



**CITY OF FOSTER CITY/
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
FOSTER CITY COUNCIL CHAMBERS
620 FOSTER CITY BOULEVARD
FOSTER CITY, CALIFORNIA**

**Teleconference Location:
Sanjay Gehani
1480 Southwest 6th Avenue
Fort Lauderdale, Florida, 33315
(650)600-7722**

AGENDA

Tuesday, January 22, 2019 6:30 PM

REGULAR MEETING AS CITY COUNCIL/EMID BOARD OF DIRECTORS

**PURSUANT TO RALPH M. BROWN ACT, ALL VOTES SHALL BE BY ROLL CALL
DUE TO COUNCILMEMBER/DIRECTOR SANJAY GEHANI TELECONFERENCING
FROM 1480 SW 6TH AVENUE, FORT LAUDERDALE, FLORIDA, 33315**

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**

Councilmembers/ex officio EMID Directors Richa Awasthi, Sanjay Gehani,
Catherine Mahanpour, Herb Perez, and Mayor/President Sam Hindi

- 4. PUBLIC**

FCMC 2.08.240 Addressing the Council. "...Each person desiring to address the Council shall step up to the public rostrum after being recognized to speak by the presiding officer, shall state his/her name and address for the record, state the subject he/she wishes to discuss, state who he/she is representing if he/she represents an organization or other persons and, unless further time is granted by majority vote of the Council, shall limit his/her remarks to three minutes. The City Council may vary the time limit for any speaker, if it deems this necessary."

5. CITY/EMID CONSENT CALENDAR

All matters listed under Consent Calendar are considered to be routine by the City Council/EMID Board of Directors and will be enacted by one motion unless removed by a member of the Council/Board, staff, or public. There will be no separate discussion on these items unless a citizen or a Council/Board member so requests. If discussion is required, that item will be removed from the Consent Calendar and will be considered separately after approval of the remaining items on the Consent Calendar. Vote may be by roll call.

5.1. City/EMID Minutes

5.1.1. City/EMID Regular Meeting of January 7, 2019

5.1.2. City and Innovation and Technology Advisory Committee Joint Special Meeting of January 9, 2019

5.2. City/EMID Resolutions for Adoption (First City Resolution Number to be used tonight is 2019-2 and EMID Resolution Number to be used tonight is 3454)

- 5.2.1. a)** A Resolution of the City Council of the City of Foster City Approving the Additional Transfer of Foster City/Estero Municipal Improvement District Assets Valued at \$14,174.38 to the San Mateo Consolidated Fire Department; and
- b)** A Resolution of the Board of Directors of the Estero Municipal Improvement District Approving the Additional Transfer of Foster City/Estero Municipal Improvement District Assets Valued at \$14,174.38 to San Mateo Consolidated Fire Department
- c)** Staff Report
- d)** Adopt Resolutions

6. PUBLIC HEARINGS

- 6.1.** A Public Hearing to Hear and Consider Public Comments Regarding the Introduction of an Ordinance Amending Foster City Municipal Code (FCMC) Chapter 17.58, Architectural Control and Supervision, Section 17.58.020, Improvements Subject to Architectural Review, Subsection (C), Improvements Which Are Prohibited, and pass to second reading and adoption the Ordinance amendments. This amendment relates to the visibility of painted murals of landscapes, hardscapes or foliage displayed on the interior side of fences and walls

- a) Open Public Hearing
- b) Staff Report
- c) Receive Public Testimony
- d) Close Public Hearing
- e) Action - An Ordinance Of The City of Foster City Amending Foster City Municipal Code Title 17, Zoning, Chapter 17.58, Architectural Control and Supervision, Section 17.58.020, Improvements Subject To Architectural Review, Subsection (C)(2), Improvements Which are Prohibited
 - i) Introduce Ordinance by title, by motion waive further reading
 - ii) By motion pass ordinance to second reading

7. NEW BUSINESS

- 7.1.** Consideration of Preliminary Review of Site and Conceptual Plans for the Proposed Development of a New ±77,479 Square-Foot Hotel – MPQ Foster City Metro Center LLC – Southwest Corner of Metro Center Boulevard and Shell Boulevard – Town Center Neighborhood – APN 094-522-350 – PR2018-0001
 - a) Staff Report
 - b) Receive Public Testimony
 - c) No Action Required - Comments Only
- 7.2.** Consideration of the Final Recreation Center Master Plan Conceptual Design Plan Report from Burks Toma Architects
 - a) Staff Report
 - b) Action - By Minute Order, Receive and Accept the Report and Provide Policy Direction

8. REPORTS

- 8.1.** Consideration of an Update on Unfunded Pension Liabilities
 - a) Staff Report
 - b) Action - By Minute Order, Receive and Accept the Report and Provide Policy Direction

9. RESOLUTIONS FOR ADOPTION

- 9.1.** A Resolution of the Board of Directors of the Estero Municipal Improvement District Approving Agreements with Jones Hall, a Professional Law Corporation for Bond Counsel Services, Kitahata & Company and William Euphrat Municipal Finance, Inc. for Financial Advisor's Services, and Schiff Hardin LLP for Disclosure Services, in Connection with the Issuance of Revenue Bonds for the Wastewater Treatment Plant Project and Financing Plan Update

- a) Staff Report
- b) Action - Adopt Resolution

9.2. Consideration of Audited Fiscal Year 2017-2018 Comprehensive Annual Financial Report (CAFR) and the Fiscal Year 2017-2018 Warrant Registers in the Form of that CAFR

- a) Staff Report
- b) Action - A Resolution of the City Council of the City of Foster City Ratifying and Approving the Audited Fiscal Year 2017-2018 Comprehensive Annual Financial Report (CAFR) and the Fiscal Year 2017-2018 Warrant Registers in the Form of that CAFR
- c) Action - A Resolution of the Board of Directors of the Estero Municipal Improvement District Ratifying and Approving the Audited Fiscal Year 2017-2018 Comprehensive Annual Financial Report (CAFR) and the Fiscal Year 2017-2018 Warrant Registers in the Form of that CAFR

9.3. Consideration of the Appeal of the Planning Commission's Decision Denying a Use Permit Modification Request to Remove an Existing Trellis Located at 979-A Edgewater Boulevard in the Edgewater Shopping Center

- a) Staff Report
- b)** Action - A Resolution of the City Council of the City of Foster City Denying the Appeal of the Planning Commission's Decision Denying a Use Permit Modification Request to Remove an Existing Trellis Located at 979-A Edgewater Boulevard in the Edgewater Shopping Center, OR
- c)** Action - Resolution of the City Council of the City of Foster City Approving the Appeal of the Planning Commission's Decision Denying a Use Permit Modification Request to Remove an Existing Trellis Located at 979-a Edgewater Boulevard in the Edgewater Shopping Center

9.4. Consideration of a Second Amendment to City/District Manager Jeff C. Moneda's Employment Agreement

- a) Staff Report
- b) Action - A Resolution of the City Council of the City of Foster City Approving the Second Amendment to the City Manager's Employment Agreement
- c) Action - A Resolution of the Board of Directors of the Estero Municipal Improvement District Approving the Second Amendment to the District Manager's Employment Agreement

10. COMMUNICATIONS

10.1. City/District Warrant of Demands were Processed and Issued on January 2, 2019 and January 7, 2019

- a) Information Item Only
- b) No Action Required

11. CITY/DISTRICT MANAGER REPORTS, COUNCIL/BOARD STATEMENTS AND REQUESTS, AND COUNCIL LIAISON REPORTS

City/District Manager and Council/EMID Board Members report on their various assignments and liaison roles and Council/EMID Board requests for scheduling future items.

12. CLOSED SESSION

12.1. Conference with Real Property Negotiators (Government Code §5496.8)
Agency Negotiators: Jean B. Savaree
Under Negotiation: Terms and Price for Acquisition of 231 Pelican Court

12.2. Conference with Legal Counsel - Anticipated Litigation (Government Code §54956.9(b)): One Potential Case

13. ADJOURNMENT

The public is invited to attend.

Any attendee wishing special accommodations at the meeting should contact the City Clerk's Department at (650) 286-3250 at least 48 hours in advance of the meeting.

Any writings or documents provided to a majority of the City Council or EMID Board regarding any item on this agenda after the agenda packet was distributed will be made available for public inspection in the City Clerk Department at City Hall located at 610 Foster City Boulevard during normal business hours and at the meeting.

City Council meetings on FCTV on Comcast Channel 27 and AT&T Channel 99:

LIVE every 1st and 3rd Monday of the month

REPLAY next day at 1:00 pm (that week only)

REPLAY Saturday at 5:00 pm (only on Saturday the week the actual meeting occurs)

City Council meetings on <https://www.fostercity.org/community/page/fctv-live-stream>:

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**CITY OF FOSTER CITY/
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**

REGULAR MEETING OF JANUARY 7, 2019

MINUTES

CALL TO ORDER OF CITY COUNCIL/EMID BOARD OF DIRECTORS

The Regular Meeting of January 7, 2019 of the City Council of the City of Foster City, sitting as said Council and as ex officio the Board of Directors of the Estero Municipal Improvement District (EMID), was called to order at 6:30 p.m. in the Council Chambers, 620 Foster City Boulevard, Foster City, San Mateo County, California, by Mayor/President Sam Hindi.

ROLL CALL

The Communications Director/City Clerk/District Secretary called the roll:

PRESENT: Councilmembers/ex officio Directors Richa Awasthi, Sanjay Gehani, Catherine Mahanpour, Herb Perez and Mayor/President Sam Hindi.

ABSENT: None.

STAFF PRESENT: Jeff Moneda, City/District Manager; Jean Savaree, City Attorney/District Legal Counsel; Dante Hall, Assistant City Manager; Joe Pierucci, Police Chief; Ann Ritzma, Human Resources Director; Jennifer Liu, Parks and Recreation Director; Norm Dorais, Public Works Director; Marlene Subhashini, Acting Community Development Director; Rob Lasky, IT Manager; Yelena Cappello, Deputy City Clerk; Shuli Chen, Video Technician; and Priscilla Tam, Communications Director/City Clerk/District Secretary/Recording Secretary.

SPECIAL PRESENTATIONS

PROCLAMATION HONORING THE LATE ROBERT PEAGLER.

Mayor Hindi presented the proclamation to Robert Peagler's family.

PUBLIC

Phyllis McArthur, 1415 Marlin Avenue, addressed the City Council regarding dog park signage and the crosswalk at Marlin Avenue and Beach Park Boulevard.

CONSENT CALENDAR

Motion by Vice Mayor/Vice President Perez, seconded by Councilmember/Director Mahanpour, and carried unanimously, 5-0-0, approving the following items on the City/District Consent Calendar:

City/EMID Consent Calendar

1. City/EMID Special Meeting of December 10, 2018;
2. City/EMID Special Meeting of December 17, 2018 at 5:30 p.m.;
3. City/EMID Regular Meeting of December 17, 2018 at 6:30 p.m.;
4. City Resolution No. 2019-1, "A Resolution of the City Council of the City of Foster City Authorizing the City Manager to Execute the Grant of Easement Agreement Accepting the Dedication of Emergency Vehicle Access Easement on the Property Located at 324 Lakeside Drive Owned by Gilead Sciences, Inc., Authorizing the City Attorney to Execute the Associated Certificates of Acceptance, and Authorizing the City Clerk to Record the Documents with the San Mateo County Assessor's Office;"
5. EMID Resolution No. 3452, "A Resolution of the Board of Directors of the Estero Municipal Improvement District Authorizing an Award of a Construction Contract in the Amount of \$999,375 to Anderson Pacific Engineering Construction, Inc. and Appropriation of Additional Funds in the Amount of \$600,000 from the Wastewater CIP Fund Account No. 455-0910-661-4251 to Fully Fund Construction, including the Contingency, for the Sanitary Sewer Force Main Rehabilitation Project (CIP 455-661);" and
6. EMID Resolution No. 3453, "A Resolution of the Board of Directors of the Estero Municipal Improvement District Authorizing the President to Reject All Bids, Approve Re-Issuance of the Plans and Specifications, and Authorize the Call for Bids for the Sewer System Rehabilitation Project (CIP 455-611)."

NEW BUSINESS

COUNCIL LIAISONS LIST AND SUBCOMMITTEES DATED JANUARY 7, 2019. MINUTE ORDER NO. 1582.

Communications Director/City Clerk Tam presented the staff report.

Discussion ensued.

Motion by Vice Mayor Perez, seconded by Councilmember Gehani, and carried unanimously, 5-0-0, to adopt Minute Order No. 1582, approving the Foster City Council Liaisons List and Subcommittees Dated January 7, 2019, with an amendment appointing Councilmember Mahanpour as the alternate to the Peninsula Traffic Congestion Relief Alliance.

REPORTS

SPECIAL EVENT COST RECOVERY. MINUTE ORDER NO. 1583.

City/District Manager Jeff Moneda presented the staff report.

Discussion ensued.

Motion by Vice Mayor Perez, seconded by Councilmember Awasthi, and carried unanimously, 5-0-0, to adopt Minute Order No. 1583, receiving and accepting the report and directing staff to proceed with special event cost recovery through the Interdepartmental Evaluation Committee (IDEC) permit process.

UPDATE ON THE LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT (CIP 301-657). MINUTE ORDER NO. 1584.

