as shown in the following graph.

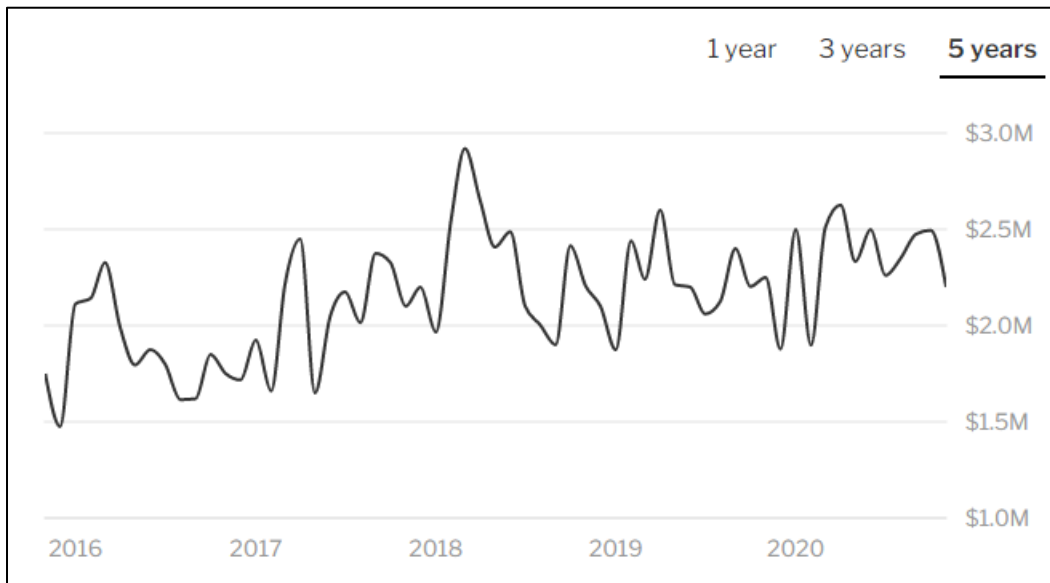
COMMERCIAL AREA COMPOSITION



©CoStar

Residential Development

Residential users in the immediate area are primarily single-family residential. The following data from Redfin shows price appreciation for single-family residences over the past five years:



The current median price for an SFR is \$2,200,000, down 2.2% year-over-year.

Multi-Family Development

The following chart shows a summary of multi-family data by type in the immediate area from CoStar.

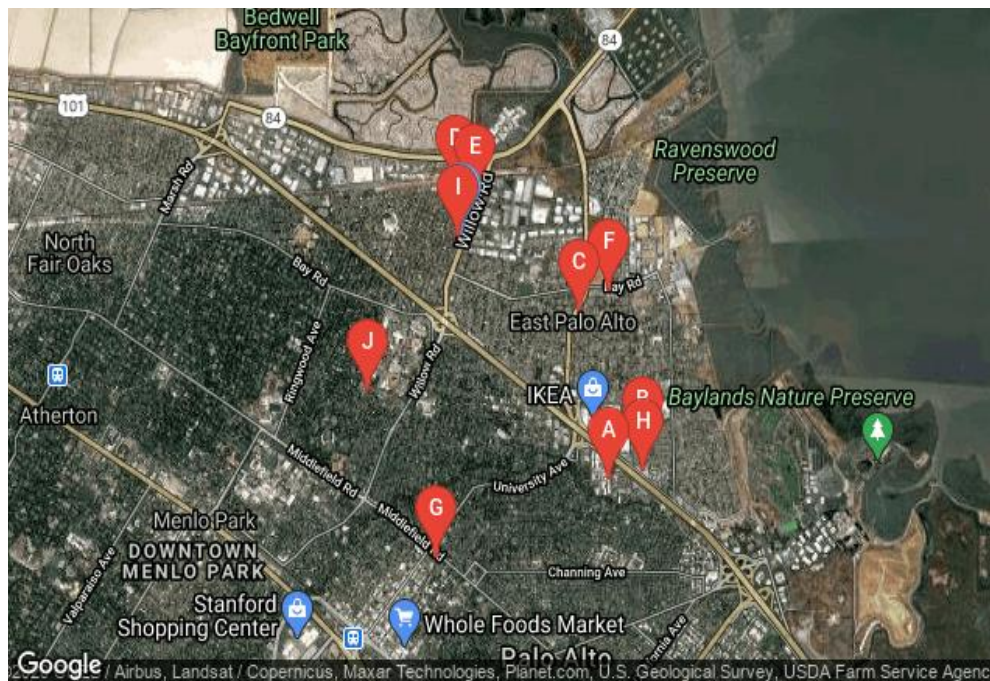
MULTIFAMILY SUMMARY			
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT
A	2	228,000	2017
B	17	916,361	1980
C	157	3,372,295	1956
TOTAL	176	4,516,656	1959

Source: CoStar

The largest three multi-family properties are at 45 Newell Road, 1969-1981 Tinsley Street and 2358 University Avenue with an NRA of 1,431,000 SF, 168,958 SF and 160,000 SF that were built in 1953, 2001 and 2017, respectively. The closest large multi-family property in proximity to the subject is at 1221 Willow Road with an NRA of 72,000 SF that was built in 2017. The majority of properties were constructed after 2000. The following chart and map show the subject property and its location relative to the 10 largest multi-family properties in the immediate area from CoStar.

LARGEST MULTIFAMILY PROPERTIES						
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	STORIES	YEAR BUILT
Woodland Park Apartments	1.6 Miles	A	C	1,431,000	3	1953
Peninsula Park Apartments	1.6 Miles	B	B	168,958	3	2001
Serenity Senior	0.8 Miles	C	B	160,000	4	2017
777 Hamilton	0.3 Miles	D	A	156,000	3	2017
The Gateway Garden Apartments	0.2 Miles	E	C	150,704	2	1987
Courtyard at Bay Road	0.9 Miles	F	B	148,924	4	2006
The Hamilton	1.8 Miles	G	B	134,772	4	1997
Light Tree	1.7 Miles	H	C	73,049	3	1966
Sequoia Belle Haven	0.0 Miles	I	A	72,000	3	2017
Garden Oaks Apartments	1.0 Miles	J	C	69,375	2	1963

Source: CoStar



Retail Development

The following chart shows a summary of retail data by type in the immediate area from CoStar.

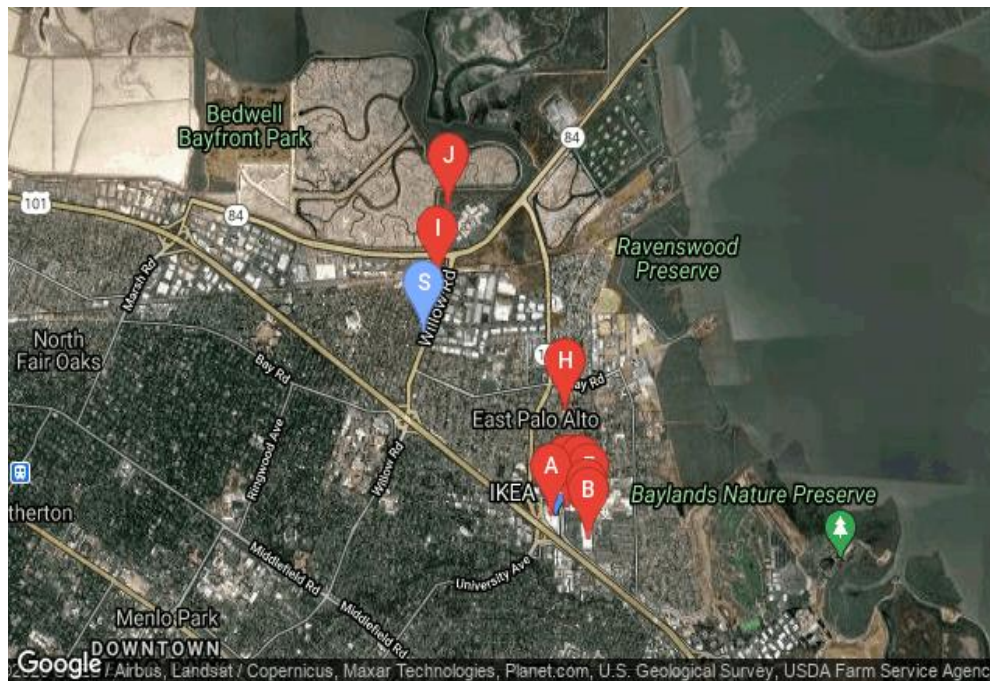
RETAIL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
General Retail	64	510,645	1972	98.3	-
TOTAL	64	510,645	1972	98.3	\$0.00

Source: CoStar

The largest three retail properties are at 1700 East Bayshore Road, 1781 East Bayshore Road and 1771-1775 East Bayshore Road with an NRA of 242,000 SF, 105,700 SF and 92,110 SF. The closest large retail property in proximity to the subject is at 871-883 Hamilton Avenue with an NRA of 11,840 SF. The majority of properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest retail properties in the immediate area from CoStar.

LARGEST SHOPPING CENTERS							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
IKEA	1.3 Miles	A	General Retail	242,000	100.0	-	N/Av
Gateway 101 Shopping Center	1.5 Miles	B	Power Center	105,700	100.0	1999	N/Av
Gateway 101 Shopping Center	1.5 Miles	C	Power Center	92,110	100.0	2000	N/Av
Gateway 101 Shopping Center	1.3 Miles	D	Power Center	46,944	100.0	1999	N/Av
Gateway 101 Shopping Center	1.4 Miles	E	Power Center	30,978	100.0	1999	N/Av
Cummings Park	1.4 Miles	F	General Retail	29,876	87.7	2007	N/Av
Gateway 101 Shopping Center	1.3 Miles	G	Power Center	28,630	100.0	1999	N/Av
Retail Building	1.0 Miles	H	General Retail	24,579	100.0	-	N/Av
Belle Haven Retail Center	0.3 Miles	I	Strip Center	11,840	100.0	-	N/Av
Facebook @ Menlo Park	0.7 Miles	J	General Retail	11,799	100.0	1997	N/Av

Source: CoStar



Office Development

The following chart shows a summary of office data by class in the immediate area from CoStar.

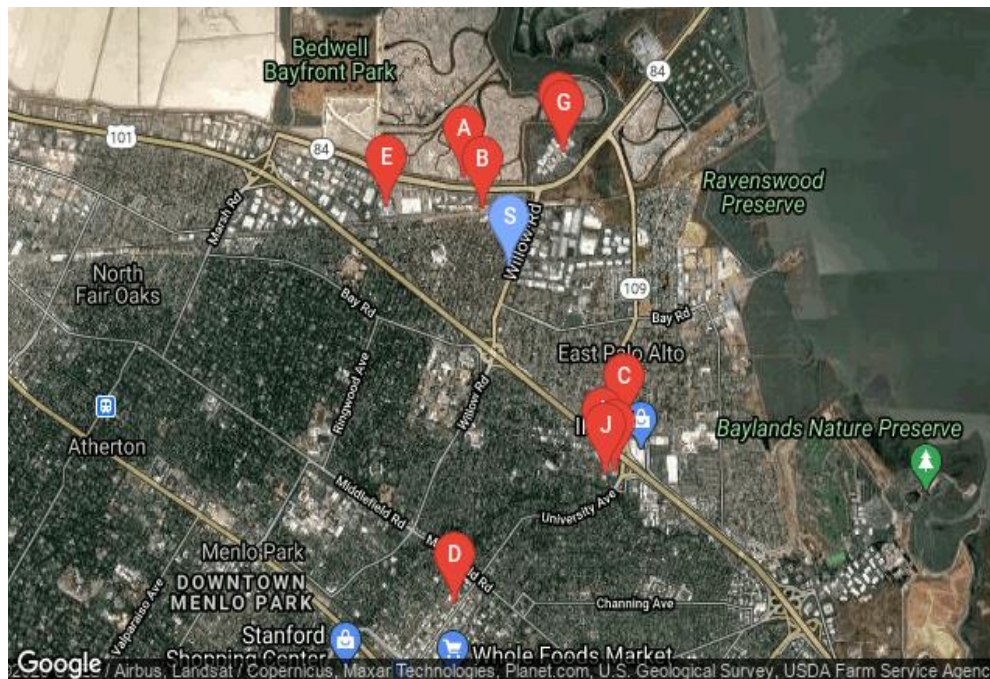
OFFICE SUMMARY					
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
A	8	2,005,738	2005	96.0	\$98.86
B	54	2,268,301	1977	90.3	\$80.56
C	56	383,560	1951	98.4	\$63.20
TOTAL	118	4,657,599	1966	94.5	\$73.56

Source: CoStar

The largest three office properties are at 300-309 Constitution Drive, 1 Facebook Way and 2100 University Avenue with an NRA of 512,900 SF, 435,000 SF and 214,052 SF that were built in 2018, 2015 and 2016, respectively. The closest large office property in proximity to the subject is at 1 Facebook Way. The majority of properties were constructed after 2000. The following chart and map show the subject property and its location relative to the 10 largest office properties in the immediate area from CoStar.

LARGEST OFFICE BUILDINGS							
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Facebook @ Menlo Park	0.6 Miles	A	A	512,900	100.0	2018	N/Av
Facebook @ Menlo Park	0.4 Miles	B	A	435,000	100.0	2015	N/Av
University Square	1.1 Miles	C	A	214,052	100.0	2016	N/Av
Palo Alto Office Center	1.9 Miles	D	A	211,786	98.4	1966	\$138.40
Facebook @ Menlo Park	0.8 Miles	E	A	180,000	100.0	2016	N/Av
Facebook @ Menlo Park	0.7 Miles	F	B	174,128	100.0	1995	N/Av
Facebook @ Menlo Park	0.7 Miles	G	B	174,128	100.0	1995	N/Av
University Circle	1.3 Miles	H	A	165,000	76.4	2002	\$93.00
University Circle	1.2 Miles	I	A	144,000	94.1	2002	\$71.05
University Circle	1.3 Miles	J	A	143,000	99.3	2001	\$93.00

Source: CoStar



Industrial Development

The following chart shows a summary of industrial data by type in the immediate area from CoStar.