Public Works Director Dorais presented the staff report.

Discussion ensued.

Motion by Vice Mayor Perez, seconded by Councilmember Mahanpour, and carried unanimously, 5-0-0, to adopt Minute Order No. 1584, receiving and accepting the report on the Levee Protection Planning and Improvements Project (CIP 301-657).

RESOLUTIONS FOR ADOPTION

APPEAL OF THE PLANNING COMMISSION'S DECISION DENYING A USE PERMIT MODIFICATION REQUEST TO REMOVE AN EXISTING TRELLIS LOCATED AT 979-A EDGEWATER BOULEVARD IN THE EDGEWATER SHOPPING CENTER. CONTINUED TO JANUARY 22, 2019.

Continued to the January 22, 2019 City Council meeting due to the representative for Edgewater Shopping Center being ill and unable to attend this meeting.

COMMUNICATIONS

CITY/DISTRICT WARRANT OF DEMANDS. NO ACTION TAKEN.

City/District Warrant of Demands were Processed and Issued on December 10, 2018, December 12, 2018, December 17, 2018, December 18, 2018 and December 26, 2018.

COUNCIL/BOARD STATEMENTS AND REQUESTS, COUNCIL LIAISON REPORTS, AND CITY/DISTRICT MANAGER REPORTS

City Manager Moneda wished everyone a happy New Year.

Councilmember/Director Mahanpour attended Peninsula Clean Energy (PCE) meeting on December 20 where they discussed Electric Vehicle (EV) infrastructure. She also attended the Pension Liability Subcommittee meeting on January 2. She wished everyone a safe, prosperous, and happy New Year.

Councilmember/Director Awasthi stated she continued her learning process and meetings with Department Heads, including regular meetings with City Manager Moneda, to understand Departments' priorities and scope of work. She also met with Assistant City Manager Hall regarding economic development. She thanked staff for their work and support, and wished everyone a happy New Year.

Councilmember/Director Gehani wished everyone a happy New Year and stated that he has continued to learn more about city processes, including the financial planning processes that the City has completed over the last several years. He noted that weekly meetings with staff have provided with him with an increased understanding of City functions.

Vice Mayor/Vice President Perez stated that the Economic Development/Sustainability subcommittee will need to look at options for some of the retail vacancies in Foster City. He invited the public to attend the City Council Vision and Policy Summit at the February 4 City Council meeting. He also stated that he is looking forward to upcoming projects this year, including the Recreation Center, Parks System Master Plan and the Levee Protection and Planning Improvement Project. He congratulated Councilmember Mahanpour and Mayor Hindi on their work on the Pension Liability Subcommittee, and wished everyone a happy New Year.

Mayor/President Hindi attended the Pension Liability Subcommittee meeting on January 2 and the subcommittee will bring recommendations to the City Council for consideration. He stated that he is looking forward to a productive year, including keeping the Levee Protection and Planning Improvement Project on budget and on schedule. He is working on the agenda for the February 4 City Council Vision and Policy Summit, and looks forward to further collaborations with the City Council.

CLOSED SESSION

Mayor/President Hindi recessed the meeting into Closed Session for:

Public Employment Performance Evaluation (Government Code §54957)
Title: City/District Manager

Conference with Labor Negotiators (Government Code Section §54957.6)
Agency Designated Representative: Jean B. Savaree
Unrepresented Employee: City Manager

Meeting recessed into Closed Session at 7:08 p.m. and reconvened at 8:40 p.m.

Mayor/President Hindi reported that no action was taken in Closed Session.

ADJOURNMENT

Hearing no objection from the City Council/EMID Board, Mayor/President Hindi adjourned the meeting. Meeting adjourned at 8:40 p.m.

**CITY OF FOSTER CITY/
FOSTER CITY INNOVATION AND TECHNOLOGY ADVISORY COMMITTEE**

SPECIAL MEETING OF JANUARY 9, 2019

MINUTES

**CALL TO ORDER OF CITY COUNCIL AND INNOVATION AND TECHNOLOGY
ADVISORY COMMITTEE**

The duly called and noticed special meeting of the City Council and Innovation and Technology Advisory Committee of the City of Foster City (City), sitting as said Council and Innovation and Technology Advisory Committee Members of January 9, 2019 was called to order at 1:00 p.m. in the Verizon Innovation Center, 201 Spear St, 9th Floor, San Francisco, California, by Councilmember Catherine Mahanpour.

ROLL CALL

The Communications Director/City Clerk called the roll:

PRESENT: Councilmembers Richa Awasthi, Sanjay Gehani, and Catherine Mahanpour.

Innovation and Technology Advisory Committee Members Claudio Cozzi, Doris G. Duncan, and Thaddeus Jimenez.

ABSENT: Vice Mayor Herb Perez and Mayor San Hindi.

Innovation and Technology Advisory Committee Member Ramiya Iyer.

STAFF PRESENT: Dante Hall, Assistant City Manager; Norm Dorais, Public Works Director; Rob Lasky, IT Manager, Hang Tran, Communications Manager; Elizabeth Lam, Sustainability Intern; and Priscilla Tam, Communications Director/City Clerk.

STUDY SESSION

Councilmember Catherine Mahanpour recessed the meeting into study session for a tour of the Verizon Innovation Center.

Meeting recessed into study session at 1:00 p.m. and reconvened at 4:36 p.m.

ADJOURNMENT

Hearing no objection from the City Council and the Innovation and Technology Advisory Committee, Councilmember Catherine Mahanpour adjourned the meeting. Meeting adjourned at 4:36 p.m.



DATE: January 22, 2019

TO: Mayor and Members of the City Council
President and Members of the Estero Municipal Improvement District
(EMID) Board of Directors

VIA: Jeff Moneda, City/District Manager

FROM: John Healy, Fire Chief

SUBJECT: ADDITIONAL TRANSFER OF ASSETS TO SAN MATEO
CONSOLIDATED (SMC) FIRE DEPARTMENT

RECOMMENDATION

It is recommended that the City Council of the City of Foster City and the Board of Directors of the Estero Municipal Improvement District (Council/Board) approve the additional transfer of assets retroactive January 13, 2019 from the City/District to San Mateo Consolidated (SMC) Fire Department (assets as reference in Attachment 3).

EXECUTIVE SUMMARY AND BACKGROUND / ANALYSIS

On November 5, 2018, the Council/Board authorized the commencement of operations for the San Mateo Consolidated Fire Department (SMC Fire) effective January 13, 2019 and the ownership transfer of various City/District assets to SMC Fire. SMC Fire has identified additional Foster City Fire Department assets needing to be transferred to SMC Fire.

These additional assets are predominately older vehicles and equipment associated with the delivery of fire service that continue to have serviceable lives, but are in many instances fully depreciated for accounting purposes.

The accounting book value of the additional assets are as follows:

Vehicles: none

Equipment: \$14,174.38

Attachments:

- Attachment 1 - City Resolution
- Attachment 2 - EMID Resolution
- Attachment 3 - Additional Assets to be Transferred to SMC Fire

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY APPROVING THE ADDITIONAL TRANSFER OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT ASSETS VALUED AT \$14,174.38 TO THE SAN MATEO CONSOLIDATED FIRE DEPARTMENT

CITY OF FOSTER CITY

WHEREAS, in November 2017, the City of Foster City executed a JPA Agreement establishing San Mateo Consolidated Fire Department (SMC Fire); and

WHEREAS, on November 5, 2018, the City Council approved the commencement of operations for SMC Fire effective January 13, 2019 and the transfer of various City Fire Department assets from the City to SMC Fire; and

WHEREAS, SMC Fire staff has identified additional City Fire Department assets previously overlooked on November 5, 2018 that need to be transferred to SMC Fire.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Foster City authorizes a transfer of ownership of Foster City/Estero Municipal Improvement District Fire Department vehicles and equipment retroactive January 13, 2019, valued at \$14,174.38, to SMC Fire.

PASSED AND ADOPTED as a resolution of the City Council of the City of Foster City at the regular meeting held on the 22nd day of January 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SAM HINDI, MAYOR

ATTEST:

PRISCILLA TAM, CITY CLERK

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESTERO MUNICIPAL IMPROVEMENT DISTRICT APPROVING THE ADDITIONAL TRANSFER OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT ASSETS VALUED AT \$14,174.38 TO SAN MATEO CONSOLIDATED FIRE DEPARTMENT

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

WHEREAS, in November 2017, the Estero Municipal Improvement District executed a JPA Agreement establishing San Mateo Consolidated Fire Department (SMC Fire); and

WHEREAS, on November 5, 2018, the District Board approved the commencement of operations for SMC Fire effective January 13, 2019 and the transfer of various District Fire Department assets from the District to SMC Fire; and

WHEREAS, SMC Fire staff has identified additional District Fire Department assets previously overlooked on November 5, 2018 that need to be transferred to SMC Fire.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Estero Municipal Improvement District authorizes a transfer of ownership of Foster City/Estero Municipal Improvement District Fire Department vehicles and equipment retroactive January 13, 2019, valued at \$14,174.38, to SMC Fire.

PASSED AND ADOPTED as a resolution of the Board of Directors of the Estero Municipal Improvement District at the regular meeting held on the 22nd day of January 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SAM HINDI, PRESIDENT

ATTEST:

PRISCILLA TAM, DISTRICT SECRETARY

Listing of Capital Asset Transfers to SMC Fire effective January 13, 2019

Capital Asset Number	Year	Description	Purchase Cost	Accumulated Depreciation as of 6/30/18	Current Year Depreciation up to 1/13/19	Accumulated Depreciation as of 1/13/19	Net Book Value
2006-9	2006	45-98 Ford Explorer (Ford F-250 Truck) BC6	\$ 40,577.88	\$ 39,537.42	\$ 1,040.46	\$ 40,577.88	\$ -
00001401	1997	T-28 LTI Fire Truck	553,485.50	553,485.50	-	553,485.50	-
2010-1	2010	Oil Spill Equipment & Trailer	25,318.69	22,575.83	1,265.94	23,841.77	1,476.92
2013-9	2013	Harris Master III Repeater/Base Station Equipment	7,389.71	3,756.44	369.49	4,125.93	3,263.78
00000337	1988	Power Generator EM5000	6,000.00	6,000.00	-	6,000.00	-
00000347	1988	Power Rescue Tool Amxus Model C	7,000.00	7,000.00	-	7,000.00	-
00000412	1990	Radio Base Station Motorola Model MSR2000	8,200.00	8,200.00	-	8,200.00	-
00000623	1997	Monitor With Defib Pak #806545 Model #805300	18,688.85	18,688.85	-	18,688.85	-
00000729	1997	Air Storage Cylinder, Scba's, Masks (3)	9,085.86	9,085.86	-	9,085.86	-
00001499	1999	Amkus Power Rescue Tool	23,864.97	23,864.97	-	23,864.97	-
00001549	1998	Plymovent OS2 Exhaust Removal System	66,978.34	66,978.34	-	66,978.34	-
00001847	2001	Communication Equipment	15,982.23	15,982.23	-	15,982.23	-
2003-14	2002	1 ISG K90 Talisman XL Thermal Imager (Truck #28)	20,766.58	20,766.58	-	20,766.58	-
2004-44	2004	2 Thermal Imaging Cameras ISG K80	17,214.28	17,214.28	-	17,214.28	-
2006-1	2005	Biosystems Posicheck3 Scba Bench Test Unit With Laptop	11,262.66	11,262.66	-	11,262.66	-
2006-19	2005	Wireless Computer Screen & Laptop Computer	6,110.81	6,110.81	-	6,110.81	-
2006-24	2006	PLYMOVENT Model STRA-651D Diesel Exhaust System	38,809.19	38,809.19	-	38,809.19	-
2007-50	2007	FCFD Tutor Fire Extinguisher Pan	8,245.09	8,245.09	-	8,245.09	-
2008-32	2008	FCFD High Pressure Breathing Air Compressor/Containment Fill	29,528.24	20,013.58	984.28	20,997.86	8,530.38
2013-35	2013	Rescue Tool Cutter	6,323.09	4,968.14	451.65	5,419.79	903.30
Total Amounts for Assets NOT Transfer			\$ 920,831.97	\$ 902,545.77	\$ 4,111.82	\$ 906,657.59	\$ 14,174.38



DATE: January 22, 2019

TO: Mayor and Members of the City Council

VIA: Jeff Moneda, City Manager

FROM: Marlene Subhashini, Interim Community Development Director
Jean Savaree, City Attorney

SUBJECT: ORDINANCE AMENDING FOSTER CITY MUNICIPAL CODE CHAPTER 17.58, ARCHITECTURAL CONTROL AND SUPERVISION, SECTION 17.58.020, IMPROVEMENTS SUBJECT TO ARCHITECTURAL REVIEW, SUBSECTION (C), IMPROVEMENTS WHICH ARE PROHIBITED

RECOMMENDATION

It is recommended that the City Council consider the options presented in this report regarding visibility of painted murals on the interior side of fences, determine which option should apply and then introduce amendments to FCMC Chapter 17.58, Architectural Control and Supervision, Section 17.58.020, Improvements Subject to Architectural Review, Subsection (C)(2), Improvements Which Are Prohibited, and schedule a second reading and adoption of the Ordinance. The options are as follows:

Option 1: Murals of landscapes, hardscapes or foliage may be displayed on the interior side of fence and walls; or

Option 2: Murals of landscapes, hardscapes or foliage may be displayed on the interior side of fences and walls so long as the mural is not visible to the general public when viewed from the street, sidewalk, or lagoon.