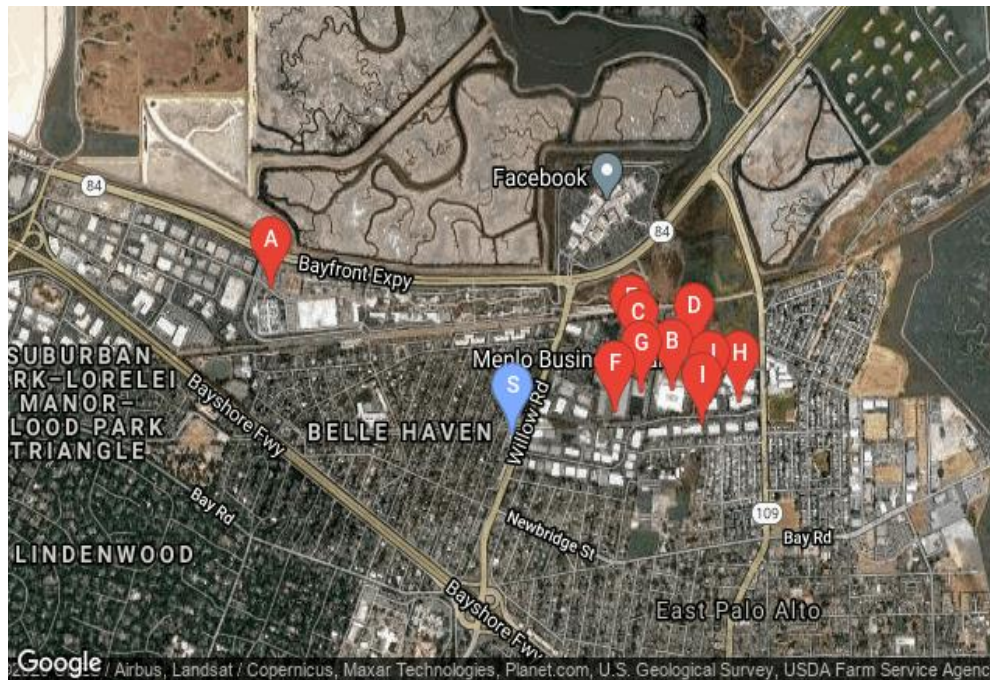
INDUSTRIAL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
Industrial	68	1,589,514	1970	97.8	\$31.20
Flex	35	1,784,390	1983	96.1	\$51.66
TOTAL	103	3,373,904	1975	97.2	\$38.15

Source: CoStar

The largest three industrial properties are at 304-306 Constitution Drive, 1315 Obrien Drive and 1205-1275 Hamilton Court with an NRA of 440,013 SF, 190,389 SF and 180,000 SF, respectively. The closest large industrial property in proximity to the subject is at 1100-1190 Hamilton Court with an NRA of 110,000 SF that was built in 1981. All of the properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest industrial properties in the immediate area from CoStar.

LARGEST INDUSTRIAL PROPERTIES							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
TE Connectivity	0.8 Miles	A	Flex	440,013	100.0	-	N/Av
Menlo Business Park	0.5 Miles	B	Flex	190,389	100.0	1985	N/Av
Menlo Science & Technology Park	0.4 Miles	C	Industrial	180,000	100.0	1979	N/Av
Menlo Business Park	0.6 Miles	D	Flex	152,000	100.0	1985	N/Av
Menlo Science & Technology Park	0.4 Miles	E	Industrial	120,159	100.0	1980	N/Av
Menlo Science & Technology Park	0.3 Miles	F	Industrial	110,000	100.0	1981	N/Av
Menlo Science & Technology Park	0.4 Miles	G	Industrial	108,836	100.0	1979	N/Av
Menlo Business Park	0.7 Miles	H	Flex	74,073	100.0	1989	N/Av
Menlo Business Park	0.6 Miles	I	Flex	66,000	100.0	1985	N/Av
Menlo Business Park	0.6 Miles	J	Flex	59,219	100.0	1985	N/Av

Source: CoStar



IMMEDIATE AREA PROFILE

This section discusses uses and development trends in the immediate area that directly impact the performance and appeal of the subject property.

Predominant Land Uses

Significant development in the immediate area consists of retail, industrial, mixed-use and auto dealership uses along major arterials that are interspersed with multi-family complexes and single-family residential development removed from arterials.

SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The uses adjacent to the property are noted below:

- › **North** - Multifamily Development
- › **South** - Convenience Store
- › **East** - Willow Rd., Followed By Commercial
- › **West** - Single-Family Residential

Access

The subject is accessible via a 20-foot-wide alley extending north from Ivy Dr. It does not have direct access onto Willow Rd.

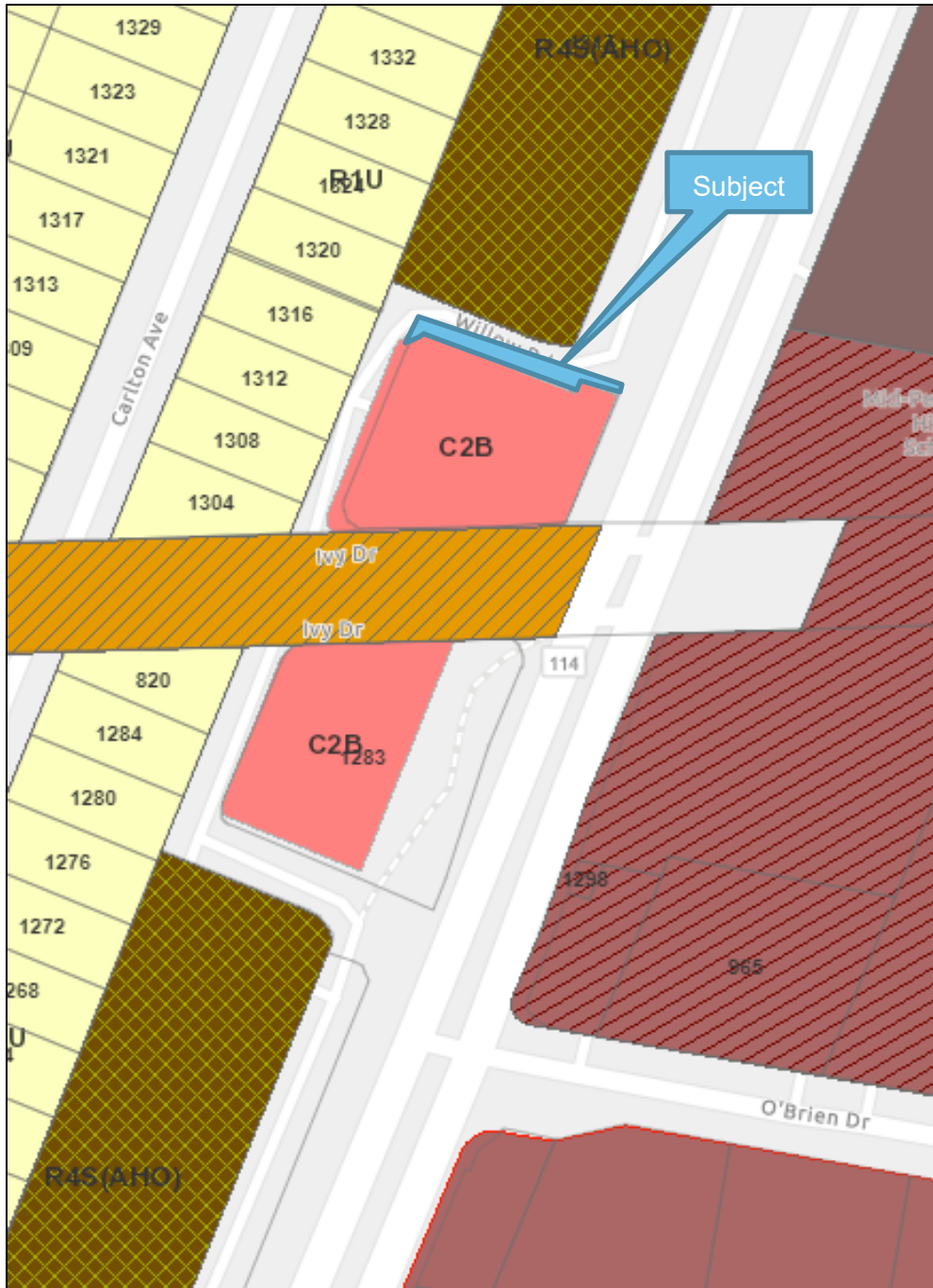
Visibility

The subject is a relatively visible connector street in both directions along the street.

SUMMARY

Menlo Park has a high-income demographic that is largely associated with the tech firms of Silicon Valley. Home prices have declined slightly over the past year, due to slowed demand for the high price-point. The city is home to Facebook and other tech firms and is well-situated within Silicon Valley. Overall, the local area outlook is positive for the next two to three years.

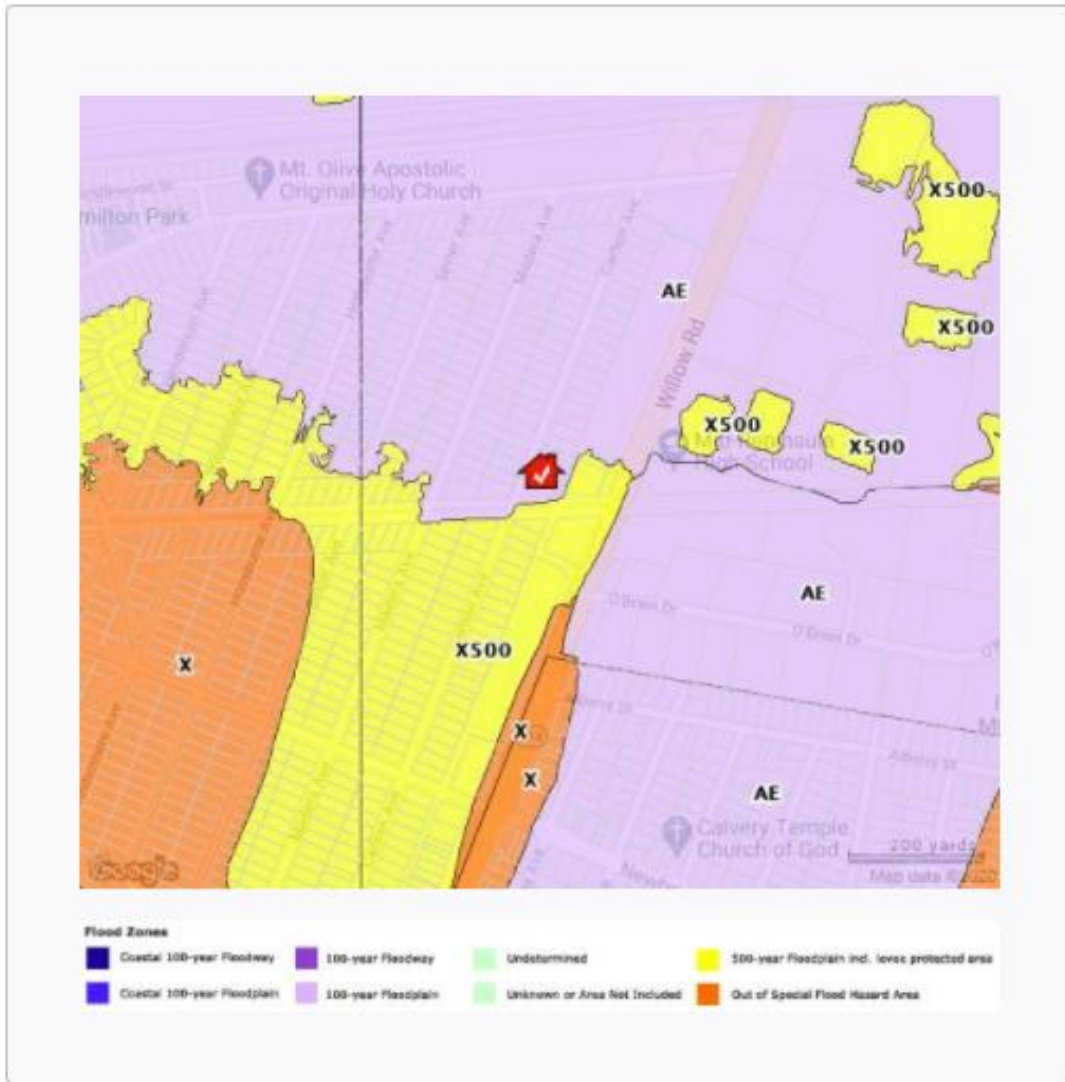
ZONING MAP



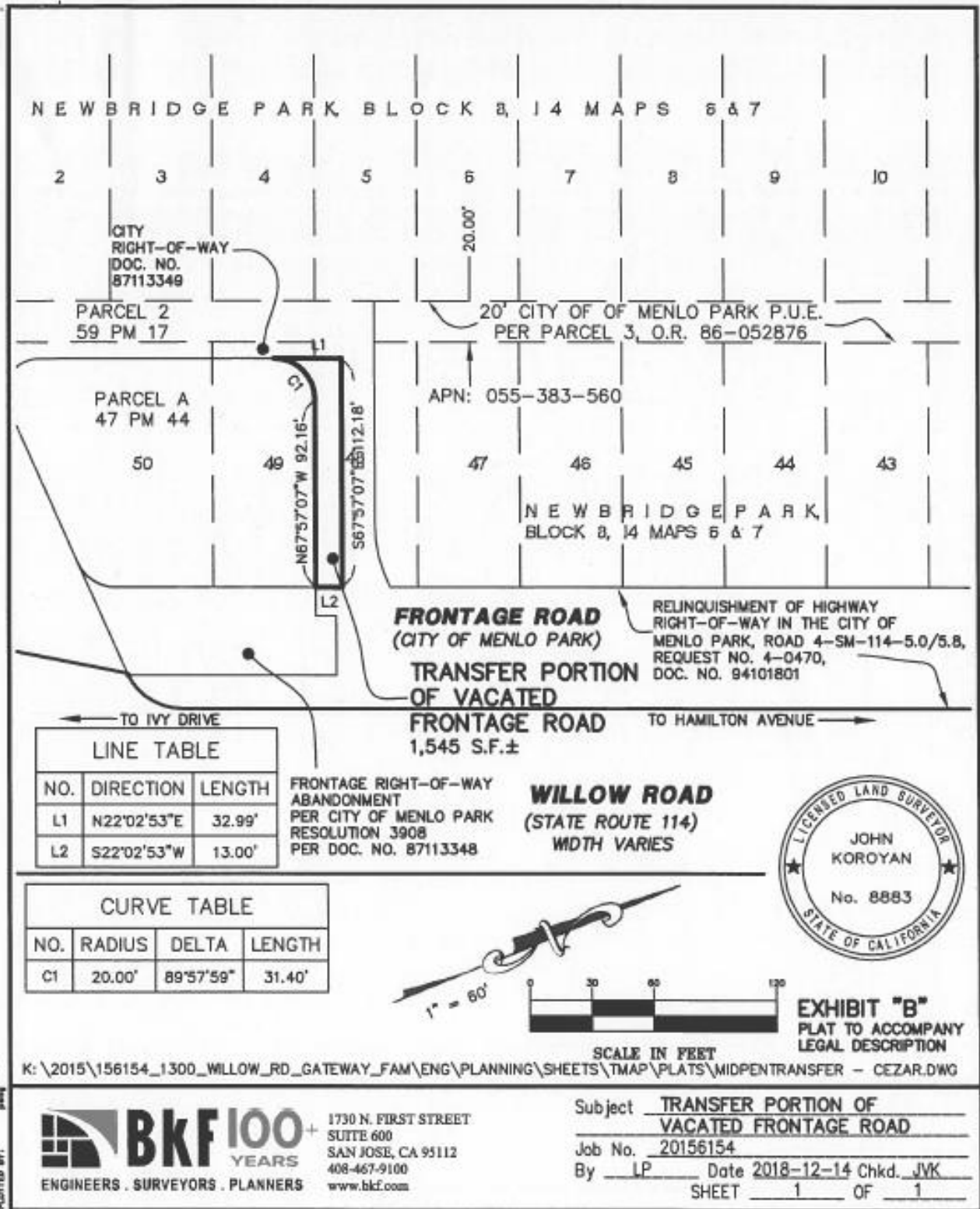
FLOOD MAP

Flood Zone Code	Flood Zone Panel	Panel Date
AE	060321 - 06081C0307F	04/05/2019
Special Flood Hazard Area (SFHA) Within 250 ft. of multiple flood zones?		Community Name
In	Yes (X500,AE)	MENLO PARK

Flood Zone Description:
 Zone AE-An area inundated by 100-year flooding



SUBJECT PLAT MAP



General Description	The subject site consists of 1 parcel. Per the plat map provided by the client, the subject site has 1,544 SF (0.04 AC) of land area. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. The following discussion summarizes the subject site size and characteristics.	
Assessor Parcel	APN based on hypothetical parcel encompassing the part to be valued	
Number Of Parcels	1	
Land Area	Acres	Square Feet
Primary Parcel	0.04	1,544
Unusable Land	0.00	0
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>
Total Land Area	0.04	1,544
Shape	Irregular - See Plat Map For Exact Shape	
Topography	Level at street grade	
Drainage	Assumed Adequate	
Utilities	All available to the site	
Accessibility	Average - The subject has limited access as it is part of a small frontage road with no immediate access to Willow Rd.	
Exposure	Average - The subject has minimal exposure along a lightly-traveled frontage road.	
Seismic	Highest Risk, which is typical of all Bay Area properties.	
Flood Zone	Zone AE. This is referenced by Community Number 060321, Panel Number 06081C0307F, dated April 05, 2019. Zone AE is a Special Flood Hazard Area (SFHA) where base flood elevations are provided. AE Zones are now used on new format Flood Insurance Rate Maps (FIRM) instead of A1-A30 Zones. In communities that participate in the National Flood Insurance Program (NFIP), mandatory flood insurance purchase requirements apply to this zone.	
Easements	There may be utilities below the frontage road. A preliminary title report was not available for review. This appraisal assumes that there is no negative value impact on the subject, given its negligible utility for development as a stand-alone parcel. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.	
Soils	A soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.	
Hazardous Waste	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is	

strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

Improvements

The subject is a paved portion of a two-lane road with curbs and gutters and is in average condition.

Site Rating

Overall, the subject site is considered a good land site in terms of its proximity to the adjacent convenience store market.

ASSESSMENT AND TAXATION

Assessment of real property is established by an assessor that is an appointed or elected official charged with determining the value of each property. The assessment is used to determine the necessary rate of taxation required to support the municipal budget. A property tax is a levy on the value of property that the owner is required to pay to the municipality in which it is situated. Multiple jurisdictions may tax the same property.

The subject property is located within San Mateo County. It is a portion of city-owned thoroughfare. There is no assessed value and there are no property taxes.

INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site. The zoning characteristics for the parcels adjacent to the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Menlo Park Planning & Zoning Department
Current Zoning	Neighborhood Mixed-Use District - Restrictive (C2B)
Permitted Uses	Retail service, personal services, cafes and restaurants, excluding (A) fast food restaurants, (B) drive-in restaurants, (C) restaurants serving beer, wine or alcoholic beverages, and (D) restaurants providing live music or entertainment, and multiple dwingles per Ord. 1027 § 3 (part), 2016: Ord. 936 § 3 (part), 2005: Ord. 766 § 3 (part), 1988

ZONING REQUIREMENTS	
Minimum Site Area (SF)	None
Minimum Yard Setbacks	
Front (Feet)	10
Rear (Feet)	10 (20 when abutting a residential district)
Side (Feet)	0
Minimum Density (Units/Acre)	30 : 1
Maximum Building Height	30 Feet
Maximum Floor Area Ratio (FAR)	0.4-.0.5 : 1 (commercial only) and up to 0.9 for mixed use
Maximum Density (Units/Acre)	30 : 1
Parking Requirement	
Spaces Per 1,000 SF	1.5 to 3.3, depending upon (commercial) use
Spaces Per Unit	1.0 to 1.5

Source: City of Menlo Park Planning & Zoning Department

ZONING CONCLUSIONS

As the subject property is a portion of city-owned thoroughfare, there is no zoning code. In the Across-The-Fence methodology (ATF), we consider the effect on value by using the zoning designation of the adjacent parcel in the valuation analysis which, in this case, is the C2B-zoned vacant lot.

INTRODUCTION

As concluded ahead, the highest and best use of the subject site as-vacant is development of a residential over commercial mixed use project over the next two to three years. Therefore, this section provides a brief study of Apartment/Multi-Family supply/demand conditions for the Bay Area Metro Market and the South San Mateo County Submarket. These findings are used to support our conclusions for the competitive position, and exposure period of the subject site.

- › Bay Area Apartment Market
- › South San Mateo County Submarket
- › Transaction Trends
- › Subject Property Analysis

BAY AREA METRO APARTMENT MARKET ANALYSIS

The following is an analysis of supply/demand trends in the Bay Area Market using information provided by MPF Research, widely recognized as a market leader in Apartment data and statistics.

Current Market Snapshot

The table below presents a current quarter snapshot of key indicators for the MPF.Market.User Metro Market.

BAY AREA MARKET AT A GLANCE								2020 Q3	
	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES ¹
INVENTORY	245,985	92.8%	-3,509	936	354	582	0.2%	6,635	4,138
CATEGORY	BY VINTAGE					BY STYLE			
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL
Occupancy	91.6%	92.4%	93.4%	94.9%	93.2%	95.3%	92.5%	90.2%	92.8%
Quarterly Occ. Δ	-2.3%	-0.9%	-1.2%	-0.7%	-1.6%	-0.5%	-1.6%	-3.1%	-1.7%
Annual Occ. Δ	-4.8%	-3.7%	-3.2%	-2.2%	-3.0%	-1.5%	-3.2%	-6.6%	-3.7%
Rent (\$/mo.)	\$3,410	\$2,896	\$2,887	\$2,706	\$2,791	\$2,834	\$3,113	\$3,232	\$3,051
Rent (\$/sf)	\$4.19	\$3.47	\$3.81	\$3.42	\$3.52	\$3.40	\$3.77	\$4.40	\$3.82
Annual Revenue Δ ²	-19.0%	-18.5%	-16.9%	-10.1%	-12.7%	-11.1%	-14.7%	-22.4%	-16.1%
% Offering Concessions	37.1%	50.6%	43.9%	35.7%	15.7%	40.2%	30.1%	29.5%	33.5%
Avg. Concession	7.7%	5.9%	7.8%	4.4%	5.9%	5.6%	7.1%	8.2%	6.8%
Qtr. Same-Property Rent Δ	-9.4%	-7.4%	-8.0%	-3.5%	-6.5%	-5.6%	-8.0%	-9.4%	-7.7%
Ann. Same-Property Rent Δ	-14.2%	-14.8%	-13.7%	-7.9%	-9.7%	-9.6%	-11.5%	-15.8%	-12.4%

Source: MPF Research¹ Delivering within next four quarters. ² Annual Revenue Change = Annual Occ. Change + Annual Rent Change

Occupancy

As presented, the Bay Area market maintains a current inventory of 245,985 units, up approximately 0.20% (582 units) from the previous quarter. The current market-wide occupancy rate of 92.8% is indicated through a range extending from 90.2% to 95.3% across all property styles and vintages. When compared to the previous quarter, the market-wide average occupancy rate has decreased 1.7%. On a current-quarter annualized basis, occupancy rates have decreased 3.7%.

Rental Rates / Revenue

On a per unit basis, rental rates by vintage range from a low of \$2,706 per month to a high of \$3,410 per month. When analyzed on the basis of style, rental rates range from \$2,834 (low-rise) to \$3,232 (high-rise). In total, the market-wide inventory-weighted average rental rate is \$3,051 per unit per month. On a per square foot basis, rental rates range from a low of \$3.42 to a high of \$4.19 when analyzing property vintage and \$3.40 to \$4.40 when analyzed by property style. In aggregate, the market-wide average rental rate is \$3.82 per square foot. Annual revenue change, defined as annual occupancy change plus annual rent change represents a decrease of -16.1% versus the previous same-quarter annual period.

Concessions

Analyzed by vintage, the percentage of properties currently offering concessions range from 15.7% (pre-1970s) to 50.6% (1990s). When singularly analyzing property style, this range shifts to a low of 29.5% (high-rise) to a high of 40.2% (low-rise). An aggregate, market-wide average of 33.5% is indicated.

The average concession given ranges from 4.4% to 7.8% (vintage) and 5.6% to 8.2% (style) of potential gross income. An inventory-weighted average across all vintages and styles of 6.8% of potential gross income is indicated.

Trailing Metro Performance

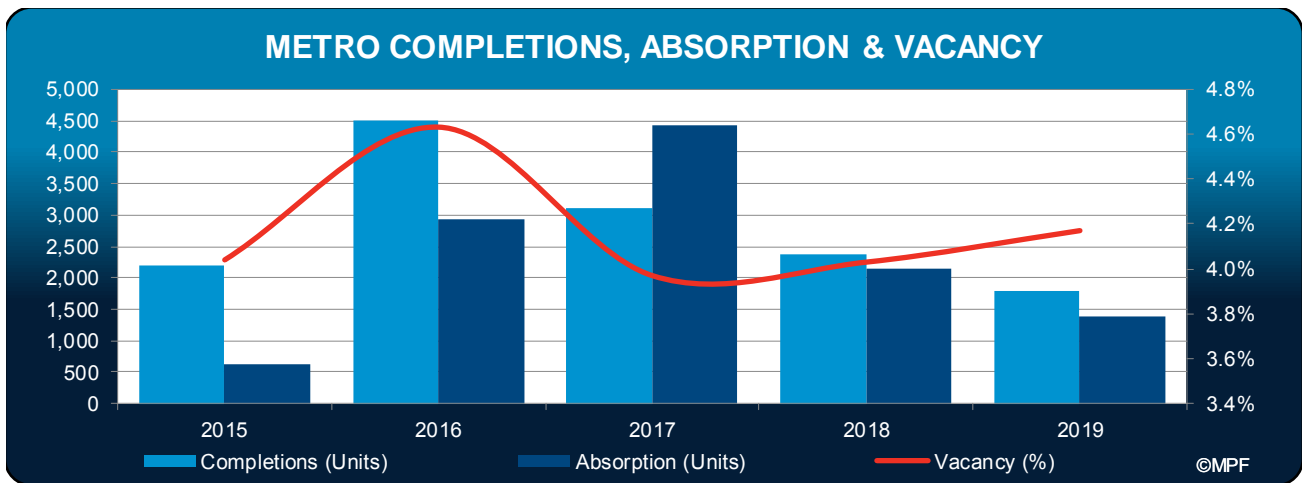
Key supply/demand, occupancy, rental rate, and concession statistics for available trailing annual and quarterly periods are summarized below.

Historical Supply/Demand

The following table highlights the trailing annual and quarterly supply, construction, and absorption metrics.

HISTORICAL SUPPLY/DEMAND ANALYSIS						BAY AREA MARKET			
PERIOD	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES ¹
2015	233,085	96.0%	619	2,207	0	2,207	1.0%	10,031	4,503
2016	237,591	95.4%	2,940	4,506	0	4,506	1.9%	6,759	3,110
2017	240,581	96.0%	4,419	3,110	120	2,990	1.3%	6,499	2,371
2018	242,952	96.0%	2,147	2,371	0	2,371	1.0%	5,648	1,801
2019	244,753	95.8%	1,376	1,801	0	1,801	0.7%	7,155	2,641
2019 Q4	244,753	95.8%	-1,046	397	0	397	0.2%	7,155	2,641
2020 Q1	244,773	96.0%	405	362	342	20	0.0%	7,617	3,113
2020 Q2	245,403	94.4%	-3,271	630	0	630	0.3%	7,571	3,843
2020 Q3	245,985	92.8%	-3,509	936	354	582	0.2%	6,635	4,138

Source: MPF Research® ¹ Delivering within next four quarters.



As depicted through the data above, inventory growth has slowed over the past two years to +/- 4.0% annually versus historical growth rates around 4.2%. This is still a robust growth rate.

Metro Occupancy, Rental Rate, and Concession Trends

OCCUPANCY						BAY AREA METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2015	95.6%	94.4%	96.1%	96.6%	96.3%	96.7%	94.8%	96.0%	96.0%
2016	94.9%	93.8%	95.8%	96.2%	95.7%	95.9%	95.0%	95.1%	95.4%
2017	95.4%	95.1%	95.2%	97.1%	97.1%	96.7%	95.7%	95.6%	96.0%
2018	96.1%	95.4%	96.6%	96.2%	95.4%	96.4%	95.2%	96.4%	96.0%
2019	95.6%	95.8%	96.4%	97.0%	95.2%	96.4%	95.2%	95.8%	95.8%
2019 Q4	95.6%	95.8%	96.4%	97.0%	95.2%	96.4%	95.2%	95.8%	95.8%
2020 Q1	95.9%	95.1%	96.8%	96.8%	95.3%	96.7%	95.3%	95.9%	96.0%
2020 Q2	93.8%	93.3%	94.6%	95.6%	94.8%	95.7%	94.2%	93.2%	94.4%
2020 Q3	91.6%	92.4%	93.4%	94.9%	93.2%	95.3%	92.5%	90.2%	92.8%

Source: MPF Research®

EFFECTIVE RENT (\$/UNIT)						BAY AREA METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2015	\$3,602	\$3,169	\$3,088	\$2,581	\$2,798	\$2,706	\$3,034	\$3,539	\$3,059
2016	\$3,532	\$3,016	\$3,063	\$2,504	\$2,938	\$2,714	\$3,211	\$3,412	\$3,085
2017	\$3,629	\$3,184	\$3,085	\$2,572	\$2,981	\$2,772	\$3,368	\$3,526	\$3,202
2018	\$3,792	\$3,379	\$3,232	\$2,806	\$2,948	\$2,916	\$3,406	\$3,658	\$3,317
2019	\$3,866	\$3,267	\$3,234	\$2,846	\$3,005	\$2,978	\$3,488	\$3,716	\$3,390
2019 Q4	\$3,866	\$3,267	\$3,234	\$2,846	\$3,005	\$2,978	\$3,488	\$3,716	\$3,390
2020 Q1	\$3,878	\$3,336	\$3,238	\$2,981	\$3,015	\$3,073	\$3,473	\$3,728	\$3,421
2020 Q2	\$3,754	\$3,128	\$3,108	\$2,805	\$2,942	\$2,977	\$3,387	\$3,537	\$3,292
2020 Q3	\$3,410	\$2,896	\$2,887	\$2,706	\$2,791	\$2,834	\$3,113	\$3,232	\$3,051