EXECUTIVE SUMMARY

On October 1, 2018, the City Council adopted a Resolution of Intention directing the Planning Commission to review FCMC Section 17.58.020(C) and to recommend whether or not it should be amended to allow murals to be painted on the interior side

of fences/walls if the murals were not visible to the general public.

The Planning Commission reviewed the item at the meeting of October 18, 2018. Four Commissioners were present for the meeting. It was the consensus of the Commission that the ordinance should be amended to allow murals on the interior side of fences/walls provided the murals are not visible to the public from the sidewalk, street, or lagoon.

On November 19, 2018, the City Council reviewed the Planning Commission's recommendation and directed that proposed amendments to Section 17.58.020(C) be prepared for City Council consideration. Those proposed amendments are now before the City Council for introduction.

BACKGROUND

On September 17, 2018, at Councilmember Herb Perez's request, the City Council agreed to consider whether or not to approve a Resolution of Intention directing the Planning Commission to review FCMC Section 17.58.020(C) and to recommend whether or not it should be amended.

During the City Council's discussion of a Resolution of Intention on October 1, 2018, Councilmember Herb Perez indicated that he was requesting the City Council to adopt the Resolution of Intention because he had received requests from property owners to amend the ordinance so that they could install murals on their properties.

Councilmember Herb Perez indicated that he could support this request so long as the mural was painted on the interior of the property's fence/wall and that it was not visible to the general public. With that limitation, the City Council approved the Resolution of Intention and referred the matter to the Planning Commission for its review and recommendation. (City Council Resolution No. 2018-91)

The Planning Commission reviewed the item at the meeting of October 18, 2018. Four Commissioners were present for the meeting. It was the consensus of the Commission that the ordinance should be amended to allow murals on the interior side of fences/walls provided the murals are not visible to the public from the sidewalk, street or lagoon.

On November 19, 2018, the City Council reviewed the Planning Commission's recommendation and directed that proposed amendments to Section 17.58.020(C) be prepared for City Council consideration. Those proposed amendments are now before the City Council for introduction.

ANALYSIS

Chapter 17.58 Architectural Control and Supervision

FCMC Chapter 17.58, Architectural Control and Supervision, (attached) was originally adopted in 1989. This Chapter of the Municipal Code was adopted to assist in “maintaining the high standards of architectural design that have distinguished Foster City as the first successful planned community in California.” (FCMC Section 17.58.010, Intent and Purpose) This Chapter established procedures and criteria for review of proposed structures, buildings, improvements, and modifications to real property which were deemed necessary in order to meet the following objectives:

1. To preserve the architectural character and scale of the neighborhoods and community;
2. To assure that development is well designed, in and of itself and in relation to surrounding properties, including that the height, facade length, roof form, colors, materials, and architectural details of a proposed building should be compatible with the height, facade length, roof form, colors, materials, and architectural details of buildings in the immediate vicinity;
3. To prevent the erection of structures, additions or alterations or other property improvements which significantly impact the privacy of adjacent properties; cause a significant diminution of sunlight to the interior of an adjacent building or to the exterior of adjacent properties; cause undue glare or noise impacts to adjacent properties; and significantly block or limit existing views from the interior and exterior of adjacent properties, and that individual rights are weighed against the needs and requirements of the community;
4. To assure that developments enhance their sites and are harmonious with the highest standards of improvements in the surrounding area;
5. To promote and protect the health, safety and general welfare of the city;
6. To preserve views of and from the lagoons and waterways which provide a visual connecting link for adjacent lots and developments;
7. To enhance the residential and business property values within the city and in neighborhoods surrounding new or modified development;
8. To assure that each new development is designed to best comply with the intent and purpose of the zone in which the property is located and with the general plan of the city;
9. To encourage the maintenance, repair, replacement or improvement of surrounding properties. (FCMC Section 17.58.010(B))

Section 17.58.020, Improvements Subject to Architectural Review, contains a detailed list of improvements which are subject to or exempt from architectural review.

Architectural review must be completed prior to issuance of any building permit or construction of improvements listed in Section 17.58.020(A). Architectural review is conducted by either the Planning Commission or Community Development Director per Section 17.58.040. In order to approve an architectural design review application, the

Planning Commission or Community Development Director is required to make the following findings:

- A. That the proposal is consistent with the Foster City general plan and Title 17, Zoning, and Chapter 2.28, Planning, of the Foster City Municipal Code.
- B. That the design of the proposal is appropriate to the city, the neighborhood and the lot in which it is proposed.
- C. That the design of the proposal is compatible with its environment with respect to use, forms, materials, colors, setbacks, location, height, design, or similar qualities as specified in Section 17.58.010. (FCMC Section 17.58.050, Findings Required)

If an applicant's property is also subject to deed restrictions or private covenants, codes, and restrictions (CC&R's), the applicant is required to obtain any approvals required by those documents and present that approval to the Planning Commission or Community Development Director as part of the architectural design review application. (FCMC Section 17.58.070, Special Provisions)

Decisions made by the Planning Commission or Community Development Director on architectural design review applications may be appealed. (FCMC Section 17.58.040, Architectural Review Procedures)

While the above-referenced code sections detail the items which are subject to or exempt from architectural review, Section 17.58.020(C) addresses improvements which are prohibited in Foster City. It is this section of Chapter 17.58 which the Planning Commission was asked to review. FCMC Section 17.58.020(C) prohibits:

1. Repainting or restaining which uses a bright pastel, fluorescent, or a primary color or a color out of character with existing colors used in the neighborhood;
2. Repainting or restaining which uses murals, multi-colored patterns, or similar features.

After hearing on October 18, 2018, the Planning Commission recommended that the City Council amend Section 17.58.020(C)(2) of the FCMC to allow for installation of murals and offered the following comments:

- Three Commissioners supported an amendment to allow murals on the interior side of fences/walls provided the murals were not visible to the public from the sidewalk, street or lagoon.
- One Planning Commissioner supported an amendment to allow installation not only on the interior side of fences/walls, but also on fences/walls which are visible to the public, so long as the mural was limited in size to 10-20% of the wall or fence.

- One commissioner recommended that if murals were installed on the interior side of side yard fences/walls, the size should be limited even if not visible to the public.

On November 19, 2018, the City Council reviewed the Planning Commission's report and directed that proposed amendments to Section 17.58.020(C)(2) be prepared and presented for City Council consideration. The City Council's Minute Order directs that the proposed amendments to FCMC Section 17.58.020(C)(2) should allow for installation of murals of landscapes, hardscapes, or foliage only (i.e., no multicolor patterns or similar features) on the interior side of fences/walls. The ordinance amendment should place no restrictions on the size of the murals and provide the City Council with two options to consider regarding visibility (i.e., murals may be visible to the general public or murals must not be visible to the general public).

A draft of proposed amendments to FCMC Section 17.58.020(C)(2) is attached for City Council review. As directed by the City Council, two options regarding visibility are included for the City Council to consider. The new proposed text is shown in **bold** and the text to be removed is shown with ~~strikeouts~~:

17.58.020 Improvements subject to architectural review.

C. Improvements Which Are Prohibited. The following types of improvements are prohibited:

1. Repainting or restaining which uses a bright pastel, fluorescent, or a primary color or a color out of character with existing colors used in the neighborhood;
2. Repainting or restaining which uses murals, multi-colored patterns, or similar features.

a. Exception – Murals of landscapes, hardscapes or foliage may be displayed on the interior side of fence and walls

OR

a. Exception – Murals of landscapes, hardscapes or foliage may be displayed on the interior side of fences and walls so long as the mural is not visible to the general public when viewed from the street, sidewalk, or lagoon.

CONCLUSION

After the City Council's review of the proposed amendments to FCMC Section

17.58.020(C)(2), staff recommends that the City Council determine which option should apply regarding visibility and then introduce amendments to FCMC Chapter 17.58, Architectural Control and Supervision, Section 17.58.020, Improvements Subject to Architectural Review, Subsection (C)(2), Improvements Which Are Prohibited, and schedule a second reading and adoption of the Ordinance. These ordinance amendments would become effective thirty (30) days after adoption.

FISCAL IMPACT

There is no fiscal impact associated with this item.

Attachments:

- Attachment 1 - Ordinance – Redline Version of Draft Amendments to FCMC Section 17.58.020
- Attachment 2 - Ordinance

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF FOSTER CITY AMENDING FOSTER CITY MUNICIPAL CODE TITLE 17, ZONING, CHAPTER 17.58, ARCHITECTURAL CONTROL AND SUPERVISION, SECTION 17.58.020, IMPROVEMENTS SUBJECT TO ARCHITECTURAL REVIEW, SUBSECTION (C)(2), IMPROVEMENTS WHICH ARE PROHIBITED

CITY OF FOSTER CITY

IT IS SO ORDAINED by the City Council of the City of Foster City as follows:

Section 1. Title 17, Zoning, Chapter 17.58, Architectural Control and Supervision, Section 17.58.020, Improvements Subject to Architectural Review, Subsection (C)(2), Improvements Which Are Prohibited, of the Foster City Code is hereby amended as follows:

17.58.020 Improvements subject to architectural review.

C. Improvements Which Are Prohibited. The following types of improvements are prohibited:

1. Repainting or restaining which uses a bright pastel, fluorescent, or a primary color or a color out of character with existing colors used in the neighborhood;

2. Repainting or restaining which uses murals, multi-colored patterns, or similar features.

a. **Exception – Murals of landscapes, hardscapes or foliage may be displayed on the interior side of fence and walls**

OR

a. **Exception – Murals of landscapes, hardscapes or foliage may be displayed on the interior side of fences and walls so long as the mural is not visible to the general public when viewed from the street, sidewalk, or lagoon.**

Section 2. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council does hereby declare that it should have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Section 3. Taking Effect. This Ordinance shall take effect and be in force thirty (30) days from and after its adoption.

Section 4. Posting. Within fifteen (15) days after the adoption of this Ordinance, the City Clerk shall have it posted in three (3) public places designated by the City Council.

This Ordinance was introduced and read on the ____ day of _____, 201____, and passed and adopted on the ____ day of _____ 201____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SAM HINDI, MAYOR

ATTEST:

PRISCILLA TAM, CITY CLERK

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF FOSTER CITY AMENDING FOSTER CITY MUNICIPAL CODE TITLE 17, ZONING, CHAPTER 17.58, ARCHITECTURAL CONTROL AND SUPERVISION, SECTION 17.58.020, IMPROVEMENTS SUBJECT TO ARCHITECTURAL REVIEW, SUBSECTION (C)(2), IMPROVEMENTS WHICH ARE PROHIBITED

CITY OF FOSTER CITY

IT IS SO ORDAINED by the City Council of the City of Foster City as follows:

Section 1. Title 17, Zoning, Chapter 17.58, Architectural Control and Supervision, Section 17.58.020, Improvements Subject to Architectural Review, Subsection (C)(2), Improvements Which Are Prohibited, of the Foster City Code is hereby amended as follows:

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Section 4. Posting. Within fifteen (15) days after the adoption of this Ordinance, the City Clerk shall have it posted in three (3) public places designated by the City Council.

This Ordinance was introduced and read on the ____ day of _____, 201____, and passed and adopted on the ____ day of _____ 201____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SAM HINDI, MAYOR

ATTEST:

PRISCILLA TAM, CITY CLERK



DATE: January 22, 2019

TO: Mayor and Members of the City Council

VIA: Jeff Moneda, City Manager

FROM: Marlene Subhashini, Interim Community Development Director
Tim Maier, Associate Planner

SUBJECT: PRELIMINARY REVIEW MEETING TO CONSIDER A NEW HOTEL AT
THE VACANT VISA LOT

PURPOSE/RECOMMENDATION

Pursuant to Chapter 17.72, Development Project Preliminary Review Procedures, of Title 17, Zoning, of the Foster City Municipal Code, the purpose of this meeting is to introduce the proposed hotel on the vacant former Visa lot to the City Council and public and receive feedback prior to initiating the entitlement process. No formal action will be taken at this meeting.

EXECUTIVE SUMMARY

The project includes proposed construction of a new, approximately 77,479 square-foot, six-story hotel and associated site improvements at the vacant, approximately 59,327-square-foot (1.36-acre) lot situated at the southwest corner of Metro Center Boulevard and Shell Boulevard. As proposed, the hotel would feature 155 guest rooms and include a restaurant, meeting space, and rooftop terrace bar. The select-service lodging facility is anticipated to be affiliated with an upscale brand and would contain a lobby lounge, fitness room, business center, sundry sales, and guest laundry room. The building would be constructed at grade and would be surrounded by surface parking and a new, two-level parking garage. The proposed development would provide 90 to 100 parking spaces, new drive aisles, landscaping, and covered outdoor seating area.

A hotel market feasibility study submitted by the applicant describes the consistently

high lodging occupancy rates historically observed throughout the San Mateo County region. Based on trends experienced over the past decade, the feasibility report forecasts a continuation of strong market conditions and a robust demand for guest accommodations at the proposed hotel.

NOTICING/PUBLIC OUTREACH

The public was advised of this meeting in the following ways:

- Legal notice ad in the Foster City Islander on January 9, 2019
- Foster City TV Channel from January 9, 2019 to January 22, 2019
- Public Posting Places on January 9, 2019
- Electronic marquee at Leo Ryan Park from January 14, 2019 to January 22, 2019

BACKGROUND/HISTORY

The subject 1.36-acre vacant lot is situated at the southwest corner of Metro Center Boulevard and Shell Boulevard. Surrounding land uses include Costco Wholesale and State Route 92 (CA-92) to the northwest; adjacent nine (9)-story Visa office building and two-level structured parking to the southwest; Cityhomes East multifamily development (townhomes) complex to the southeast; and the Metro retail center and Courtyard by Marriott hotel to the northeast. In 1984, the Metro Center General Development Plan (GDP) was approved (RZ-3-83) to reclassify the approximately 100-acre land bounded by State Route 92, East Hillsdale Boulevard, Edgewater Boulevard, and Foster City Boulevard to General Business/Planned Development (C-2/PD) District with a General Development Plan. The subject site is located in the approximate center of the area encompassed by the Metro Center GDP. The lot was originally designated for commercial retail use, and amendments to the General Development Plan (Ordinance 434. RZ-96-001) subsequently identified the site for restaurant use.

Plans and supporting documents have been reviewed by the City's Interdepartmental Evaluation Committee (IDEC), and comments regarding the proposed project were provided at a meeting of the IDEC on January 8, 2019.

PROJECT/SITE DESCRIPTION

On July 19, 2018, staff received an application for a Preliminary Review for proposed development of the site.

The proposed conceptual plan for development of the property includes the following:

1. A new, approximately 77,479 square-foot six-story limited service hotel with a

ground floor encompassing restaurant and bar, five stories of guest rooms (approximately 155 guest rooms) above, and a rooftop terrace bar;

2. Surface parking with drive aisles providing access from Metro Center and Shell boulevards; and
3. A two-level parking garage with raised podium placed above at-grade parking with proposed parking capacity totaling 90 to 100 stalls.

A project description letter received September 28, 2018 has been submitted by the applicant and is attached to this report (Attachment 1). The applicant envisions the hotel to serve the local and regional market as an upscale destination, anticipated to be affiliated with Marriott brands AC Hotels or Aloft. Consideration of the site and architectural plans for any new use will take place through request for a Specific Development Plan/Use permit, subject to approval by the Planning Commission.

Circulation

As shown in the conceptual site plan (Attachment 2), the hotel building would be situated near the northwesterly property line of the lot. The primary entry of the facility would face the interior of the lot, providing access from the new parking garage placed adjacent to the lot's southeasterly property line and ground-level parking concentrated at the lot's southerly half.

The submitted site plan proposes three points of vehicular access to the site. A one-way drive aisle would provide ingress from Metro Center Boulevard, extending along the southwest property line and toward surface parking spaces and a ramp leading to the second floor of the proposed parking garage. The drive aisle would be flanked by angled parking stalls and would continue to the building's porte cochere near the middle of the lot. Additionally, two separate two-way access lanes would be positioned along the lot's Shell Boulevard frontage. The drive aisle nearer the intersection of Metro Center and Shell boulevards would provide access to the porte cochere drop-off/pick-up lane at the building's primary entry and span the width of the lot, continuing to the inbound lane from Metro Center Boulevard. A two-way drive aisle situated further to the south along Shell Boulevard would allow inbound access to, and outbound travel from, a row of surface parking stalls placed below structured parking. That drive aisle would terminate in a cluster of parking stalls at the site's southerly corner. Access to both at-grade parking and elevated parking is achieved from all three proposed points of entry.

The proposed ingress/egress and on-site circulation plan may be considered preliminary in nature. Any revisions to the circulation plan for the site would be reviewed as part of the traffic study that will be prepared for the project.

Parking

Per Municipal Code Section 17.62.060(B)(1), one parking stall is required for each guest room, and two parking stalls are required for each on-site resident/manager, resulting in a minimum required parking count of 155 stalls. Submitted plans propose 90 to 100 parking spaces, with the majority at grade and a lesser number elevated on the second level of the parking structure. Section 17.36.090, Planned Development Combining District, of the Municipal Code states that the parking ratios set forth in Chapter 17.62 are to be considered minimum standards but allows the Planning Commission to consider deviations from the total number of required off-street parking spaces with submittal of a parking analysis. The Code specifies that such a parking analysis must clearly demonstrate the adequacy of the intended parking capacity to accommodate the proposed use; the parking study must also identify, and include methods for mitigating, any potentially adverse impacts derived from a reduction in number of parking stalls below that normally required.

Section 17.62.090 of the Municipal Code requires that minimally one (1) loading/unloading space be provided for any freestanding office, commercial, or service use for each 50,000 square feet of gross leasable area over 5,000 square feet in size. Per Section 17.62.080, any such delivery stall must measure at least twelve (12) feet in width and thirty-five (35) feet in length and maintain a minimum fourteen (14) feet of vertical clearance. Although not clearly depicted on the plans, one loading/unloading stall has been incorporated in the submitted site plans.

LAND USE

General Plan: The Land Use Map of the General Plan designates the use of the subject site as “Town Center Commercial.” The City’s General Plan describes the Town Center Commercial land use category as follows:

“This designation is reserved for the area located northwest of East Hillsdale Boulevard, bounded by Foster City Boulevard to the north and State Route 92 to the west. The area includes a 100-acre development known as Metro Center, in addition to Parkside Towers and other office developments. Metro Center is intended to serve as Foster City’s downtown core. The highest intensity uses in the City would be allowed, with Floor Area Ratios (FAR) for office developments ranging from .55 to 2.0 FAR. Town Center office developments located outside Metro Center, have lower FARs which range from .18 to 1.5 FAR.”

Zoning: The zoning designation of the subject site is C-2/PD General Business/Planned Development District, which allows hotels, including restaurants and meeting rooms, as permitted uses. The PD, or Planned Development, combining district is intended to accommodate a range of development types while offering

flexibility by allowing tailoring of City standards to specific uses (Section 17.36.010, Foster City Municipal Code).

The current zoning designation for the site is established in the Metro Center GDP (Ordinance 434), which is part of the zoning map for the site which allows a maximum of 359,300 square feet of retail commercial use and siting of a 147-room courtyard-style hotel. Although the proposed project would not require a change in zoning designation, a GDP Amendment/Rezoning will be necessary to amend the Metro Center GDP to allow the proposed addition of a second, 155-room hotel.

ENVIRONMENTAL REVIEW

In accordance with the California Environmental Quality Act (CEQA), an Environmental Analysis will be conducted for the project. The Environmental Analysis will determine the type of environmental document to be prepared to evaluate the proposal with regard to CEQA Guidelines and determine potential environmental impacts. Based on the findings of the Environmental Analysis, an Environmental Impact Report (EIR) or a Mitigated Negative Declaration (MND) will be prepared for the project. The findings of the Environmental Analysis will be made available for public review prior to making a final decision on the proposed project.

APPROVAL ACTIONS REQUIRED

In order to review and ultimately approve the proposed hotel development project, the following entitlements are required:

- Environmental Assessment
 - o Preparation and Certification of an Environmental Impact Report or appropriate environmental document
- General Development Plan/Rezoning
 - o Amendment to the Metro Center GDP from C-2/PD (General Business/Planned Development) district with a maximum of 359,300 square feet of retail commercial and one, 147-room courtyard-style hotel to C-2/PD (General Business/Planned Development) district to increase in previously-approved commercial square footage to include the proposed second hotel with 155 rooms
- Specific Development Plan/Use Permit
 - o Design review concurrent with the General Development Plan/Rezoning

KEY ISSUES TO CONSIDER

Based on the goals and vision of the General Plan and the project description and conceptual plans submitted to date, City Staff has identified the following key issues

which would need to be considered during the review and analysis of the project.

Hotel Use

The subject lot is located within the C-2/PD zoning district, which, as described in the City's Municipal Code, allows hotels, including restaurants and meeting rooms, as permitted uses. The land use of each lot within the Metro Center area was originally approved as part of the Metro Center GDP in 1984 (RZ-3-83) and as identified in the Town Center General Plan Report (November 1983) and the Town Center Design Guidelines (April 1984).

The Metro Center GDP of 1985 (Ordinance 318, filed as RZ-7-85) designated the subject lot for "retail" purposes; the anticipated use was later refined as "Restaurant" use in exhibits of the amended General Development Plan (GDP) of 1991 (Ordinance 385, filed as RZ-91-001) and subsequently identified as a "Restaurant Site" in Exhibit B of the amended GDP of 1996 (Ordinance 434, RZ-96-001). The designation of the subject lot for commercial/restaurant originated from the expectation that a restaurant would support existing and anticipated future land uses in the vicinity of the site. Because the Metro Center GDP currently in place (Ordinance 434) specifies the subject lot as a restaurant site, the proposed hotel at the property requires an amendment to the GDP.

Three (3) hotels are currently located in Foster City, comprising six hundred eighteen (618) total rooms. Given the existing number of hotels in the City, staff requested that the applicant submit a market feasibility study that demonstrates the need and viability for a fourth hotel within the City. The applicant has submitted a hotel market feasibility study dated March 22, 2018 to fulfill this request (Attachment 3).

The submitted feasibility study demonstrates a strong demand for lodging within the San Mateo County region and projects that the proposed hotel will experience a high rate of occupancy. The market analysis includes a consideration of the effects of competition with existing hotels within Foster City and surrounding locales, including lodging facilities recently constructed, entitled, and anticipated for approval. The study notes that the San Mateo County hotel market has sustained occupancy rates in excess of 80% during each of the past five years. Generally, when a lodging market achieves 80% or greater occupancy level, existing hotels are considered effectively "full" (termed "fill nights"), with demand met by lodging facilities in neighboring communities. Foster City's three existing hotels have experienced increased occupancy rates within the last several years, indicating the presence of a growing market for guest accommodations in Foster City. Such trends indicate that elevated demand may be absorbed by the proposed hotel, while a consistently robust regional market would allow for hosting of prospective lodgers turned away by hotels in surrounding jurisdictions. The proposed hotel would be located across Shell Boulevard from the

existing 147-room Courtyard by Marriott; consideration of the proximity of the subject site to that facility has been included in the analysis conducted in the submitted report.

The proposed hotel would be located near the corporate offices of major Foster City employers such as Visa, Gilead Sciences, and Illumina. As indicated in the feasibility study, the majority of lodgers are anticipated to visit the hotel for employment-related purposes. The central location of the hotel would provide visitors convenient travel to area airports and would allow ready access to major employers by bicycle, shuttle, and on foot. The feasibility study reports that, due to its favorable location and, as a new facility, the proposed hotel is expected to achieve an occupancy rate of seventy (70) percent in its first year, rising to eighty (80) percent by its third year, of operation. The study further forecasts that the hotel would realize a higher-than-average number of fill nights and at a rate proportionately greater than its share of the regional market. Importantly, the proposed hotel is projected to recapture to Foster City some commercial demand which has recently shifted to newly-opened lodging facilities located in surrounding jurisdictions.

Visual, Solar and Privacy Impacts

The subject site lies adjacent to the Cityhomes East townhouse complex to its southeast, nine-story office building and associated parking garages to the southwest, and commercial sites to the northwest and northeast (Costco Wholesale and retail center, respectively). As proposed, the project would introduce a new building of six stories on a lot which has remained vacant and undeveloped for decades. The hotel building is placed on the side of the lot furthest from the adjacent townhomes with the two story garage in close proximity to Cityhomes East. Placement of the building and parking garage as proposed, may potentially impact views to the sky and surrounding landscape from the adjacent townhomes, office building, and commercial sites. Loss of sunlight due to shadows cast by siting of the building and parking structure, in addition to visual and privacy impacts associated with the proposed development, will be evaluated through preparation of solar impact analyses, renderings, and visualization exhibits and the Environmental Analysis process.

In order to introduce the project to local residents and to elicit feedback, the applicant hosted a recent public outreach meeting at the Cityhomes East townhouse development. Opportunities for public input are further afforded in project review through anticipated Planning Commission Meetings, Environmental Review process and City Council Hearings.

Traffic and Circulation

Due to the proposed development of the site, a traffic study will be required to evaluate ingress/egress, internal vehicular and pedestrian circulation, as well as traffic safety

and impacts to Level of Service (LOS) Standards on City Streets and their immediate surroundings.

The City Council and Planning Commission have reviewed an application for proposed redevelopment of the Costco site across Metro Center Boulevard to the northwest of the subject lot. Should further review of that project be pursued, a joint traffic analysis that studies the cumulative impacts of the Costco redevelopment and the proposed hotel project, may be undertaken.

City Services

The following factors would further need to be considered in evaluating the feasibility of the proposed project on the subject site:

- a. *Potable Water*: The availability of adequate potable water to serve the proposed project without causing a diminution of water for existing residents and businesses needs to be evaluated. A Water Supply Assessment study will need to be prepared to determine if there is sufficient infrastructure capacity to serve the project site.
- b. *Sewer Capacity*: The city's existing sewer collection and treatment system capacity and its ability to meet additional sewage flow impacts without causing a diminution of service for existing residents and businesses needs to be evaluated. A Wastewater/Sewer capacity study will need to be prepared to determine if there is sufficient infrastructure capacity to serve the project site.
- c. *Police/Fire Services*: The City would need to evaluate the impact on police and fire services and whether the new development could be adequately served by existing municipal services and facilities. Impact to public safety responses need to be evaluated with added population on the site including fire trucks and emergency vehicles access and circulation.