Source: MPF Research®

EFFECTIVE RENT (\$/SF)						BAY AREA METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2015	\$4.41	\$3.80	\$4.07	\$3.27	\$3.45	\$3.26	\$3.66	\$4.77	\$3.81
2016	\$4.35	\$3.61	\$4.06	\$3.24	\$3.61	\$3.30	\$3.82	\$4.59	\$3.87
2017	\$4.51	\$3.41	\$4.07	\$3.40	\$3.64	\$3.34	\$4.02	\$4.79	\$4.02
2018	\$4.77	\$3.58	\$4.30	\$3.50	\$3.69	\$3.49	\$4.15	\$4.98	\$4.16
2019	\$4.83	\$3.92	\$4.29	\$3.59	\$3.78	\$3.58	\$4.22	\$5.15	\$4.27
2019 Q4	\$4.83	\$3.92	\$4.29	\$3.59	\$3.78	\$3.58	\$4.22	\$5.15	\$4.27
2020 Q1	\$4.84	\$4.00	\$4.29	\$3.70	\$3.79	\$3.67	\$4.21	\$5.14	\$4.30
2020 Q2	\$4.65	\$3.75	\$4.12	\$3.54	\$3.69	\$3.56	\$4.10	\$4.88	\$4.13
2020 Q3	\$4.19	\$3.47	\$3.81	\$3.42	\$3.52	\$3.40	\$3.77	\$4.40	\$3.82

Source: MPF Research®

PERCENT OF PROPERTIES OFFERING CONCESSIONS						BAY AREA METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2015	9.7%	8.7%	0.9%	15.1%	6.8%	13.4%	5.6%	4.8%	8.6%
2016	18.9%	17.1%	16.1%	22.9%	17.8%	21.5%	15.5%	18.1%	18.9%
2017	10.7%	11.4%	16.7%	14.6%	5.7%	12.7%	14.0%	7.8%	11.2%
2018	10.8%	14.0%	14.3%	3.9%	1.5%	7.6%	6.6%	9.1%	7.8%
2019	14.0%	12.8%	20.6%	12.6%	4.7%	17.1%	10.0%	10.1%	12.4%
2019 Q4	14.0%	12.8%	20.6%	12.6%	4.7%	17.1%	10.0%	10.1%	12.4%
2020 Q1	10.3%	20.2%	21.4%	9.8%	4.7%	12.2%	12.2%	8.3%	10.9%
2020 Q2	30.4%	32.8%	36.0%	22.9%	15.8%	34.9%	23.4%	21.0%	26.6%
2020 Q3	37.1%	50.6%	43.9%	35.7%	15.7%	40.2%	30.1%	29.5%	33.5%

Source: MPF Research®

CONCESSIONS AS PERCENT OF PGI						BAY AREA METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2015	3.3%	2.8%	2.1%	3.0%	2.4%	2.9%	3.9%	2.4%	3.0%
2016	3.2%	2.9%	4.0%	1.7%	3.4%	2.8%	2.3%	3.6%	3.0%
2017	4.4%	0.6%	2.6%	2.0%	4.2%	3.2%	3.3%	3.6%	3.4%
2018	4.0%	2.0%	2.7%	1.8%	4.9%	1.9%	3.6%	4.5%	3.5%
2019	4.5%	4.5%	2.2%	1.4%	2.1%	2.6%	5.1%	2.9%	3.4%
2019 Q4	4.5%	4.5%	2.2%	1.4%	2.1%	2.6%	5.1%	2.9%	3.4%
2020 Q1	3.6%	1.0%	3.0%	2.3%	3.6%	2.7%	3.3%	3.0%	3.1%
2020 Q2	5.7%	3.9%	6.1%	5.8%	4.3%	4.4%	5.3%	7.2%	5.5%
2020 Q3	7.7%	5.9%	7.8%	4.4%	5.9%	5.6%	7.1%	8.2%	6.8%

Source: MPF Research®

Metro Construction Activity

CONSTRUCTION ACTIVITY SUMMARY			BAY AREA METRO	
CATEGORY	UNITS UNDER CONSTRUCTION	UNITS COMPLETED ¹		
Conventional (Market)	7,285	2,941		
TOTAL	7,285	2,941		

Source: MPF Research® ¹Properties completed in the last 4 quarters

Within the Bay Area Metro area, there are a total of 7,285 conventional units currently under construction highlighted by activity in the SoMa, Central San Mateo County and South San Mateo County submarkets. There are currently 783 units under construction within the subject's submarket.

Market Conclusion

Occupancy has started to decline due to COVID-19, with the largest decline among newer units with higher price points. Rents have started to decline, although it is unclear at this time where the rent floor is. Overall, however, the Bay Area Market is one of the most vibrant in the country and its prospects for long-term growth are good.

SOUTH SAN MATEO COUNTY APARTMENT SUBMARKET OVERVIEW

The table below presents a current quarter snapshot of the key indicators within the submarket.

SOUTH SAN MATEO COUNTY SUBMARKET AT A GLANCE									2020 Q3
	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY Δ (UNITS)	INVENTORY Δ (%)	UNDER CONST.	NEAR-TERM DELIVERIES ¹
INVENTORY	20,824	93.3%	-384	0	0	0	0.0%	783	450
CATEGORY	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
Occupancy	92.2%	93.5%	98.9%	94.1%	93.2%	93.9%	94.5%	90.5%	93.3%
Quarterly Occ. Δ	-2.1%	-2.5%	1.1%	-1.7%	-2.7%	-1.8%	-1.4%	-2.6%	-1.8%
Annual Occ. Δ	-3.5%	-1.4%	0.7%	-3.4%	-4.4%	-3.1%	-2.5%	-4.4%	-3.1%
Rent (\$/mo.)	\$3,433	\$3,078	\$2,991	\$3,197	\$2,722	\$3,164	\$3,330	\$3,239	\$3,235
Rent (\$/sf)	\$3.75	\$3.37	\$3.70	\$3.72	\$3.35	\$3.64	\$3.61	\$3.82	\$3.67
Annual Revenue Δ ²	-16.7%	-16.8%	-7.0%	-12.2%	-13.0%	-14.7%	-13.7%	-17.1%	-14.9%
% Offering Concessions	50.2%	100.0%	0.0%	48.4%	36.8%	50.3%	46.3%	42.4%	47.2%
Avg. Concession	7.7%	5.3%	n.a.	5.9%	2.5%	6.6%	5.8%	7.8%	6.6%
Qtr. Same-Property Rent Δ	-10.8%	-10.2%	-8.3%	-5.0%	-5.4%	-9.5%	-7.8%	-9.6%	-9.0%
Ann. Same-Property Rent Δ	-13.2%	-15.4%	-7.6%	-8.9%	-8.5%	-11.7%	-11.3%	-12.7%	-11.8%

Source: MPF Research® ¹ Delivering within next four quarters. ² Annual Revenue Change = Annual Occ. Change + Annual Rent Change

Trailing Submarket Performance

Key supply/demand, occupancy, rental rate, and concession statistics for available trailing annual and quarterly periods are summarized below.

Historical Supply/Demand

HISTORICAL SUPPLY/DEMAND ANALYSIS					SOUTH SAN MATEO COUNTY SUBMARKET				
PERIOD	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES ¹
2015	18,401	96.6%	284	370	0	370	2.1%	1,994	1,089
2016	19,490	94.6%	676	1,089	0	1,089	5.9%	1,334	798
2017	20,288	95.5%	939	798	0	798	4.1%	719	401
2018	20,689	94.7%	204	401	0	401	2.0%	668	135
2019	20,824	95.9%	394	135	0	135	0.7%	783	0
2019 Q4	20,824	95.9%	-89	0	0	0	0.0%	783	0
2020 Q1	20,824	96.1%	31	0	0	0	0.0%	783	174
2020 Q2	20,824	95.1%	-205	0	0	0	0.0%	783	350
2020 Q3	20,824	93.3%	-384	0	0	0	0.0%	783	450

Source: MPF Research® ¹ Delivering within next four quarters

As shown, there are 20.824 units in the submarket as of 3Q 2020. The average occupancy is currently 93.4%, which is roughly a 2.0% decline from the average over the past five years. This is almost entirely due to the effects of COVID-19 on the local economy.

Submarket Occupancy, Rental Rate, and Occupancy Trends

OCCUPANCY ANALYSIS					SOUTH SAN MATEO COUNTY SUBMARKET						
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET	METRO	VERSUS
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL	TOTAL	METRO
2015	96.7%	91.8%	98.2%	96.3%	98.1%	96.1%	97.5%	97.1%	96.6%	96.0%	●
2016	92.1%	91.0%	95.4%	97.4%	95.8%	95.2%	96.2%	91.5%	94.6%	95.4%	●
2017	93.3%	94.7%	96.0%	98.2%	97.7%	96.2%	96.4%	93.5%	95.5%	96.0%	●
2018	94.4%	94.4%	97.8%	92.8%	97.9%	94.2%	95.2%	95.0%	94.7%	96.0%	●
2019	95.4%	93.8%	97.1%	97.4%	96.5%	96.0%	96.5%	95.1%	95.9%	95.8%	●
2019 Q4	95.4%	93.8%	97.1%	97.4%	96.5%	96.0%	96.5%	95.1%	95.9%	95.8%	●
2020 Q1	95.7%	94.1%	98.7%	96.5%	96.9%	96.3%	96.3%	95.4%	96.1%	96.0%	●
2020 Q2	94.3%	96.1%	97.8%	95.8%	95.9%	95.6%	95.9%	93.0%	95.1%	94.4%	●
2020 Q3	92.2%	93.5%	98.9%	94.1%	93.2%	93.9%	94.5%	90.5%	93.3%	92.8%	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

EFFECTIVE RENT (\$/UNIT)					SOUTH SAN MATEO COUNTY SUBMARKET						
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET	METRO	VERSUS
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL	TOTAL	METRO
2015	\$3,657	\$3,217	\$2,967	\$2,706	\$2,559	\$2,934	\$3,214	\$2,318	\$2,925	\$3,059	●
2016	\$3,441	\$2,951	\$2,933	\$2,248	\$2,643	\$2,707	\$3,117	\$2,810	\$2,837	\$3,085	●
2017	\$3,662	\$3,105	\$2,962	\$2,500	\$2,869	\$2,910	\$3,314	\$3,387	\$3,146	\$3,202	●
2018	\$3,814	\$3,305	\$3,193	\$3,046	\$2,895	\$3,244	\$3,545	\$3,498	\$3,385	\$3,317	●
2019	\$3,931	\$3,375	\$3,213	\$2,862	\$3,162	\$3,357	\$3,727	\$3,670	\$3,568	\$3,390	●
2019 Q4	\$3,931	\$3,375	\$3,213	\$2,862	\$3,162	\$3,357	\$3,727	\$3,670	\$3,568	\$3,390	●
2020 Q1	\$3,976	\$3,490	\$3,274	\$3,405	\$3,096	\$3,617	\$3,757	\$3,677	\$3,679	\$3,421	●
2020 Q2	\$3,858	\$3,427	\$3,262	\$3,364	\$2,958	\$3,561	\$3,636	\$3,584	\$3,592	\$3,292	●
2020 Q3	\$3,433	\$3,078	\$2,991	\$3,197	\$2,722	\$3,164	\$3,330	\$3,239	\$3,235	\$3,051	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

EFFECTIVE RENT (\$/SF)						SOUTH SAN MATEO COUNTY SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET	METRO	VERSUS
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL	TOTAL	METRO
2015	\$3.84	\$3.53	\$3.67	\$3.20	\$3.07	\$3.40	\$3.57	\$2.92	\$3.39	\$3.81	●
2016	\$3.85	\$3.24	\$3.63	\$3.11	\$3.19	\$3.40	\$3.53	\$3.44	\$3.44	\$3.87	●
2017	\$4.02	\$3.40	\$3.67	\$3.37	\$3.26	\$3.50	\$3.64	\$4.00	\$3.68	\$4.02	●
2018	\$4.13	\$3.62	\$3.95	\$3.52	\$3.41	\$3.70	\$3.78	\$4.14	\$3.82	\$4.16	●
2019	\$4.29	\$3.70	\$3.98	\$3.64	\$3.62	\$3.91	\$4.03	\$4.32	\$4.05	\$4.27	●
2019 Q4	\$4.29	\$3.70	\$3.98	\$3.64	\$3.62	\$3.91	\$4.03	\$4.32	\$4.05	\$4.27	●
2020 Q1	\$4.34	\$3.83	\$4.05	\$3.96	\$3.54	\$4.07	\$4.06	\$4.33	\$4.13	\$4.30	●
2020 Q2	\$4.21	\$3.76	\$4.04	\$3.91	\$3.50	\$4.04	\$3.93	\$4.22	\$4.04	\$4.13	●
2020 Q3	\$3.75	\$3.37	\$3.70	\$3.72	\$3.35	\$3.64	\$3.61	\$3.82	\$3.67	\$3.82	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

PERCENT OF PROPERTIES OFFERING CONCESSIONS SOUTH SAN MATEO COUNTY SUBMARKET											
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET	METRO	VERSUS
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL	TOTAL	METRO
2015	33.6%	47.9%	0.0%	31.3%	4.0%	28.1%	20.0%	10.6%	24.1%	8.6%	●
2016	49.9%	57.7%	0.0%	23.6%	13.9%	26.7%	30.6%	37.2%	30.0%	18.9%	●
2017	34.6%	42.3%	5.3%	0.0%	4.1%	18.3%	22.1%	18.2%	19.2%	11.2%	●
2018	33.6%	0.0%	0.0%	2.8%	0.0%	5.1%	23.7%	27.8%	15.4%	7.8%	●
2019	24.0%	0.0%	0.0%	3.9%	9.9%	8.7%	24.0%	14.3%	15.6%	12.4%	●
2019 Q4	24.0%	0.0%	0.0%	3.9%	9.9%	8.7%	24.0%	14.3%	15.6%	12.4%	●
2020 Q1	19.2%	77.7%	0.0%	3.1%	5.1%	15.0%	23.6%	7.0%	16.1%	10.9%	●
2020 Q2	43.8%	62.0%	0.0%	10.7%	15.9%	27.0%	43.3%	23.0%	31.7%	26.6%	●
2020 Q3	50.2%	100.0%	0.0%	48.4%	36.8%	50.3%	46.3%	42.4%	47.2%	33.5%	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

CONCESSIONS AS PERCENT OF PGI						SOUTH SAN MATEO COUNTY SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET	METRO	VERSUS
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL	TOTAL	METRO
2015	2.4%	3.5%	n.a.	1.0%	1.1%	1.7%	2.8%	0.4%	1.9%	3.0%	●
2016	2.7%	1.7%	n.a.	0.7%	1.4%	1.2%	1.7%	3.5%	2.0%	3.0%	●
2017	4.8%	0.4%	0.5%	n.a.	1.5%	6.3%	2.2%	2.7%	4.0%	3.4%	●
2018	4.0%	n.a.	n.a.	6.2%	n.a.	3.9%	5.6%	2.3%	4.0%	3.5%	●
2019	8.2%	n.a.	n.a.	2.0%	2.3%	6.0%	9.0%	5.7%	7.6%	3.4%	●
2019 Q4	8.2%	n.a.	n.a.	2.0%	2.3%	6.0%	9.0%	5.7%	7.6%	3.4%	●
2020 Q1	5.1%	0.8%	n.a.	1.5%	4.5%	2.2%	4.4%	6.9%	3.9%	3.1%	●
2020 Q2	3.9%	0.7%	n.a.	4.9%	5.6%	3.9%	3.4%	4.5%	3.7%	5.5%	●
2020 Q3	7.7%	5.3%	n.a.	5.9%	2.5%	6.6%	5.8%	7.8%	6.6%	6.8%	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

Submarket Construction Activity

The following projects are listed as being currently under construction within the submarket.