FISCAL IMPACT

Should the proposed project be approved, revenue associated with transient occupancy tax generated by the hotel would become available.

QUESTIONS

1. Is the proposed use of the property as a select-service hotel associated with an upscale brand, appropriate to the vacant lot currently designated for restaurant use?
2. Is the overall site plan concept, placement of the building, and building height acceptable by the City Council?
3. Are there any other issues, concerns, or general matters that the City Council

would like to discuss or ask staff to review?

Pursuant to Chapter 17.72, Development Project Preliminary Review Procedures, the City Council's comments are advisory and non-binding and do not constitute either an approval or denial of the project; therefore, no formal action will be taken at this meeting.

NEXT STEPS

Following this Development Project Preliminary Review meeting, the applicant will have the opportunity to consider the comments provided by the City Council and the public and, if desired, move forward to a Planning Commission Study Session.

Attachments:

- Attachment 1 – Project Description
- Attachment 2 – Conceptual Plans
- Attachment 3 – Hotel Feasibility Study

PART ONE: PROJECT SUMMARY

Program Item	Proposed # or size in sq. ft.	Notes
Total Site Area		
Total # of Parking Spaces	101	
# of Public/Service Levels	1	
# of Public/Guestroom Levels	5	
Total Public Space Area	8,189	25 percent of gross building area
Total Back-of-House Area	3,535	
Total Recreation	882	
Total Guestroom Area	46,496	
Circulation, support spaces	18,377	
Total Building Area	77,479	
Total # of Keys	153	
Total Square Footage per Key	506	

DETAILED PROGRAM
PART TWO: GUESTROOM MIX /COUNT /SQUARE FOOTAGE SUMMARY

Room Type	Proposed	Area	Notes
Double Queen	53	16,536	312 sq ft each
King	85	23,630	278 sq ft each
Suites	15	6,330	422 sq ft (not counting adjacent lock-offs)
Accessible (included in total above)	7		
TOTAL GUESTROOMS	153	46,496	

PART THREE: PUBLIC AREAS - SQUARE FOOTAGE SUMMARY

Program Item	Proposed Size	Subtotal	Notes
LOBBY, GENERAL PUBLIC			
Front Desk/Lobby	1,512		In Back of House
Luggage Storage			
Library	470		Shared with meeting area
Public Restrooms	268		
TOTAL Lobby, General Public	2,250	2,250	
FOOD & BEVERAGE AREAS			
Restaurant	1,891		not including kitchen or outdoor terrace includes covered area, restrooms, and terrace
Roof Terrace Bar	2360		
TOTAL Food & Beverage	4,251	4,251	
MEETING AREAS			
Meeting Room	1,055		
Prefunction	477		
Function Space Storage	156		
TOTAL Meeting Areas	1,688	1,688	
RECREATION AREAS			
Fitness Center	882		
TOTAL Recreation Areas	882	882	
TOTAL PUBLIC AREAS		9,071	

PART FOUR: BACK-OF-HOUSE - SQUARE FOOTAGE SUMMARY

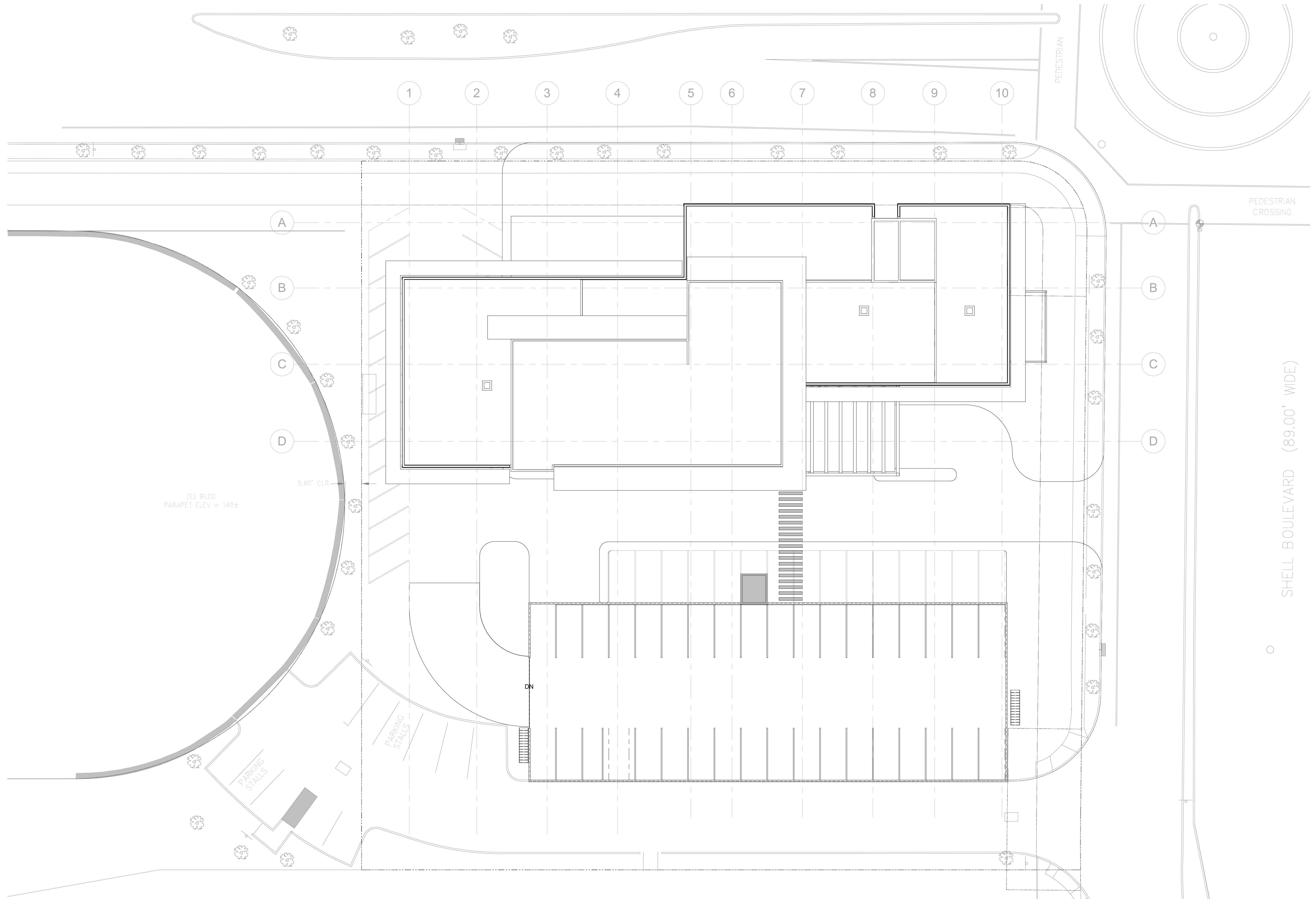
Program Item	Proposed Size	Subtotal	Notes
ADMINISTRATIVE			In Housekeeping
Offices	497		
TOTAL Administrative	497	497	
EMPLOYEE FACILITIES			
Employee Restrooms, Lockers	0		
TOTAL Employee Facilities	0	0	
LOADING AREA			
Receiving/ Trash	294		
TOTAL Loading Area	294	294	
KITCHEN AREAS			
Main Kitchen	1,279		includes storage and warming area for ball room
TOTAL Kitchen Areas	1,279	1,279	
HOUSEKEEPING & LAUNDRY			
TOTAL Housekeeping & Laundry	762	762	
Program Item	Proposed Size	Subtotal	Notes
MECHANICAL & BACK-OF-HOUSE			
Maintenance & Eng.	0		
Building Systems	503		
Tel/Data	100		
Elevator Equipment Rooms	100		
TOTAL Mechanical & B-O-H	703	703	

TOTAL BACK-OF-HOUSE AREAS
3,535





3D - SE VIEW 1



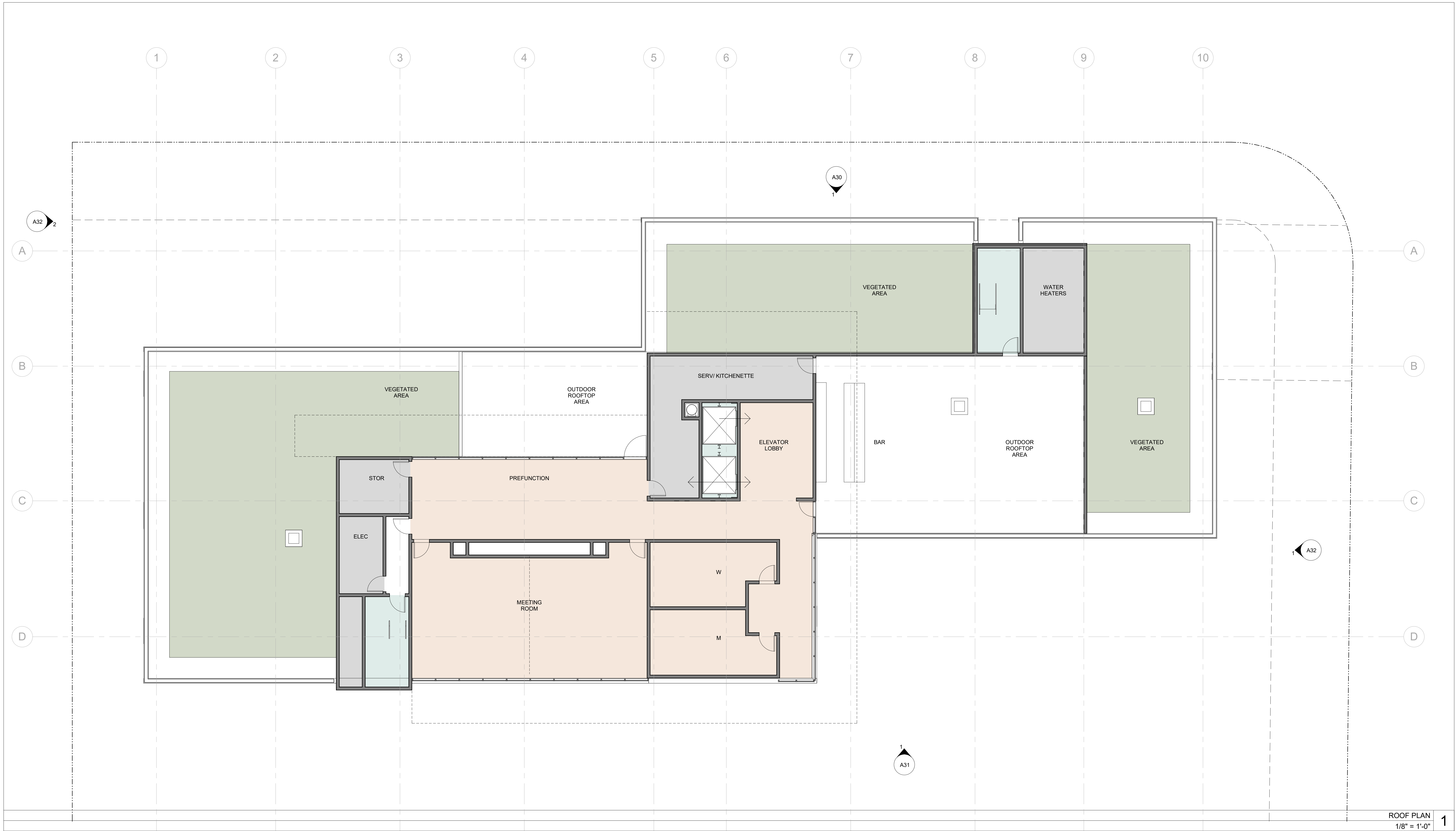
SITE PLAN
1/16" = 1'-0"