CONSTRUCTION ACTIVITY							SOUTH SAN MATEO COUNTY SUBMARKET	
PROPERTY NAME	PROPERTY TYPE	NO. OF UNITS	NO. OF STORIES	PROJECT STATUS	START DATE	FINISH DATE		
1409 El Camino Real	Conventional	350	8	Under Construction	8/1/18	6/1/21		
Artisan Crossing	Conventional	250	4	Under Construction	12/1/19	12/1/21		
Springline	Conventional	183	4	Under Construction	5/1/17	12/1/21		
TOTAL UNITS:		783						

Source: MPF Research®

Within the submarket, there is a total of three conventional projects under construction.

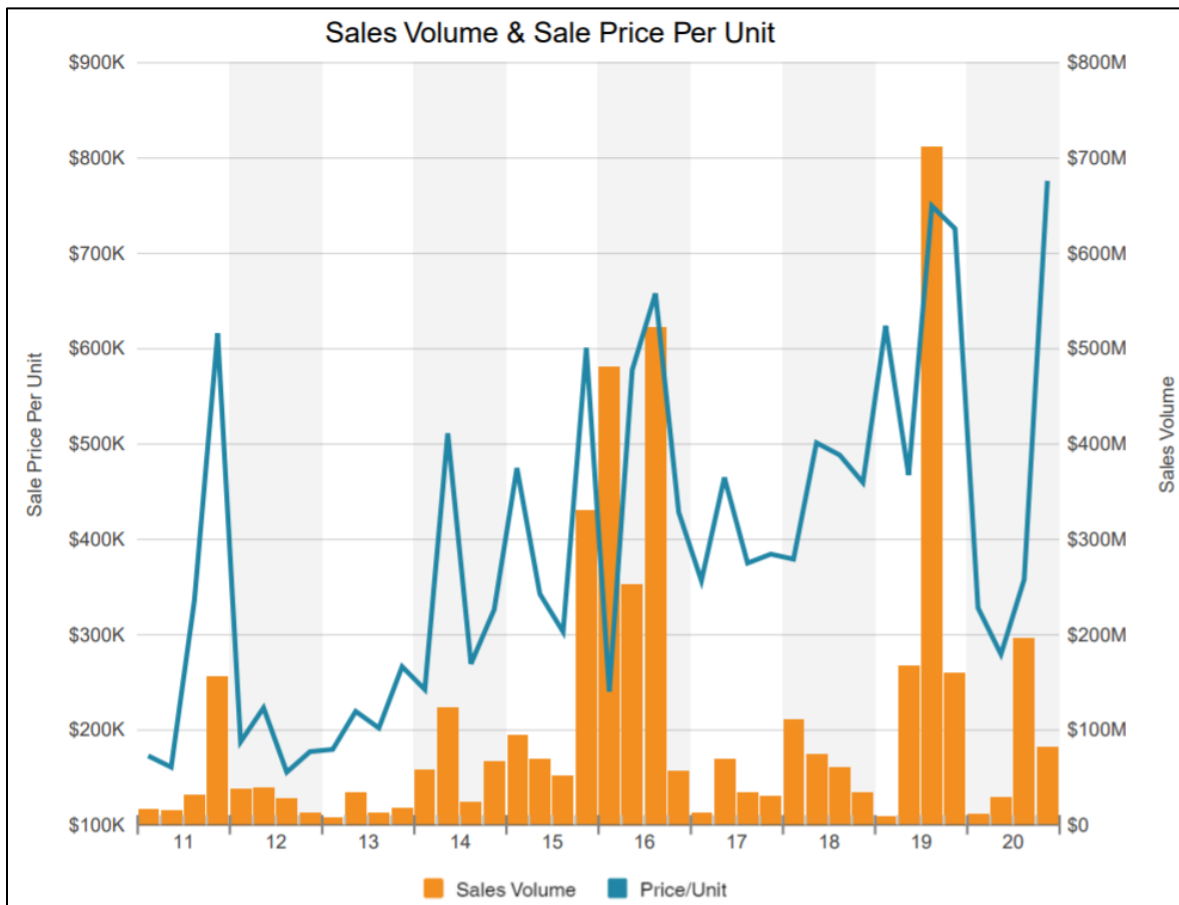
Submarket Conclusion

Occupancy has started to decline due to COVID-19, with the largest decline among newer units with higher price points. Rents have started to decline, although it is unclear at this time where the rent floor is. Overall, however, the South San Mateo County Submarket is durable, given its Silicon Valley location and prospects for long-term growth are good.

TRANSACTION TRENDS

Multi-Family Sales Volume

The following CoStar data pertains to Redwood City and Menlo Park sales of multifamily properties:



After a robust 2019, transaction volumes dropped for the first two quarters of 2020 and have since bounced back. Sale prices per unit continue to rise to peak pricing.

Most Probable Buyer

In the open market, the subject property type would command most interest from a developer of an adjacent parcel. As a stand-alone parcel, it has minimal utility. As assembled into an adjacent parcel, it has considerably more utility.

EXPOSURE TIME PERIOD

Exposure time is defined as "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market" (The Dictionary of Real Estate Appraisal, Appraisal Institute, 2015). Reasonable exposure time is impacted by the aggressiveness and effectiveness of a property’s exposure to market participants, availability and cost of financing, and demand for similar investments. Exposure time is best established based the recent

history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

Exposure Time Conclusion

Based on its overall physical and locational characteristics, the subject site has average overall appeal to developers. There is also minimal buyer demand as a result of the coronavirus pandemic. Considering these factors, a reasonable estimate of exposure time for the subject property is six to nine months.

INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. This section develops the highest and best use of the subject property As-Vacant.

As the subject property is a portion of city-owned thoroughfare, there is no zoning code. The Across-The-Fence methodology (ATF) uses the adjacent zoning designations in the valuation analysis.

AS-VACANT ANALYSIS

Legal Factors

The legal factors that possibly influence the highest and best use of the subject site are discussed in this section. Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. Permitted uses of the subject's assumed Neighborhood Mixed-Use District - Restrictive (C2B) zoning were listed in the Zoning Analysis section. Overall, legal factors support a fairly broad range of commercial and residential uses in a mixed-use configuration.

Physical & Locational Factors

Regarding physical characteristics, the subject site as assembled is irregular in shape and has level topography with average access and average exposure. Of the outright permitted uses, physical and locational features best support development of a residential over commercial mixed use project over the next two to three years for the site's highest and best use as-vacant.

Feasibility Factors

Regarding financial feasibility of multi-family properties in the region, construction delivery trends were previously discussed in the Market Analysis section. In general, the South San Mateo County Submarket has historically had minimal construction and new construction has been spurred by Transit-Oriented Development and other mandates. However, with declining rent and occupancy rates, market participants are adopting a buy-and-hold strategy for development in two to three years once the economic effects of COVID-19 have passed. I note that there has been considerable demand in Menlo Park for residential and mixed-use development as shown by the following projects; however, these projects were in process prior to the onset of the pandemic and some may be on hold pending improvements in market conditions.

Multi-Family/Mixed-Use Development:

1. 133 Encinal Avenue

Hunter Properties has entitled a new 24-unit residential project on a former garden nursery site.

2. 506-556 Santa Cruz Ave./1125 Merrill St.

Approved redevelopment of three properties at the corner of Santa Cruz Avenue and Merrill Street with mixed-use buildings comprised of office, residential, and retail/restaurant uses.

3. 1020 Alma Street

New three-story office building on a site currently addressed 1010-1026 Alma Street

4. Middle Plaza at 500 El Camino Real

Stanford University is proposing a new mixed-use residential/office/retail development on a multi-acre site currently addressed 300-550 El Camino Real.

5. Station 1300

Redevelopment of a 6.4-acre site on El Camino Real and Oak Grove Avenue with approximately 220,000 square feet of commercial uses and 183 dwelling units.

As-Vacant Conclusion

Based on the previous discussion, the subject's highest and best use as-vacant is concluded to be development of a residential over commercial mixed use project over the next two to three years consistent with the adjacent convenience store market.

INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the subject property. The As-Is Market Value of the subject's fee simple interest is estimated using the Sales Comparison Approach, which is recognized as the standard appraisal technique for commercial land. The Cost and Income Capitalization Approaches are not applicable when valuing unimproved commercial land and are therefore excluded. Their exclusion is not detrimental to the reliability or credibility of the final value conclusion.

ACROSS THE FENCE METHODOLOGY

The subject will be valued using the Across-the-Fence ("ATF") method. The ATF Value is defined as "a land valuation method often used in the appraisal of corridors. The across-the-fence method is used to develop a value opinion based on comparison to abutting land."¹ This definition establishes the concept of adjusting comparable sales to abutting land unimpacted by rights-of-way to reflect differences between the subject and comparable sales.

The subject property is a portion of city-owned thoroughfare, a 1,544 (0.04-acre) site at Willow Road in Menlo Park, California. Specifically, it is a portion of Frontage Road that extends east from Willow Road, adjacent to a convenience store market. The City intends to offer it for sale to the adjacent property owner for assemblage purposes.

It should be noted that there may be utilities below Frontage Road; however, they are unlikely to adversely affect the property's utility.

In our analysis, we use ATF methodology to value the subject as if zoned for mixed use development. I will appraise the surrounding land to the south (under the convenience store market) and will apply the concluded land value on a \$/SF basis to the subject.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments in order to bracket the subject property on an appropriate unit value comparison. The sales comparison approach is applicable when sufficient data on recent market transactions is available. Alternatively, this approach may offer limited reliability because many properties have unique characteristics that cannot be accounted for in the adjustment process.

¹Dictionary of Real Estate Appraisal, Chicago, 2015, p.3

LAND VALUATION

Land value is influenced by a number of factors; most prominent of which is development and use potential. These factors, as well as others, are considered in the following analysis.

The following is a basic outline of our valuation process:

- › Value the adjacent development, using the Sales Comparison Approach.
- › Apply our concluded land value to the subject property – a hypothetical parcel with its own APN (see Hypothetical Conditions).

UNIT OF COMPARISON

The most relevant unit of comparison is the price per square foot. This indicator best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning in this marketplace.

COMPARABLE SELECTION

A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of commercial sites that are similar to the subject property in terms of location and physical characteristics. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a fee simple basis. If warranted, leased fee, leasehold and/or partial interest land sales were adjusted accordingly.
Financing Terms	The subject site was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales and/or assemblages.
Expenditures After Purchase	Adjustments were applied if site conditions warranted expenditures on the part of the buyer to create a buildable site. Examples include costs for razing pre-existing structures, general site clearing and/or mitigation of environmental issues.
Market Conditions	Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing. Based on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT		
Per Year As Of	March 2020 PRE COVID-19	2%

The analysis applies an upward market conditions adjustment of 2% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

COVID-19 Impact Adjustment

The velocity of residential and mixed-use land sale volume transactions has been low over the past the past nine months, which is likely a result of the coronavirus pandemic, creating minimal buyer demand for real property. With continued uncertainty over the economic fallout and the pandemic’s protracted timeline, the market assumes a slight decrease in market conditions since the onset of COVID-19 and I have concluded to a -5% market conditions adjustment.

Property Adjustments

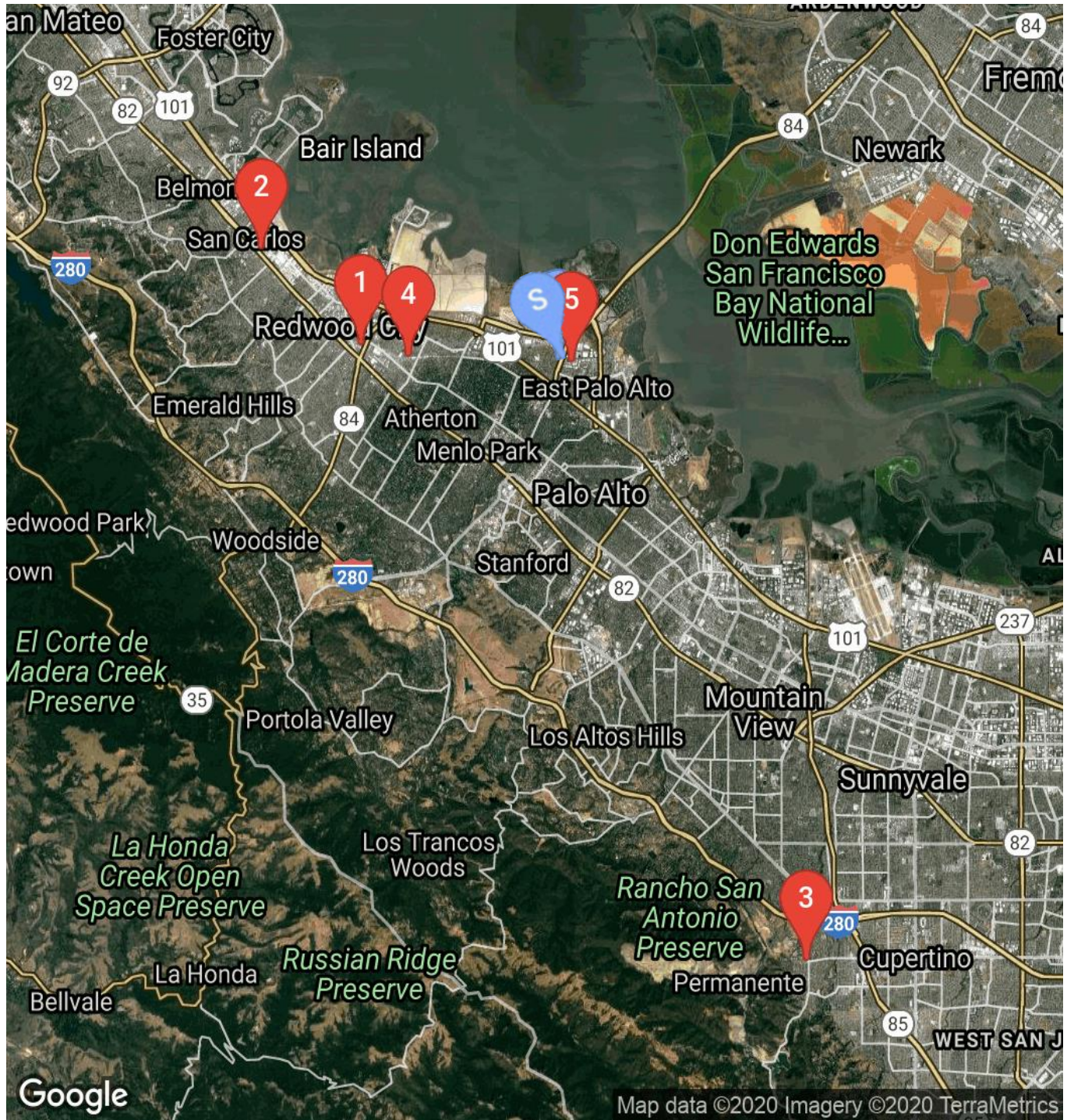
Quantitative percentage adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. Where possible the adjustments applied are based on paired data or other statistical analysis. For example, location adjustments are based primarily on review of land values in the market areas for the comparables relative to the subject. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