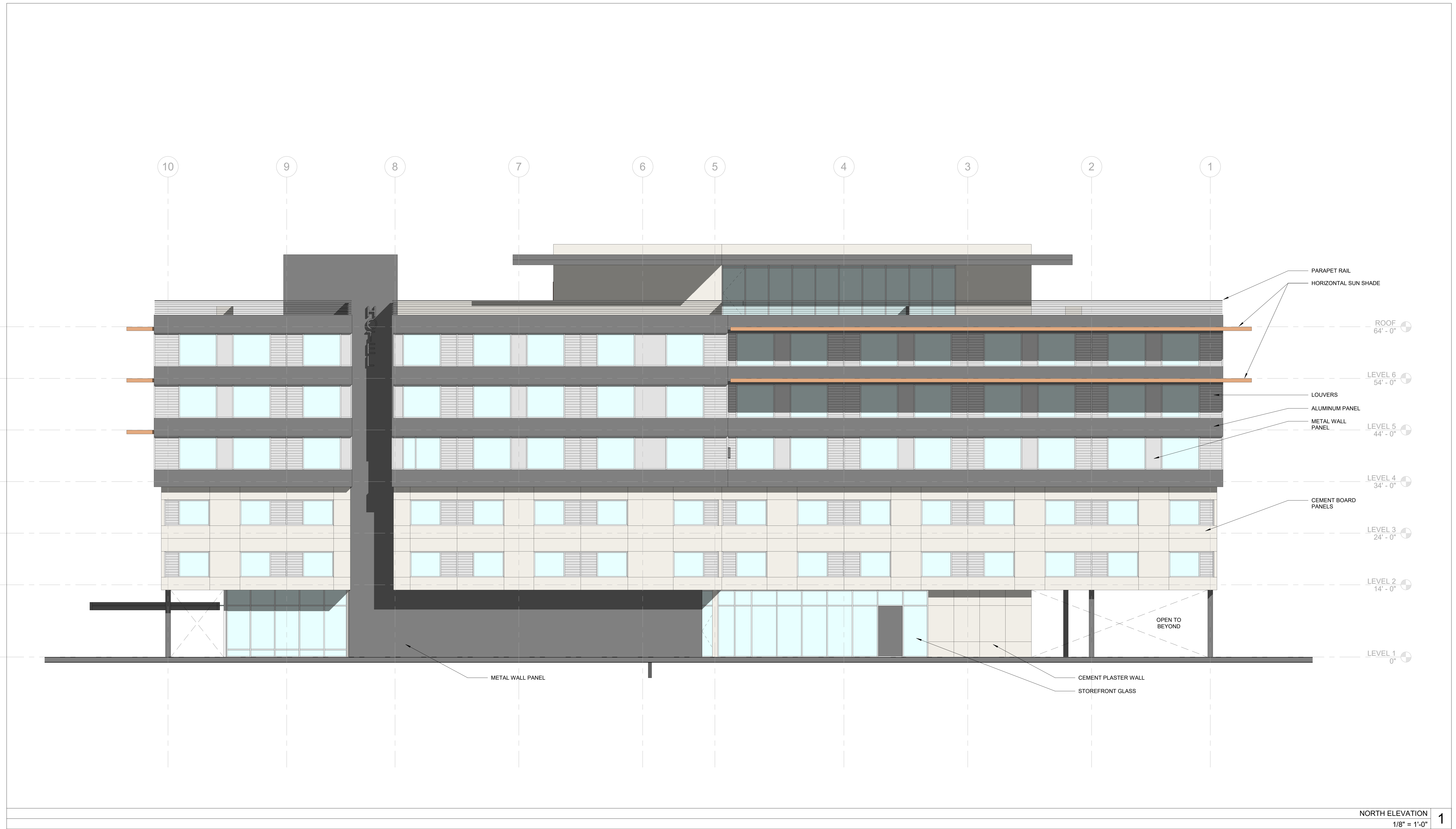
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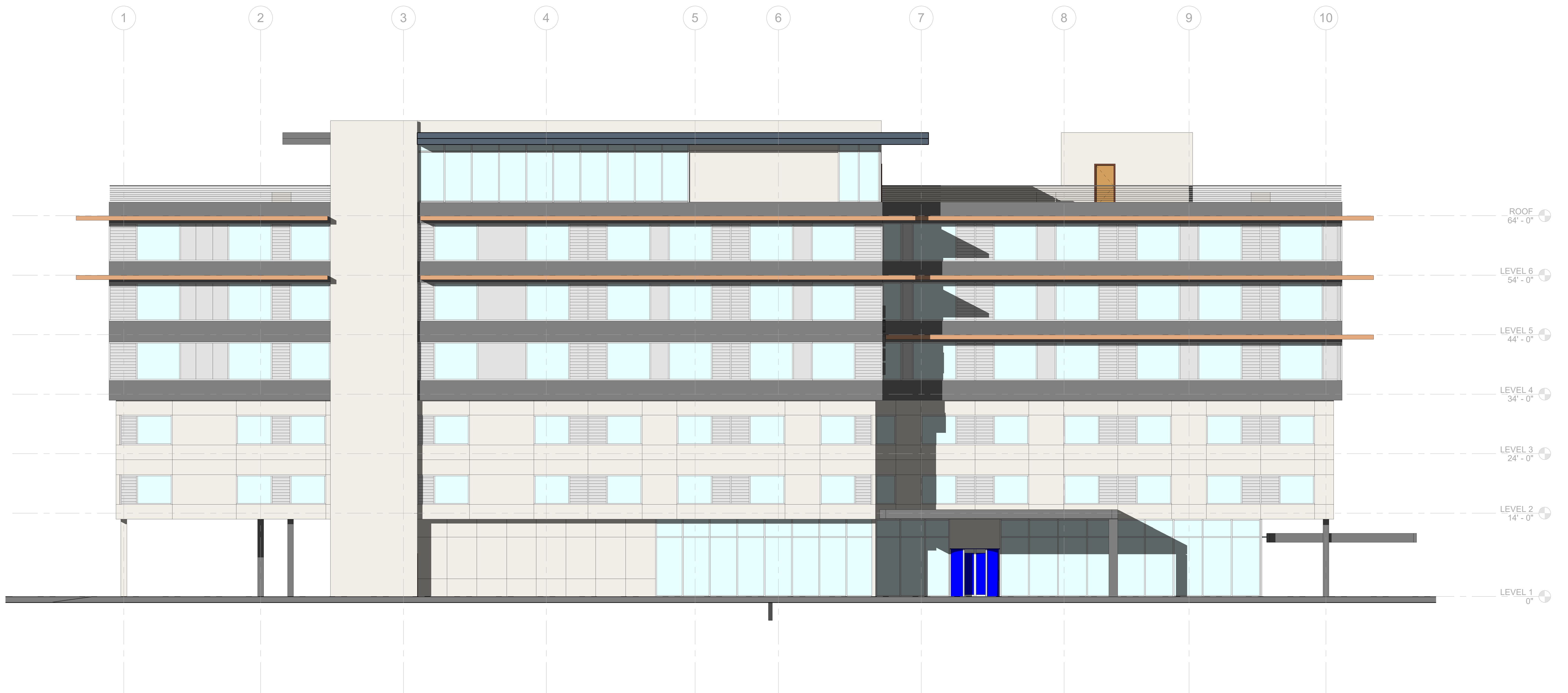




LEVEL 2-3 FLOOR PLAN
1/8" = 1'-0"







SOUTH ELEVATION
1/8" = 1'-0"

1



WEST ELEVATION
1/8" = 1'-0"

2



EAST ELEVATION
1/8" = 1'-0"

1



SUMMARY OF FINDINGS

Proposed Select-Service Hotel Foster City

SOUTHWEST CORNER OF METRO CENTER BOULEVARD & SHELL BOULEVARD
FOSTER CITY, CALIFORNIA

SUBMITTED TO:

Mr. Lance Sorensen
MPQ Foster City Metro Center LLC
1710 S Amphett Boulevard, Suite 350
San Mateo, California, 94402

650-781-8888

PREPARED BY:

HVS Consulting & Valuation
Division of TS Worldwide, LLC
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March 22, 2018

Mr. Lance Sorensen
MPQ Foster City Metro Center LLC
1710 S Amphett Boulevard, Suite 350
San Mateo, California, 94402

HVS SAN FRANCISCO

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Re: Proposed Select-Service Hotel Foster City
Foster City, California
HVS Reference: 2018020120

Dear Mr. Sorensen:


Pursuant to your request, we herewith submit our summary of findings pertaining to the above-captioned property. We have inspected the real estate and analyzed the hotel market conditions in the Foster City area. We have studied the proposed project, and the summary results of our fieldwork and analysis are presented in this document.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
TS Worldwide, LLC



John Berean, Senior Project Manager
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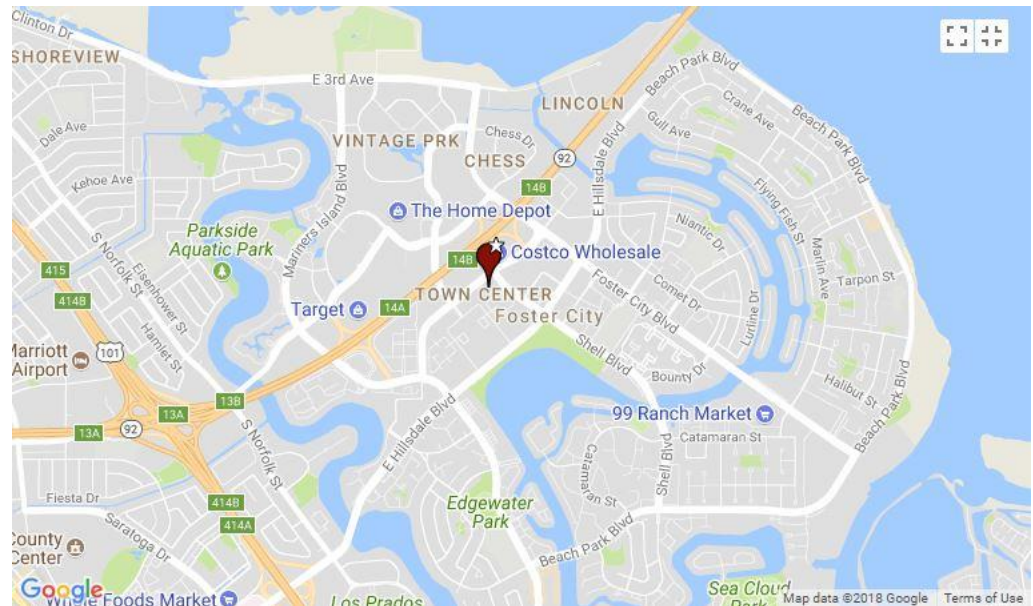
1. Executive Summary

Subject of the Study

The subject of the study is a 59,327-square-foot (1.36-acre) parcel to be improved with a select-service lodging facility; the hotel is anticipated to be affiliated with an upscale brand. The property, which is anticipated to open on January 1, 2022, will feature 120 rooms, a lobby lounge and café, a fitness room, a business center, a market pantry, and a guest laundry area. The hotel will also contain the appropriate parking capacity and all necessary back-of-the-house space.

The subject site's location is Southwest Corner of Metro Center Boulevard & Shell Boulevard, Foster City, California, 94404.

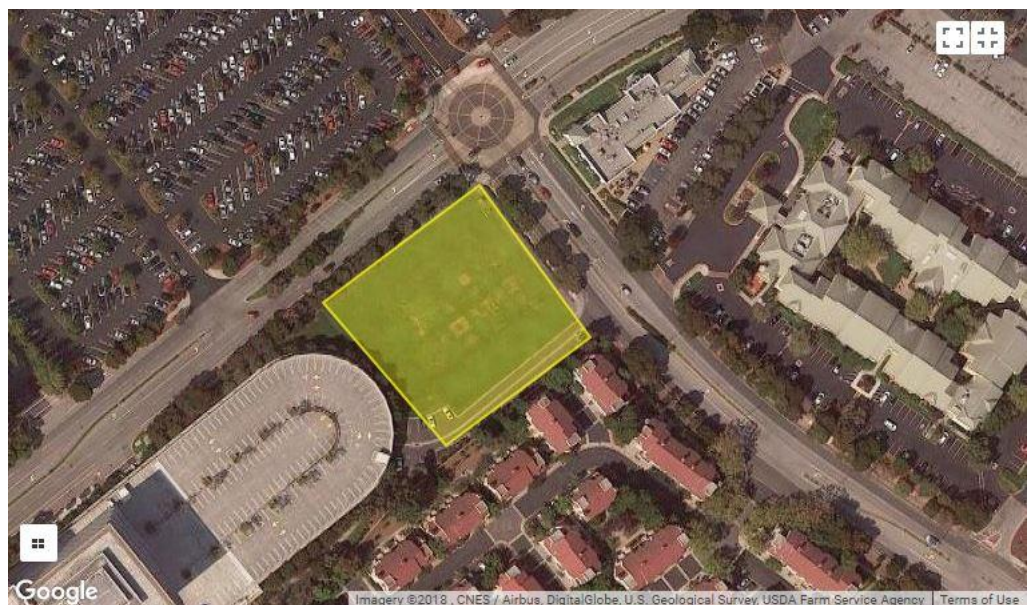
LOCATION MAP



VIEW OF SUBJECT SITE



AERIAL PHOTOGRAPH



Ownership, Franchise, and Management Assumptions

We have assumed that all utilities will be available to the site and that no hazards are present that will impede its development. We assume that the certificate of occupancy will be issued on or before this date for the entirety of the improvements.

The developer of the proposed subject hotel is MPQ Foster City Metro Center LLC, which is based in Foster City. The subject site was last sold in 2017; MPQ Foster City Metro Center LLC has owned the site since that time, having purchased it from Visa International Service Association for a reported price of \$7,000,000. No other transactions have reportedly occurred within the last three years. The site is neither listed nor under contract for sale, and we have no knowledge of any recent listings.

Details pertaining to management terms were not yet determined at the time of this report; however, we assume that the proposed hotel will be managed by a professional hotel-operating company, with fees deducted at rates consistent with current market standards.

We recommend that the proposed subject hotel operate as an upscale, select-service hotel. While we have placed heavy consideration on the Aloft and AC by Marriott brands, which are affiliated with Marriott International, a specific franchise affiliation and/or brand has yet to be finalized.

Overview of Local Area Economy

Foster City is a planned city in San Mateo County. San Mateo County, which covers a total land area of roughly 450 square miles, features numerous county parks, beaches, marinas, and other recreation areas. The economy of San Mateo County is substantially reliant on San Francisco International Airport, which accounts for a significant percentage of its lodging demand and overall employment. In addition, the bio- and high-tech industries, as well as shipping, contribute heavily to the San Mateo County economy. Firms in this county are pioneers in biotechnology pursuits, research and development, telecommunications, and software. By investing heavily in research and development, the county's technology firms and e-commerce companies have emerged as leaders in the pharmaceutical and computer software market. San Mateo County's economic health is also related to its location between two important cities and regions: San Francisco to the north and San Jose (Silicon Valley) to the south. San Francisco is also one of the top tourist destinations in the world, renowned for its steep rolling hills, eclectic mix of architecture, and famous landmarks, including the Golden Gate Bridge and Chinatown.

Locally, the unemployment rate was 2.8% in 2016; for this same area in 2017, the most recent month's unemployment rate was registered at 1.9%, versus 2.6% for the same month in 2016.

The following bullet points highlight major demand generators for this market:

- The San Francisco Bay Area is a major center for technology innovation. The famed Silicon Valley stretches south from San Francisco; major industry-leading companies such as Airbnb, Uber, Salesforce, Dropbox, Twitter, Google, Facebook, and Apple are headquartered in the Bay Area. Furthermore, many start-ups are founded in the Bay Area, receiving funding from many venture-capital companies from around the country. San Mateo County is home to a large concentration of technology expertise, and its many high-technology engineering, computer, and microprocessor companies have led the area to be known as an extension of the greater Silicon Valley market. According to the 2016 Silicon Valley Index, Silicon Valley's economy has led the nation with extraordinary growth in jobs, income, innovation, and venture capital investment. Employers in San Mateo County added approximately 7,300 jobs in 2016; this job growth was driven by computer hardware design, information services, community infrastructure, health care, construction, and other business services. In Foster City, technology has been a prominent economic driver, with major employers including Visa Inc., IBM Corporation, and Gilead Sciences. Other major technology firms in the greater San Mateo County area include Box, Oracle, Evernote, Wealthfront, and Electronic Arts.
- The education sector is a major component of the area's economy, with three institutions of higher education noted in the list of ten largest employers. The University of California (UC) is a public university system in California that comprises eleven campuses. The University of California has a combined student body of more than 238,000 students, over 1,700,000 living alumni, and a combined system-wide and campus endowment of nearly \$17 billion. Moreover, Stanford University remains a major pillar of the education sector in the greater San Francisco area. The University features seven schools, over 16,000 students, and an endowment of almost \$21.5 billion. Stanford is known for its biotechnology research and has very close ties with Silicon Valley.
- Healthcare represents an economic force in the area. Kaiser Permanente, which is based in nearby Oakland, is an integrated managed-care organization that is a consortium of three distinct groups of entities: the Kaiser Foundation Health Plan, Inc. and its regional operating organizations, Kaiser Foundation Hospitals, and the Permanente Medical Groups. Kaiser Permanente is the largest managed-care organization in the U.S. In March 2016, Kaiser Permanente opened a 220,000-square-foot medical office in San Francisco's Mission Bay district. The \$200-million development, employing almost 500 people, can serve roughly 79,000 patients. Additionally, the UC San Francisco (UCSF) Medical Center is consistently ranked among the top ten hospitals in the United States by *U.S. News & World Report*. The \$1.5-billion, 289-bed, state-of-the-art UCSF Medical Center at Mission Bay opened in February 2015.

Moreover, the Stanford University Medical Center is undergoing substantial renovations and expansion. Approximately \$5 billion is being spent to modernize and expand several hospitals, including Hoover Pavilion, the School of Medicine, Stanford Hospital & Clinics, and the Lucile Packard Children's Hospital. The 521,000-square-foot addition to Lucile Packard Children's Hospital opened in December 2017, while the 824,000-square-foot Stanford Health Care facility is anticipated to open in early 2018.

- San Mateo County, just south of San Francisco, features a high concentration of bio- and high-tech companies, many of which have satellite offices in San Francisco. Gilead Sciences, headquartered in Foster City, is in the process of expanding its 72-acre campus. Two office buildings, totaling roughly 590,000 square feet, are currently under construction and are anticipated to open in 2018/19. The Genentech campus, located in South San Francisco, comprises over 2.8 million square feet of office, laboratory, and manufacturing space on 124 acres. The company, which is owned by Roche, opened a new, 255,199-square-foot office building in May 2015. As high-tech and biotech companies continue to expand and new companies move to the area, many projects throughout the region are in various stages of development to accommodate the growth; these include the Baylands in Brisbane, The Cove in South San Francisco, and the SKS/Shorenstein high-tech campus in South San Francisco.

The San Francisco Bay Area is an important economic center on the West Coast, supported by fields such as biotechnology, transportation, software, financial services, and telecommunications. The high concentration of research and medical facilities, including biotechnology and pharmaceutical companies, supports three major universities and a variety of healthcare-related businesses. It is important to note that the influx of high-technology companies in the Bay Area has continued to boost the real estate market in the area. One of the major redevelopments is the Mission Bay Project, a 303-acre master-planned community that is anchored by AT&T Park. Since its inception in 1998, over 3,000 housing units, more than 1.7 million square feet of commercial and biotechnology lab space, the UCSF medical complex, and more than twelve acres of new parks have been developed. Furthermore, San Francisco has consistently been ranked as one of the most favored cities to visit by readers of *Condé Nast Traveler* and *Travel + Leisure* magazines, and tourism remains a backbone of the local economy. The diversity of employers and companies in the San Francisco market, the presence of two major airports, and San Francisco's reputation as a top-tier tourism destination should bode well for the area's economy in the future.

This area is served by San Francisco International Airport. Air traffic registered 35,790,835 passengers in 2007; by 2016, this level had changed to 53,106,505. The change in passenger traffic between 2015 and 2016 was 6.1%; moreover, a

rate of change of 4.9% was registered in the year-to-date period for 2017 when compared with the same period for 2016.

The market benefits from a variety of tourist and leisure attractions in the greater San Francisco Bay Area. The peak season for tourism in this area is from May to September. During other times of the year, weekend demand comprises travelers passing through en route to other destinations, people visiting friends or relatives, and other similar weekend demand generators. Primary attractions in the greater area include the following:

- Fisherman's Wharf & Pier 39 is well known for its high concentration of retail and commercial spaces along San Francisco's northern waterfront. Attractions in this area include boat rides to Alcatraz Island, the San Francisco Bay, the Aquarium of the Bay, Ghirardelli Square, and numerous restaurants and retail shops. The district, which attracts approximately 40,000 to 110,000 visitors each day, is working with the San Francisco Planning Department and local community to make the neighborhood more accessible and pedestrian-friendly. Phase I, which was completed in 2013, included sidewalk-widening projects and streetscape enhancements, as well as directional and signal changes along Jefferson Street. Phase II will reportedly break ground mid-year 2018 and will include the development of a three-block concrete roadway, a wood deck in front of the Sport Fishing Fleet, expanded sidewalks, additional trees, better lighting, and pedestrian and bicycle improvements when completed in 2022.
- Union Square contains a large concentration of designer boutiques and major department stores, serving as the shopping hub for San Francisco. In addition to retail shops, the Union Square neighborhood also boasts a handful of performing arts theaters, art galleries, and restaurants. Union Square also serves as the ceremonial center of San Francisco life, as it is the leading location for numerous events throughout the year, including concerts, art shows, and private events.
- The Golden Gate Bridge is a world-renowned San Francisco landmark that connects the San Francisco Peninsula north to Marin County. The 1.2-mile bridge, declared by the American Society of Civil Engineers as one of the Wonders of the Modern World, is famous for its unique color, graceful lines, and design.
- The 42,000-seat AT&T Park is the home of the San Francisco Giants professional baseball team. The stadium features a unique public promenade along the waterfront from right field to center field, where fans of all ages can watch the game through a fence at no charge, and where access to the Bay is provided. The ballpark, which became the first ballpark to receive LEED-silver

certification in 2010, is one of baseball's most iconic venues given its unique design and location alongside the San Francisco Bay.

Foster City, San Mateo County, and the greater Silicon Valley market are experiencing a period of economic strength and expansion, with unemployment steadily declining and office vacancy rates decreasing. Our market interviews and research revealed that this market continues to be a focal point of corporate employment and office development, and the presence of technology companies is intensifying. Overall, the outlook for the Foster City market is positive.

Overview of Local Area Lodging Market Trends

The subject site is located in the greater San Mateo County lodging market. This greater lodging market spans nearly 140 open and operating lodging facilities totaling roughly 16,000 guestrooms. Within this greater market, the proposed subject hotel is expected to compete with three upscale select- and full-service hotels located in or proximate to Foster City. We have considered an additional nine hotels as future secondary competitors given differences in location, product offering, price point, age, and brand affiliation.

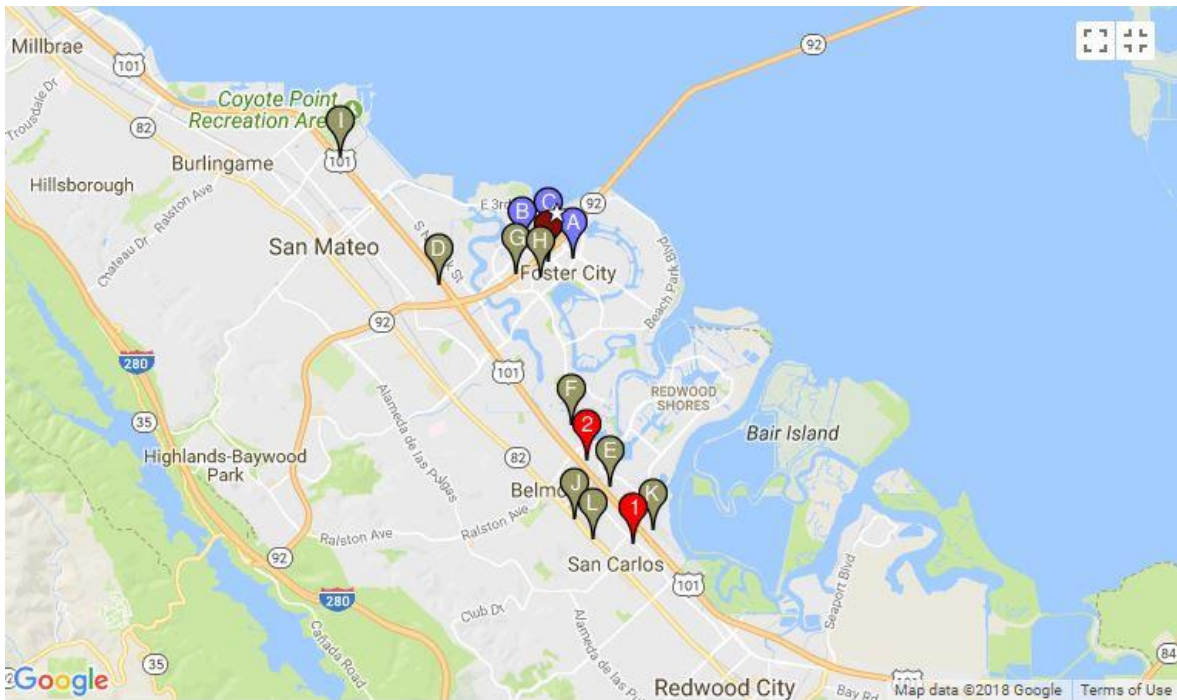
STR is an independent research firm that compiles and publishes data on the lodging industry, and this information is routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for this competitive set.
