LAND VALUATION PRESENTATION

The following Land Sales Summation Table, Location Map and datasheets summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE						
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	Road to be Vacated	Commercial Land	Commercial Land	Commercial Land	Commercial Land	Commercial Land
Address	1305 Willow Rd.	301 Spruce St.	841 Old County Rd.	22690 Stevens Creek Blvd	3051 Edison Wy.	N/s O'Brien Dr., e/o Kelly Ct.
City	Menlo Park	Redwood City	San Carlos	Cupertino	Redwood City	Menlo park
State	CA	CA	CA	CA	CA	CA
Zip	94025	94063	94070	95014	94063	94025
County	San Mateo	San Mateo	San Mateo	Santa Clara	San Mateo	San Mateo
APN	-	053-347-010& 020	046-182-150	342-14-104, 105 & 066	060-041-080	055-433-350
PHYSICAL INFORMATION						
Acres	0.34	0.23	0.12	0.64	0.48	0.24
SF	14,898	10,019	5,044	27,661	20,996	10,494
Shape	Irregular	Generally Rectangular	Rectangular	Irregular	Rectangular	Rectangular
Zoning	C2B	ML	IH	CG	CMU-3	Life Science
Topography	Level	Level	Level	Generally Level	Level	Level
Utilities	Yes	Yes	Yes	Yes	Yes	Yes
Easements	Standard	Standard	Standard	Standard	Standard	Storm Drain
Envrmtl Issues	None Noted	None Noted	None Noted	None Noted	None Noted	None Noted
Entitled	No	No	No	No	No	No
SALE INFORMATION						
Date	-	5/1/2020	12/31/2019	9/27/2019	1/4/2019	
Status		Listing	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$1,098,000	\$593,251	\$3,100,000	\$2,000,000	\$750,000
\$/SF Land		\$109.59	\$117.62	\$112.07	\$95.26	\$71.47

LAND SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	\$/SF
SUBJECT	-	1305 Willow Road, Menlo Park, CA	-	0.0	1,544	-
No. 1	3.7 Miles	301 Spruce St., Redwood City, CA	-	0.2	10,019	\$109.59
No. 2	5.9 Miles	841 Old County Rd., San Carlos, CA	5/1/2020	0.1	5,044	\$117.62
No. 3	11.7 Miles	22690 Stevens Creek Blvd, Cupertino, CA	12/31/2019	0.6	27,661	\$112.07
No. 4	2.8 Miles	3051 Edison Wy., Redwood City, CA	9/27/2019	0.5	20,996	\$95.26
No. 5	0.2 Miles	N/s O'Brien Dr., e/o Kelly Ct., Menlo park, CA	1/4/2019	0.2	10,494	\$71.47

COMPARABLE 1

LOCATION INFORMATION

Name	Commercial Land
Address	301 Spruce St.
City, State, Zip Code	Redwood City, CA, 94063
County	San Mateo
APN	053-347-010& 020

SALE INFORMATION

Buyer	-
Seller	Gjieselle Villagomez
Transaction Date	-
Transaction Status	Listing
Transaction Price	\$1,098,000
Analysis Price	\$1,098,000
Recording Number	-
Rights Transferred	Fee Simple
Conditions of Sale	Listing

PHYSICAL INFORMATION

Site Size	Acres	SF
Net	0.23	10,019
Gross	0.23	10,206
Zoning	ML	
Shape	Generally Rectangular	
Topography	Level	
Easements	Standard	
Environmental Issues	None Noted	
Utilities	Yes	



COMMERCIAL LAND

ANALYSIS INFORMATION

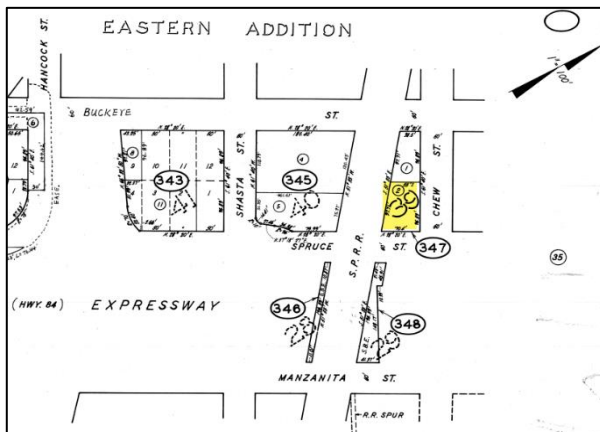
Price	<u>\$/Acre</u>	<u>\$/SF</u>
Gross	\$4,773,913	\$107.58
Net	\$4,773,913	\$109.59

CONFIRMATION

Name	Jaime Gonzalez
Company	Re/Max
Source	Listing Broker
Date / Phone Number	12/22/2020

REMARKS

This represents the active listing of a redevelopment site, which is in the process of being re-zoned to mixed use as part of the city's general plan. The property is being marketed for mixed-use. The broker reported that there has been considerable interest, but no firm offers have been received.



COMPARABLE 2

LOCATION INFORMATION

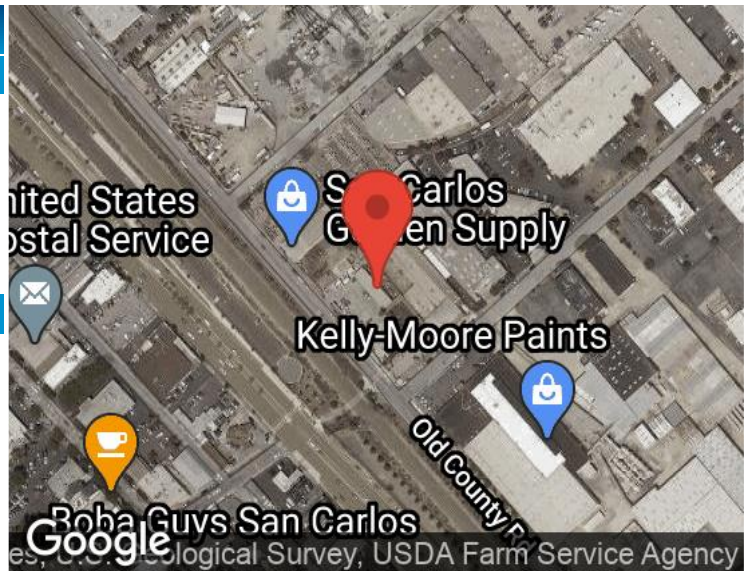
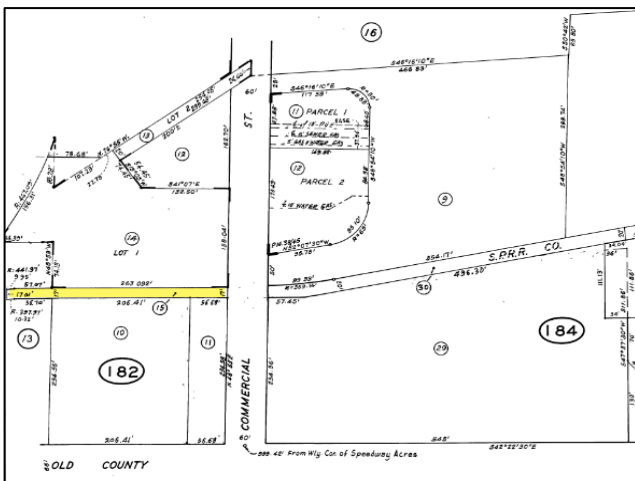
Name Commercial Land
 Address 841 Old County Rd.
 City, State, Zip Code San Carlos, CA, 94070
 County San Mateo
 APN 046-182-150

SALE INFORMATION

Buyer The Sobrato Organization
 Seller Wanda Adams
 Transaction Date 05/1/2020
 Transaction Status Recorded
 Transaction Price \$593,251
 Analysis Price \$593,251
 Recording Number 39263
 Rights Transferred Fee Simple
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Site Size Acres SF
 Net 0.12 5,044
 Gross 0.12 5,044
 Zoning IH
 Shape Rectangular
 Topography Level
 Easements Standard
 Environmental Issues None Noted
 Utilities Yes



COMMERCIAL LAND

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$4,943,758	\$117.62
Net	\$4,943,758	\$117.62

CONFIRMATION

Name Confidential
 Company Confidential
 Source Knowledgeable Third Party
 Date / Phone Number 12/22/2020 Confidential

REMARKS

This represents one parcel in a multi-property sale of adjacent properties that total 1.55 acres and are situated in an office/industrial district. The parcel is situated on Commercial St., a secondary road that serves the area. It is 17 feet wide and extends approximately 310 feet deep. It is a portion of a vacated rail line and is improved with two small buildings that will be demolished. The sale price was allocated by the buyer, who intends to redevelop the property. The site was not entitled at the time of sale.

COMPARABLE 3

LOCATION INFORMATION

Name	Commercial Land
Address	22690 Stevens Creek Blvd
City, State, Zip Code	Cupertino, CA, 95014
County	Santa Clara
MSA	San Jose-Sunnyvale-Santa Clara, CA
APN	342-14-104, 105 & 066

SALE INFORMATION

Buyer	Alan Enterprises, LLC
Seller	George Bateh
Transaction Date	12/31/2019
Transaction Status	Recorded
Transaction Price	\$3,100,000
Analysis Price	\$3,100,000
Recording Number	24370764
Rights Transferred	Fee Simple
Conditions of Sale	Assumed Arms-Length

PHYSICAL INFORMATION

Location	Average/Good	
Site Size	Acres	SF
Net	0.64	27,661
Gross	0.64	27,661
Zoning	CG	
Shape	Irregular	
Topography	Generally Level	
Exposure	Average	
Corner	Yes	
Easements	Standard	



COMMERCIAL LAND

ANALYSIS INFORMATION

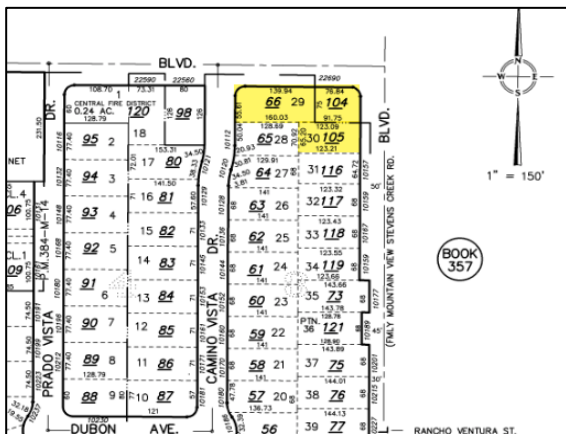
Price	\$/Acre	\$/SF
Gross	\$4,843,750	\$112.07
Net	\$4,843,750	\$112.07

CONFIRMATION

Name	Charlie Bateh
Company	Re/Max
Source	Seller's Broker
Date / Phone Number	11/11/2019

REMARKS

This comparable reflects the sale of a corner commercial site located along Stevens Creek Blvd. and Foothill Blvd. within a medical office node. It is improved with a vacant, 2,100 SF liquor store and was marketed as a redevelopment sale. It has been on the market for 19 months. The list price was \$3,500,000. The buyer plans to demolish the building and build 9, 3-story town homes. The town homes will be 4 bedroom/ 3 1/2 bath units and sold separately.



COMPARABLE 4

LOCATION INFORMATION

Name Commercial Land
 Address 3051 Edison Wy.
 City, State, Zip Code Redwood City, CA, 94063
 County San Mateo
 APN 060-041-080

SALE INFORMATION

Buyer Grove Construction
 Seller W.L Butler Construction
 Transaction Date 09/27/2019
 Transaction Status Recorded
 Transaction Price \$2,000,000
 Analysis Price \$2,000,000
 Recording Number 79792
 Rights Transferred Fee Simple
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Location Average
 Site Size Acres SF
 Net 0.48 20,996
 Gross 0.48 20,996
 Zoning CMU-3
 Shape Rectangular
 Topography Level
 Easements Standard
 Environmental Issues None Noted
 Utilities Yes



COMMERCIAL LAND

ANALYSIS INFORMATION

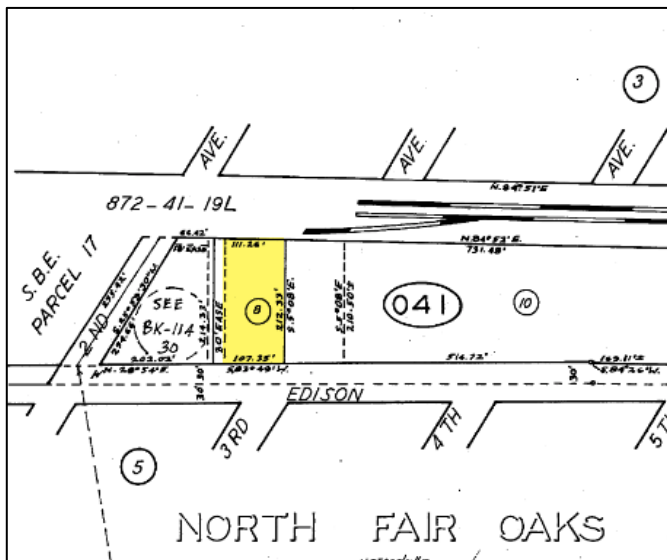
Price	\$/Acre	\$/SF
Gross	\$4,166,667	\$95.26
Net	\$4,166,667	\$95.26

CONFIRMATION

Name Greg Garcia
 Company Sequoia Realty Services
 Source Listing Broker
 Date / Phone Number 12/16/2020 +1 850 771 0656

REMARKS

This parcel is in an unincorporated San Mateo County within the Redwood City zone of influence. It is zoned industrial; however, at the time of sale, the county was re-zoning the area for mixed-use commercial. It was marketed as such and the buyer was aware of this during the transaction. The site was not entitled at the time of sale.



COMPARABLE 5

LOCATION INFORMATION

Name Commercial Land
 Address N/s O'Brien Dr., e/o Kelly Ct.
 City, State, Zip Code Menlo park, CA, 94025
 County San Mateo
 APN 055-433-350

SALE INFORMATION

Buyer TPI Investors, LLC
 Seller Clarence & Gertrude Kavanaugh
 Transaction Date 01/4/2019
 Transaction Status Recorded
 Transaction Price \$750,000
 Analysis Price \$750,000
 Recording Number 875
 Rights Transferred Fee Simple
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Site Size Acres SF
 Net 0.24 10,494
 Gross 0.24 10,494
 Zoning Life Science
 Shape Rectangular
 Topography Level
 Easements Storm Drain
 Environmental Issues None Noted
 Utilities Yes



COMMERCIAL LAND

ANALYSIS INFORMATION

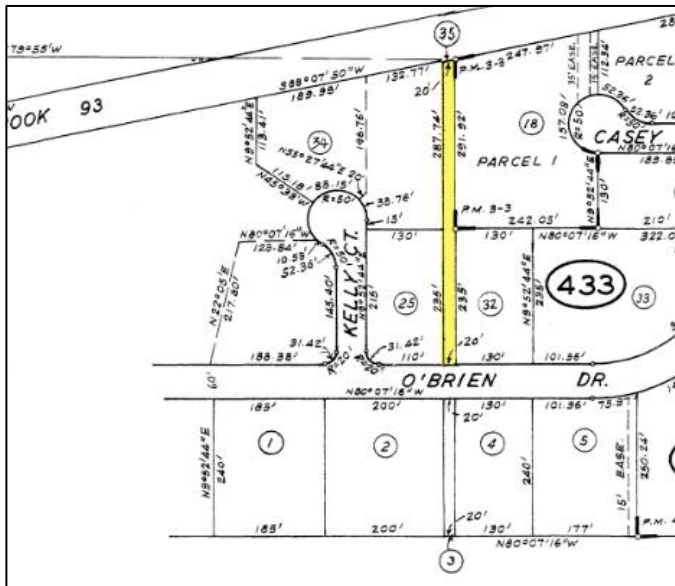
Price	\$/Acre	\$/SF
Gross	\$3,125,000	\$71.47
Net	\$3,125,000	\$71.47

CONFIRMATION

Name Sam Arsan
 Company Arsan Realty
 Source Listing Broker
 Date / Phone Number 05/22/2019 +1 650 322 3143

REMARKS

This is the sale of 20-foot-wide strip of land extending north from O'Brien Dr., east of Kelly Ct. It is and is a now-unused storm drainage culvert. The buyer is an adjacent owner who intends to fill in the culvert to use for additional parking.



LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	Road to be Vacated	Commercial Land	Commercial Land	Commercial Land	Commercial Land	Commercial Land
Address	1305 Willow Rd.	301 Spruce St.	841 Old County Rd.	22690 Stevens Creek Blvd	3051 Edison Wy.	N/s O'Brien Dr., e/o Kelly Ct.
City	Menlo Park	Redwood City	San Carlos	Cupertino	Redwood City	Menlo park
APN	-	053-347-010&020	046-182-150	342-14-104, 105 & 066	060-041-080	055-433-350
Acres	0.34	0.23	0.12	0.64	0.48	0.24
SF	14,898	10,019	5,044	27,661	20,996	10,494
Shape	Irregular	Generally Rectangular	Rectangular	Irregular	Rectangular	Rectangular
Zoning	C2B	ML	IH	CG	CMU-3	Life Science
Topography	Level	Level	Level	Generally Level	Level	Level
Easements	Standard	Standard	Standard	Standard	Standard	Storm Drain
Envmtl Issues	None Noted	None Noted	None Noted	None Noted	None Noted	None Noted
Entitled	No	No	No	No	No	No

SALE INFORMATION

Date	-	5/1/2020	12/31/2019	9/27/2019	1/4/2019
Status	Listing	Recorded	Recorded	Recorded	Recorded
Rights Transferred	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price	\$1,098,000	\$593,251	\$3,100,000	\$2,000,000	\$750,000
Price/SF	\$109.59	\$117.62	\$112.07	\$95.26	\$71.47

TRANSACTIONAL ADJUSTMENTS

Property Rights	0%	0%	0%	0%	0%
Financing	0%	0%	0%	0%	0%
Conditions of Sale	-10%	-10%	0%	0%	0%
Expenditures After the Sale	0%	0%	0%	0%	0%
Market Conditions (preceding COVID-19)¹	0%	0%	0%	0%	2%
COVID-19 Market Impact	0%	0%	-5%	-5%	-5%
Subtotal Transactional Adj Price	\$98.63	\$105.86	\$106.47	\$90.50	\$69.25

PROPERTY ADJUSTMENTS

Location	0%	5%	0%	0%	0%
Size	-5%	-10%	0%	0%	-5%
Exposure	5%	0%	-10%	5%	5%
Access	0%	0%	0%	0%	0%
Shape	0%	0%	0%	0%	20%
Zoning	0%	5%	5%	0%	5%
Onsite Development	0%	0%	0%	0%	20%
Envrmtl Issues	0%	0%	0%	0%	0%
Entitled	0%	0%	0%	0%	0%
Subtotal Property Adjustment	0%	0%	-5%	5%	45%

TOTAL ADJUSTED PRICE	\$98.63	\$105.86	\$101.15	\$95.03	\$100.41
-----------------------------	----------------	-----------------	-----------------	----------------	-----------------

STATISTICS	UNADJUSTED	ADJUSTED
LOW	\$71.47	\$95.03
HIGH	\$117.62	\$105.86
MEDIAN	\$109.59	\$100.41
AVERAGE	\$101.20	\$100.22

¹ Market Conditions Adjustment: 2%

Date of Value (for adjustment calculations): 3/1/20

LAND SALES ANALYSIS

Introduction

The comparable land sales indicate an adjusted value range from \$95.03 to \$105.86/SF, with a median of \$100.41/SF and an average of \$100.22/SF. The range of total gross adjustment applied to the comparables was from 10% to 62%, with an average gross adjustment across all comparables of 28%. The level of total adjustment applied to the comparables is considered to be moderate. Overall, the availability of market data and extent of analysis was adequate to develop a reasonably credible opinion of land value. The adjustment process for each comparable land sale is discussed in the following paragraphs.

Discussion of Adjustments

The following adjustments were made:

Conditions of Sale – A downward adjustment was made to Sale Comparable 1 as it is a listing and not a closed transaction. A downward adjustment was also made to Comparable 2 as it sold as part of an assemblage in a market when buyers typically pay a premium for assemblages.

Market Conditions – An upward adjustment was made to Sale Comparable 5 due to improvements in market conditions preceding impact from COVID-19 in March 2020. Downward adjustments were made to Comparables 3, 4 and 5 due to the deteriorating market conditions since March 2020.

Location – An upward adjustment was made to Sale Comparable 2 due to its inferior San Carlos location.

Size – Downward adjustments were made to Sale Comparables 1, 2 and 5 due to their superior (smaller) sizes that typically result in a higher \$/SF from economies of scale, all other factors being equal.

Exposure – Upward adjustments were made to Sale Comparables 1, 4 and 5 for inferior exposure based on lot width and/or non-corner location. A downward adjustment was applied to Comparable 3 for its superior corner location within a medical office node and along a thoroughfare.

Shape – An upward adjustment was made to Sale Comparable 5 for its inferior, narrow shape (20 feet wide), which is less optimally conducive for development.

Zoning – Upward adjustments were made to Sale Comparables 2, 3 and 5 as they do not allow by-right development of mixed uses.

Onsite Development – An upward adjustment was made to Sale Comparable 5 as it requires paving to be usable as a parking lot expansion.

CALCULATION OF VALUE

The comparable land sales indicate an adjusted value range from \$95.03 to \$105.86/SF, with a median of \$100.41/SF and an average of \$100.22/SF. Based on the results of the preceding analysis, Comparable 3 (\$101.15/SF adjusted and Comparable 4 (\$95.03/SF adjusted) are given primary consideration for the subject's opinion of land value.

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot value conclusion, and presents the concluded value of the subject site.

CALCULATION OF LAND VALUE								
COMP	ANALYSIS PRICE	ADJUSTMENT			NET GROSS FINAL	ADJ %	GROSS ADJ %	OVERALL COMPARISON
		TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²				
1	\$109.59	-10%	\$98.63	0%	\$98.63	-10%	20%	SECONDARY
2	\$117.62	-10%	\$105.86	0%	\$105.86	-10%	30%	SECONDARY
3	\$112.07	-5%	\$106.47	-5%	\$101.15	-10%	20%	PRIMARY
4	\$95.26	-5%	\$90.50	5%	\$95.03	-0%	10%	PRIMARY
5	\$71.47	-3%	\$69.25	45%	\$100.41	40%	62%	MINIMAL
LOW	\$95.03					AVERAGE		\$100.22
HIGH	\$105.86					MEDIAN		\$100.41
COMPONENT		SUBJECT SF		\$/SF CONCLUSION		VALUE		
CONCLUSION APPLIED TO SUBJECT		1,544	x	\$100.00	=	\$150,000		

¹Cumulative ²Additive

Rounded to nearest \$10,000

Some of the comparables have improvements that will be demolished. Typical to the market, these costs are excluded here and will be accounted for in the respective buyers' construction budget.

As a test of reasonableness, I note that Comparables 2 and 5 are not developable on their own, similar to the subject. These comparables indicate an unadjusted sale price range of \$71.47/SF to \$117.62/SF. My value conclusion of \$100/SF fall towards the middle of this range and therefore appears reasonable.

LAND VALUE CONCLUSION

The Sales Comparison Approach and the ATF were utilized for valuation of the subject site, as it best reflects the decision-making of buyers and sellers of development land in the local marketplace. The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

ANALYSIS OF VALUE CONCLUSIONS	
VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	DECEMBER 10, 2020
FINAL VALUE CONCLUSION	\$150,000
\$/SF	\$100/SF
Exposure Time	Six to Nine Months

I certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signers of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- David A. Williams, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- David A. Williams, MAI did not inspect the property that is the subject of this report. Alex Khasin, MAI inspected the property that is the subject of this report.
- Kirsten Scales provided significant real property appraisal assistance to the appraisers signing the certification. Assistance included gathering, analyzing and reporting regional, local area, zoning, and tax information, confirming some of the comparable data, and assisting with portions of the valuation analysis.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report David A. Williams, MAI and Alex Khasin, MAI completed the continuing education program for Designated Members of the Appraisal Institute.

David A. Williams, MAI
 Valuation Services Director
 Certified General Real Estate Appraiser
 State of California License #AG035639
 +1 213 417 3319
 dave.a.williams@colliers.com

January 7, 2021
 Date

This appraisal is subject to the following assumptions and limiting conditions:

- The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property

damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Plat & Legal Description

Valuation Glossary

Qualifications of Appraisers

Qualifications of Colliers International Valuation & Advisory Services

EXHIBIT "A"
Legal Description

SOUTHERN TRANSFER PORTION OF VACATED FRONTAGE ROAD

All that certain real property situate in the City of Menlo Park, County of San Mateo, State of California, being described as follows:

Being a portion of the lands described in that certain Final Order of Condemnation entered in the Superior Court of California, County of San Mateo, in that certain action entitled "City of Menlo Park, Plaintiff, vs. Ernest Thomas, et al., Defendants", Case No. 294344, recorded July 21, 1987 as Instrument No. 87113349, Official Records of San Mateo County and being a portion of Lot 48 in Block 8, as said Lot is shown on Map of "Newbridge Park, San Mateo County, California", filed for record on June 10, 1926 in Book 14 of Maps at Pages 6 and 7, Records of San Mateo County, more particularly described as follows:

BEGINNING at the most easterly corner of Parcel A, as said Parcel is shown on that certain Parcel Map, filed for record on July 18, 1979 in Book 47 of Parcel Maps at Page 44, Records of said County;

Thence leaving said corner and along the southeasterly line of said Lot 48 in Block 8 (14 M 6-7), North 22°05'09" East, 13.00 feet to the intersection of a line drawn parallel with and distant 13.00 feet northeasterly, from the northeasterly line of said Parcel A (47 PM 44);

Thence along said parallel line, North 67°57'07" West, 112.15 feet to the intersection with the northeasterly prolongation of the southeasterly line of said lands of City of Menlo Park (O.R. 87113349)

Thence along said prolongation line, South 22°04'54" West, 32.99 feet to the beginning of a non-tangent curve, concave to the southeast, having a Radius of 20.00 feet, with a radial line that bears North 67°55'06" West;

Thence northeasterly and easterly along said curve, through a central Angle of 89°57'59", with an arc Length of 31.40 feet to said northeasterly line of said Parcel A;

Thence along said northeasterly line, South 67°57'07" East, 92.15 feet to the point of **BEGINNING**.

Containing an area of 1,544 square feet, more or less.

As shown on EXHIBIT "B" attached hereto and made a part hereof.

By: John Koroyan
John Koroyan
P.L.S. No. 8883



Date: JULY 15, 2019

NEW BRIDGE PARK, BLOCK 8, 14 MAPS 6 & 7

J 2 3 4 5 6 7 8 9

CITY OF MENLO PARK
PER FINAL ORDER OF
CONDEMNATION,
O.R. 87113349

TRANSFER PORTION OF
VACATED FRONTAGE ROAD
1,544 S.F.±

20' WIDE ALLEY

PARCEL 2
59 PM 17

IVY DRIVE
(80' WIDE)

PARCEL A
47 PM 44

APN
055-383-560

PARCEL 1
59 PM 17

50

N61°55'06"W
(R)

49

S67°57'07"E 92.15'

48

N67°57'07"W 112.15'

NEW BRIDGE PARK
BLOCK 8, 14 MAPS 6 & 7

APN
055-383-510

47

46

45

44

FRONTAGE ROAD
VACATION PER
CITY OF MENLO PARK
RESOLUTION NO. 3908,
O.R. 87113348

POINT OF
BEGINNING
APN
055-383-550

FRONTAGE ROAD
(CITY OF MENLO PARK)

S22°05'09"W
23.38'

RELINQUISHMENT OF
HIGHWAY RIGHT-OF-WAY
IN THE CITY OF MENLO PARK,
ROAD 4-SM-114-5.0/5.8,
REQUEST NO. 4-0470,
O.R. 94101801

TO HAMILTON AVENUE →

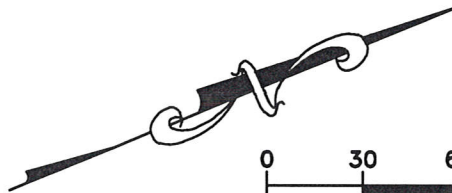
LINE TABLE

NO.	DIRECTION	LENGTH
L1	N22°05'09"E	13.00'
L2	S22°04'54"W	32.99'

WILLOW ROAD
(STATE ROUTE 114)
WIDTH VARIES

CURVE TABLE

NO.	RADIUS	DELTA	LENGTH
C1	20.00'	89°57'59"	31.40'



SCALE IN FEET



John Koroyan

EXHIBIT "B"
PLAT TO ACCOMPANY
LEGAL DESCRIPTION

CITY OF MENLO PARK, SAN MATEO COUNTY, CA
Z: \2015\156154_1300_WILLOW_RD_GATEWAY_FAM\SUR\DWG\PLATS



1730 N. FIRST STREET
SUITE 600
SAN JOSE, CA 95112
408-467-9100
www.bkf.com

Subject SOUTHERN TRANSFER PORTION
OF VACATED FRONTAGE ROAD
Job No. 20156154
By PN Date 07-15-2019 Chkd. JVK
SHEET 1 OF 1

Closure Calculations

Southern Transfer Portion of Vacated Frontage Road
City of Menlo Park, CA

Project: 20156154
Parcel Map Check

July 15, 2019
BKF No. 20156154

Parcel Name: **SOUTHERN TRANSFER PORTION**

	North: 21,343.3042'	East: 40,441.4169'
Line	Course: N22° 05' 09"E	Length: 13.00'
	North: 21,355.3503'	East: 40,446.3048'
Line	Course: N67° 57' 07"W	Length: 112.15'
	North: 21,397.4534'	East: 40,342.3471'
Line	Course: S22° 02' 53"W	Length: 32.99'
	North: 21,366.8760'	East: 40,329.9632'
Curve	Length: 31.40'	Radius: 20.00'
	Delta: 89°57'59"	Tangent: 19.99'
	Chord: 28.28'	Course: N67° 03' 53"E
	Course In: S67° 55' 06"E	Course Out: N22° 02' 53"E
	RP North: 21,359.3574'	East: 40,348.4962'
	End North: 21,377.8948'	East: 40,356.0039'
Line	Course: S67° 57' 07"E	Length: 92.15'
	North: 21,343.2994'	East: 40,441.4242'



Perimeter: 281.71'	Area: 1,544 Sq Ft 0.035 Ac.
Error Closure: 0.01'	Course: S56° 40' 25"E
Error North: -0.0048'	East: 0.0073'
Precision 1: 32,244.42'	

CONTACT DETAILS

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Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (*Dictionary*).

Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 (*14th Edition*).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (*Dictionary*)

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. (*14th Edition*)

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. (*Dictionary*)

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. (*Dictionary*)

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (*Dictionary*)

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. (*14th Edition*)

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. (*Dictionary*)

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (*Dictionary*)

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. (*Dictionary*)

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. (*Dictionary*)

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. *(14th Edition)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(14th Edition)*

Economic Life

The period over which improvements to real property contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). *(14th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. *(Dictionary)*

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Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(14th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. *(Dictionary)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. *(Dictionary)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (USPAP)

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Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. (*USPAP*)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. (*Dictionary*)

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. (*Dictionary*)

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (*Dictionary*)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (*Dictionary*)

Going-concern

An established and operating business having an indefinite future life. (*Dictionary*)

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business*. (*Dictionary*)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. (*Dictionary*)

Gross Leasable Area (GLA) - Commercial

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (*Dictionary*)

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Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) (*Dictionary*)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid (IVS). (*Dictionary*)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (*USPAP*)

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. (*14th Edition*)

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. (*Dictionary*)

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. (*Dictionary*)

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). (*Dictionary*)

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. (*Dictionary*)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (*Dictionary*)

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (*Dictionary*)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. (*Dictionary*)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (*Dictionary*)

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a *grandfathered use*. (*Dictionary*)

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. (*Dictionary*)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (*14th Edition*)

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Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (*Dictionary*)

Market Value (Interagency Guidelines)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. (*Dictionary*)

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (*Dictionary*)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). (*14th Edition*)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (*Dictionary*)

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Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. (*Dictionary*)

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. (*Dictionary*)

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. (*14th Edition*)

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. (*Dictionary*)

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. (*Dictionary*)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (*Dictionary*)

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. (*Dictionary*)

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. (*Dictionary*)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. (*Dictionary*)

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. (*Dictionary*)

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. (*Dictionary*)

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. (*Dictionary*)

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Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (*Dictionary*)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (*Dictionary*)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (*Dictionary*)

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. (*Dictionary*)

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. (*USPAP*)

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. (14th Edition)

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary)

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. (Dictionary)

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. (Dictionary)

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. (Dictionary)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (Dictionary)

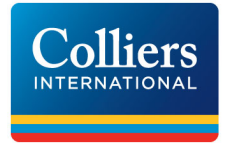
Yield Capitalization

A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. (Dictionary)



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EDUCATION AND QUALIFICATIONS

Member, Appraisal Institute
Board Member, IRWA Chapter 1
B.Sc. Boston University

STATE CERTIFICATIONS

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David A. Williams is a Valuation Services Director with Colliers International Valuation & Advisory Services, located in the Los Angeles and Bakersfield offices.

Mr. Williams has performed appraisals for a wide variety of property types throughout California, New Mexico, Oregon and Hawaii. Projects include regional malls, high-rise office buildings, business parks, proposed apartments and residential subdivisions. Core competencies are highest and best use analysis, right of way/condemnation and litigation support. Assignments have included the valuation of water rights, environmental contamination and agriculture (orchards/cropland). He has been in multiple arbitrations for market rent resets, for both buildings and land.

Mr. Williams has been deposed and has testified as an expert witness in jury trials.

EXPERIENCE

Valuation Services Director, Colliers
January 2014 – present

Senior Analyst, Overland, Pacific & Cutler
October 2012 – December 2013

Senior Analyst, Integra Realty Resources,
Los Angeles – February 2010-August 2012

Senior Analyst, CB Richard Ellis, Los Angeles – February 2005-December 2010

PROFESSIONAL AFFILIATIONS AND ACCREDITATIONS

Member – Appraisal Institute, August 2014

Reviewer Designation (AI-GRS) – Appraisal Institute 2019

Board Member – International Right of Way Association (IRWA), Chapter 1 since 2016

APPRAISAL INSTITUTE COURSES

- Valuation of Conservation Easements
- Appraising the Appraisal: Appraisal Review – General
- USPAP 15-Hour
- USPAP 7-Hour
- Basic Income Capitalization
- Advanced Income Capitalization
- Advanced Sales Comparison & Cost Approaches
- Appraisal of Nursing Facilities
- General Appraiser Market Analysis and Highest & Best Use
- Report Writing and Valuation Analysis
- Advanced Applications
- Business Practices and Ethics
- General Demonstration Appraisal Report Writing Seminar

OTHER RELATED COURSES

- Appraisal Principles & Procedures
- Appraising Estates Subject to IRS Regulations
- 48th-50th Annual Litigation Seminars
- Appraisal Institute Litigation Workshop

PROFESSIONAL SERVICE

- Chair, Appraisal Institute Hearing Committee
- Chair, IRWA Chapter 1 Newsletter

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REPRESENTATIVE CLIENTS AND PROJECTS

Client: Google, Inc. – Ground lease arbitration with NASA (Federal Government) – market rent reset in a flood zone. Considerations include anticipated construction finishing costs and water retention ponds.

Client: Honolulu Area Rapid Transit (HART) – Leading valuation team for the acquisition of real property for the construction of an overhead rail line in Honolulu.

Client: BNSF Railroad – Valuation of multiple parcels to expand existing right-of-way in Belen, New Mexico.

Client: California Department of Transportation (CALTRANS) – Widening of US Highway 395 -- subcontracted by Epic Land Solutions to value 49 parcels along US Highway 395 in Adelanto and Victorville. Primary issues were highway access and landlocked remainder parcels.

Client: Greenberg, Glusker/Starpont Capital – Ground rent reset contingent upon the highest value of the following: value as-is, current highest & best use and highest & best use as of lease commencement. Predominant issue was understanding why the punitive lease escalations were written and agreed to by the lessee.

Client: High Speed Rail/Epic Land Solutions – Approximately two dozen agricultural properties in Wasco, Kern County. Appraisal problems included re-routing of irrigation and harvesting lanes, well estimates, crop yields, and allocation to the leased fee/leasehold positions per the Caltrans Right of Way Manual, Chapter 7.

Client: State of Qatar – Client was looking to acquire a single-tenant building in Beverly Hills. Appraisal problems included valuing the premium, if any, of the Richard Meier re-design and the impacts of the Metro Purple Line extension, which identified the subject as a full take for a construction yard.

Client: City of Murrieta/Epic Land Solutions – Valued three agricultural properties impacted by a right of way project. Appraisal problems included assessing the impact of Riverside County's Multiple Species Habitation Conservation Plan (MSHCP).

Client: Rutan & Tucker, LP – Valued damages on a 200-acre agricultural property in Hinkley, CA posed by the re-routing of Highway 58. Appraisal problems included valuation of arable versus non-arable land, and warranted research of water rights and its market per acre foot.

Client: Fox, Rothchild, LP – Valued a 62-acre Superfund site in Rialto, CA. Appraisal problems included determining a range of value for the property as remediated and in its as-is condition giving that the final EPA report had yet to be issued.

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REPRESENTATIVE CLIENTS AND PROJECTS

Client: Demetriou, Del Guercio, Springer & Francis, LP -- Analyzed damages to a 40,000 SF industrial property posed by the expansion of a primary arterial in Walnut, CA. Appraisal problems included an analysis of lost rent, diminished access, security and utility and the leaseability of the space during the construction period.

Client: Bank of the West – Valued a proposed surgical center for a construction loan. Appraisal problem related to the high cost of construction that could only be supported via an analysis of the surgery center market and the anticipated effects of the Affordable Care Act.

Client: C-III Asset Management -- Performed leasehold valuation with possessory interest. Appraisal problems included city-held land and tenant construction loans based on the value of the tenant's lease payment schedule.

Client: SANBAG -- I-15 & I-215 Devore Freeway Interchange Project. Provided appraisal for acquisition of an aerial easement utilized by a freeway billboard sign.

Client: LADWP -- Provided appraisal to value the acquisition of 2,300 acres of Kern County desert land with full entitlements for the construction of a 230 mW utility-scale, photovoltaic solar generating facility. Subsequently, developed a market rent analysis for a regional utility company to evaluate leasing a portion of the site to a private energy consortium. Involved extensive analysis on the viability of utility-scale solar power projects.

Client: City of Covina – Valuation of two development sites subject to the city purchasing a portion of each for public use.

Client: City of Bellflower -- Appraised the vacation of a portion of a city street with a cul-de-sac for a lot tie with an adjacent city-owned parcel for possible sale to a mixed-use developer. Also appraised a right of way acquisition for road widening that included an automobile dealership. Multiple scenarios included demolishing the building and using a cut-and-face technique to save the building.

Client: Mountains, Recreation & Conservation Authority (MRCA) -- Appraised 400 acres of Simi Hills land with an extensive highest and best use analysis on subdivisions versus luxury estate development.

Client: U.S. Government -- Performed complex highest and best use analyses for fee acquisitions by public agencies. Appraisal problems included multiple zonings on site, functional and external obsolescence, growth corridors and federally-owned (unzoned) areas, e.g., Vandenberg AFB and March ARB.



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

David A. Williams

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 035639

Effective Date: November 17, 2020
Date Expires: November 16, 2022

Loretta Dillon, Deputy Bureau Chief, BREA

3054011



Colliers International

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- Appraisal Review
- Appraisal Management
- Lease and Cost Analysis
- Insurance Valuation
- Arbitration & Consulting
- Feasibility Studies
- Investment Analysis
- Highest and Best Use Studies
- Tax Appeals
- Litigation Support
- Segregated-Cost Analysis

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- GSA Properties
- Special Use Properties
- Telecommunications

Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

Colliers Valuation & Advisory Services' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

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INFORMATION

Today's business climate places valuation in a more pivotal position than ever before. All our appraisals are evaluated and approved by an experienced review team to ensure our clients receive concise and timely appraisals. With clear, prompt reporting and a comprehensive, big picture approach, Colliers International's Valuation and Advisory reports give our clients the information they need to make better business decisions.

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STAFF REPORT

City Council

Meeting Date: 1/12/2021
Staff Report Number: 20-001-CC

Informational Item: City Council agenda topics: January 2021 to February 2021

Recommendation

The purpose of this informational item is to provide the City Council and members of the public access to the anticipated agenda items that will be presented to the City Council. The mayor and city manager set the City Council agenda so there is no action required of the City Council as a result of this informational item.

Policy Issues

In accordance with the City Council procedures manual, the mayor and city manager set the agenda for City Council meetings.

Analysis

In an effort to provide greater access to the City Council's future agenda items, staff has compiled a listing of anticipated agenda items, Attachment A, through February 9, 2021. The topics are arranged by department to help identify the work group most impacted by the agenda item.

Specific dates are not provided in the attachment due to a number of factors that influence the City Council agenda preparation process. In their agenda management, the mayor and city manager strive to compile an agenda that is most responsive to the City Council's adopted priorities and work plan while also balancing the business needs of the organization. Certain agenda items, such as appeals or State mandated reporting, must be scheduled by a certain date to ensure compliance. In addition, the meeting agendas are managed to allow the greatest opportunity for public input while also allowing the meeting to conclude around 11 p.m. Every effort is made to avoid scheduling two matters that may be contentious to allow the City Council sufficient time to fully discuss the matter before the City Council.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

A. City Council agenda topics: January 2021 to February 2021

Report prepared by:
Judi A. Herren, City Clerk

Tentative City Council Agenda

#	Title	Department	Item type
1	Subcommittee follow-up (duration and charge)	CMO	Regular
2	Authorize the CM to execute contract for library enterprise technology application	LCS	Regular
3	Adopt resolution for urban greening grant for Willow/US 101 interchange landscaping	PW	Consent
4	Newsrack permit fees	PW	Public Hearing
5	Sharon Rd sidewalks (pref alternative and resolution for parking restrictions)	PW	Regular
6	Transportation Management Association (TMA) update	PW	Informational
7	Water fund	PW	Study Session
8	West Bay Sanitary - MOU for recycled water	PW	Regular
9	Goal setting	Various	
10	Joint meeting with MPFPD	Various	Joint meeting

Agenda item H1
Tom LeMieux, Resident

January 12, 2021

To: City of Menlo Park Councilmembers:
Fr: Tom LeMieux

Re: Ban of Gas Powered Leaf Blowers

Dear Council,

I have been a resident of Menlo Park for nearly 30 years. I have supported the past efforts of the Council to improve our environment and reduce toxic exposure to residents. Last year, Menlo Park passed a pioneering measure to substantially reduce greenhouse gas emissions by exceeding the state's mandated steps toward that goal by implementing restrictions on gas appliances. Mayor Ray Mueller said at the time,"It's really great to see everyone coming together and trying to make this work."

Despite this, we still allow gas powered leaf blowers. I see no benefits, only harm, from these blowers. They are polluting, create noise, and are not good for the soil. We have provided our gardener with an electric powered blower and it works fine for our gardening needs. We have all spent more time working from home during the pandemic and I have become painfully aware of the prevalence of gas powered blowers in my neighborhood. There seems to be no restrictions on the noise level nor the time or days of week they are used.

There are many studies that have been presented to the Council in the past regarding the damaging effects of these blowers. How can we, as a City, be so progressive on implementing "reach codes" and yet continue to allow gas leaf blowers that are much more disturbing to our community? I encourage the Council to add this to their agenda in 2021 and join more than 30 other California cities that have already banned the use of gas powered leaf blowers.

Regards,
Tom LeMieux

[REDACTED]
Menlo Park, CA 94025
[REDACTED]