FIGURE 1-1 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)

	Average Daily	Available Room		Occupied Room			Average			
Year	Room Count	Nights	Change	Nights	Change	Occupancy	Rate	Change	RevPAR	Change
2007	1,775	647,875	—	470,975	—	72.7 %	\$125.64	—	\$91.33	—
2008	1,775	647,875	0.0 %	486,773	3.4 %	75.1	132.04	5.1 %	99.21	8.6 %
2009	1,775	647,875	0.0	465,406	(4.4)	71.8	113.39	(14.1)	81.45	(17.9)
2010	1,775	647,875	0.0	483,531	3.9	74.6	115.97	2.3	86.55	6.3
2011	1,775	647,875	0.0	513,628	6.2	79.3	128.97	11.2	102.25	18.1
2012	1,781	649,896	0.3	521,587	1.5	80.3	145.52	12.8	116.79	14.2
2013	1,784	651,160	0.2	520,793	(0.2)	80.0	157.46	8.2	125.93	7.8
2014	1,785	651,344	0.0	538,779	3.5	82.7	169.15	7.4	139.92	11.1
2015	1,785	651,525	0.0	550,487	2.2	84.5	190.41	12.6	160.88	15.0
2016	1,784	651,341	(0.0)	540,181	(1.9)	82.9	202.12	6.1	167.63	4.2
2017	1,946	710,143	9.0	570,961	5.7	80.4	204.85	1.4	164.70	(1.7)
Average Annual Compounded Change:										
2007 - 2017			0.9 %		1.9 %			5.0 %		6.1 %
2007 - 2010			0.0		0.9			(2.6)		(1.8)
2010 - 2017			1.3		2.4			8.5		9.6
				Competitive	Number	Year	Year			
Hotels Included in Sample			Class	Status	of Rooms	Affiliated	Opened			
Marriott San Mateo San Francisco Airport			Upper Upscale Class	Secondary	475	Nov 1998	Jun 1968			
Residence Inn San Francisco Airport San Mateo			Upscale Class	Secondary	160	Sep 1985	Sep 1985			
Crowne Plaza Foster City San Mateo			Upscale Class	Primary	353	Apr 1998	May 1986			
Courtyard San Mateo Foster City			Upscale Class	Primary	147	Sep 1987	Sep 1987			
HolidayInn & Suites San Mateo San Francisco			Upper Midscale Class	Secondary	172	May 2010	Jun 1991			
Hyatt House Belmont Redwood Shores			Upscale Class	Secondary	132	Jan 2012	Oct 1995			
Fairfield Inn & Suites San Francisco San Carlos			Upper Midscale Class	Secondary	120	Jul 2004	Jan 1998			
Country Inn & Suites San Carlos			Upper Midscale Class	Secondary	51	Jun 2005	Apr 1998			
HolidayInn Express & Suites Belmont			Upper Midscale Class	Secondary	82	Sep 1998	Sep 1998			
Hilton Garden Inn San Mateo			Upscale Class	Primary	157	Apr 1999	Apr 1999			
TownePlace Suites San Mateo Foster City			Upper Midscale Class	Secondary	121	Aug 2017	Aug 2017			
Springhill Suites Belmont Redwood Shores			Upscale Class	Secondary	168	Sep 2017	Sep 2017			
					Total	2,138				

Source: STR

MAP OF COMPETITION



- | | |
|--|---|
|  Proposed Select-Service Hotel Foster City |  Residence Inn by Marriott San Francisco Airport San Mateo (Secondary) |
|  Courtyard by Marriott Foster City (Primary) |  TownePlace Suites by Marriott San Mateo Foster City (Secondary) |
|  Hilton Garden Inn San Mateo (Primary) |  Holiday Inn & Suites San Mateo (Secondary) |
|  Crowne Plaza Foster City-San Mateo (Primary) |  Holiday Inn Express & Suites Belmont (Secondary) |
|  Marriott San Mateo San Francisco Airport (Secondary) |  Fairfield Inn & Suites by Marriott San Francisco San Carlos (Secondary) |
|  SpringHill Suites by Marriott Belmont Redwood Shores (Secondary) |  Country Inn & Suites by Carlson San Carlos (Secondary) |
|  Hyatt House Belmont Redwood Shores (Secondary) | |
|  Residence Inn by Marriott Redwood City San Carlos (Secondary) |  Proposed Homewood Suites by Hilton (Secondary) |

Both occupancy and average rate first peaked for this selected set of competitive hotels in the greater San Mateo County market in 2008, resulting in a RevPAR of nearly \$99, before declining to a low point of roughly \$81 by year-end 2009 because of the recession. Demand quickly recovered in 2010, and the prior 2008 RevPAR peak was surpassed by 2011. With no additions to supply, demand significantly increased from 2011 to 2015 given strong market conditions; occupied room nights and occupancy recorded an upward trend, and the greater San Francisco and Silicon Valley markets were established as two of the strongest-performing markets in the country. In 2016, occupancy declined as ongoing renovations at San Francisco's Moscone Center caused a loss in compression for group demand. Occupancy declined further in 2017, attributed to the entrance of new supply. Meanwhile, with the exception of declines related to the recession in 2009, average rates grew year-over-year during the historical period shown. Primary factors contributing to this period of strengthening included the growth of major technology companies within the greater San Francisco Bay Area. The near-term outlook remains positive due to further new commercial developments in the market; furthermore, strong group demand is anticipated to recover when renovations at the convention center are completed in late 2018.

The following table illustrates the historical occupancy and average levels for selected hotels in the market.

FIGURE 1-2 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Weighted Annual Room Count	Estimated 2016			Weighted Annual Room Count	Estimated 2017				
		Commercial	Leisure	Group		Occ.	Average Rate	RevPAR		Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Courtyard by Marriott Foster City	147	70 %	20 %	10 %	147	70 - 75 %	\$210 - \$220	\$150 - \$160	147	75 - 80 %	\$220 - \$230	\$170 - \$180	95 - 100 %	100 - 110 %
Hilton Garden Inn San Mateo	157	70	20	10	157	80 - 85	210 - 220	180 - 190	157	80 - 85	220 - 230	180 - 190	100 - 110	110 - 120
Crowne Plaza Foster City-San Mateo	353	45	30	25	350	80 - 85	190 - 200	160 - 170	353	80 - 85	200 - 210	170 - 180	100 - 110	100 - 110
Sub-Totals/Averages	657	56 %	26 %	18 %	654	82.5 %	\$201.96	\$166.68	657	83.0 %	\$212.43	\$176.22	102.8 %	105.8 %
Secondary Competitors	1,471	65 %	19 %	15 %	833	83.3 %	\$203.70	\$169.76	955	79.2 %	\$201.89	\$159.92	98.1 %	96.0 %
Totals/Averages	2,128	61 %	22 %	17 %	1,487	83.0 %	\$202.94	\$168.41	1,612	80.7 %	\$206.31	\$166.56	100.0 %	100.0 %
* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.														

FIGURE 1-3 SECONDARY COMPETITOR(S) – OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Estimated 2016				Estimated 2017			
		Commercial	Leisure	Group		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Marriott San Mateo San Francisco Airport	475	60 %	15 %	25 %	80 %	380	80 - 85 %	\$210 - \$220	\$170 - \$180	380	80 - 85 %	\$200 - \$210	\$170 - \$180
SpringHill Suites by Marriott Belmont Redwood Shores	168	70	20	10	80	—	—	—	—	45	55 - 60	200 - 210	115 - 120
Hyatt House Belmont Redwood Shores	132	75	15	10	75	99	85 - 90	220 - 230	190 - 200	99	80 - 85	220 - 230	190 - 200
Residence Inn by Marriott San Francisco Airport San Mateo	160	70	20	10	75	120	85 - 90	210 - 220	180 - 190	120	80 - 85	210 - 220	180 - 190
TownePlace Suites by Marriott San Mateo Foster City	121	75	15	10	75	—	—	—	—	38	60 - 65	200 - 210	125 - 130
Holiday Inn & Suites San Mateo	162	65	25	10	75	83	85 - 90	170 - 180	150 - 160	122	75 - 80	160 - 170	125 - 130
Holiday Inn Express & Suites Belmont	82	65	30	5	60	49	75 - 80	170 - 180	130 - 140	49	75 - 80	180 - 190	140 - 150
Fairfield Inn & Suites by Marriott San Francisco San Carlos	120	65	30	5	60	72	75 - 80	180 - 190	140 - 150	72	75 - 80	180 - 190	140 - 150
Country Inn & Suites by Carlson San Carlos	51	65	30	5	60	31	80 - 85	140 - 150	120 - 125	31	80 - 85	150 - 160	120 - 125
Totals/Averages	1,471	65 %	19 %	15 %	75 %	833	83.3 %	\$203.70	\$169.76	955	79.2 %	\$201.89	\$159.92
* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.													

Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each primary competitor was inspected and evaluated.

The recent strength of the greater Silicon Valley lodging market has stimulated significant new hotel development. The following chart sets forth the hotels that have recently opened, are under construction, or are in the stages of early development in the greater San Mateo County market.

FIGURE 1-4 HOTEL DEVELOPMENT ACTIVITY – SAN MATEO COUNTY

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage	Expected Qtr. & Year of Opening	Address
Redwood City					
Courtyard by Marriott Redwood City	177	Upscale	Recently Opened	Q1 '17	600 Blair Island Road, Redwood City
Proposed Holiday Inn Express & Suites	91	Upper-Midscale	Application Pending	TBD	1690 Broadway, Redwood City
Proposed Transit Development Hotel	101-150	TBD	Development on Hold	TBD	Caltrain Station, Redwood City
Menlo Park					
Hotel Nia, Autograph Collection	250	Luxury	Under Construction	Q1 '18	200 Independence Street, Menlo Park
Park James Hotel	61	Upscale	Under Construction	Q2 '18	1400 El Camino Real, Menlo Park
Proposed Facebook Campus Hotel	200	TBD	Early Development	TBD	1 Hacker Way, Menlo Park
San Carlos					
Residence Inn by Marriott Redwood City San Carlos	204	Upscale	Under Construction	Q1 '18	595 Industrial Road, San Carlos
Proposed Hyatt Place	104	Upscale	Approved	TBD	26 El Camino Real, San Carlos
Proposed Hilton Garden Inn	173	Upscale	Approved	TBD	1091 Industrial Road, San Carlos
Proposed Hotel	TBD	TBD	Development on Hold	TBD	360-380 Industrial Road, San Carlos
Belmont					
SpringHill Suites by Marriott Belmont Redwood Shores	168	Upscale	Recently Opened	Q3 '17	1401 Shoreway Road, Belmont
Proposed Homewood Suites by Hilton	96	Upscale	Under Construction	Q3 '18	1201 Shoreway Road, Belmont
Foster City					
TownePlace Suites by Marriott San Mateo Foster City	121	Upper-Midscale	Recently Opened	Q4 '17	1299 Chess Drive, Foster City
San Mateo					
Proposed Hampton by Hilton	182	Upper-Midscale	Application Pending	TBD	2940 South Norfolk Street, San Mateo
Burlingame					
Proposed Boutique Hotel	50-100	TBD	Seeking Entitlements	TBD	Airport Boulevard & Bay View Place, Burlingame
Proposed Bayshore Hotel	404	TBD	Seeking Entitlements	TBD	1499 Bayshore Highway, Burlingame
Millbrae					
Proposed BART Station Hotel	250	TBD	Early Development	TBD	Rollins Road & Millbrae Avenue, Millbrae
San Bruno					
Proposed SpringHill Suites by Marriott	152	Upscale	Development on Hold	TBD	Admiral Court & Commodore Drive, San Bruno
South San Francisco					
AC Hotel by Marriott San Francisco Airport Oyster Point	187	Upscale	Recently Opened	Q3 '17	1333 Veterans Boulevard, South San Francisco
Fairfield Inn & Suites by Marriott	128	Upper-Midscale	Under Construction	Q2 '18	127 West Harris Avenue, South San Francisco
Proposed Home2 Suites by Hilton	151	Upper-Midscale	Approved	Q4 '18	550 Gateway Boulevard, South San Francisco
Grand Hyatt San Francisco International Airport	350	Luxury	Site Work Underway	Q3 '19	San Francisco International Airport
Proposed Genesis Boutique Hotel	110	TBD	Early Development	TBD	2 Tower Place, South San Francisco
Pacifica					
Proposed Hilton at the Beach	150	TBD	Early Development	TBD	2212 Beach Boulevard, Pacifica
Proposed Rockaway Quarry Development	200-300	TBD	Seeking Entitlements	TBD	Rockaway Beach & Highway 1, Pacifica
Proposed Oceana Boulevard Hotel	34	TBD	Development on Hold	TBD	699 Oceana Boulevard, Pacifica
Half Moon Bay					
Proposed Hyatt House	147	Upscale	Early Development	TBD	Higgins Canyon Road & Main Street, Half Moon Bay

According to our research and inspection (as applicable), new supply expected to be competitive within the proposed subject hotel's competitive submarket is outlined in the following table.

FIGURE 1-5 NEW SUPPLY

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Development Stage
Proposed Subject Property	120	100 %	120	January 1, 2022	Early Development
Residence Inn by Marriott Redwood City San Carlos	204	75	153	March 1, 2018	Under Construction
Proposed Homewood Suites by Hilton	96	75	72	September 1, 2018	Under Construction
Totals/Averages	420		345		

Numerous proposed hotel and resort projects in various stages of development are listed in the preceding tables. Some of the proposed projects have recently broken ground, while others have received preliminary approval, received entitlements, and/or are facing substantial hurdles that will require a lengthy timeline. The following discusses the hotels we have anticipated to be competitive with the proposed subject property:

- The Residence Inn by Marriott Redwood City San Carlos is currently on a site located approximately three and a half miles southeast of Foster City. The 204-room extended-stay hotel is anticipated to feature an outdoor swimming pool, a fire pit, a sports court, and 1,350-square-feet of indoor meeting space. The proposed Residence Inn is anticipated to be positioned at a similar rate to the subject property and is expected to compete for similar commercial-transient demand. However, given its extended stay product offering, this hotel has been weighted as secondarily competitive new supply.
- A five-story Homewood Suites by Hilton is currently under construction on the former Empire Lumber site. The 96-room extended-stay hotel is expected to compete for similar commercial-transient demand and is anticipated to feature a similar average rate to the subject property. However, given differences in its product offering, this hotel has been weighted as secondarily competitive new supply.

Other developments within the greater San Mateo market that have been qualitatively considered in our analysis include the following:

- A 104-room Hyatt Place has been approved for development in San Carlos off El Camino Real. The existing 29-room Hotel San Carlos is anticipated to be demolished and replaced with the new select-service hotel. The four-story property is anticipated to feature three stories of guestrooms above a ground-floor lobby, fitness center, and lounge. We note that as of our date of inspection, this project has yet to receive demolition or building permits.
- In June 2017, the San Carlos City Council approved plans for a 162-room Hilton Garden Inn on the corner of Industrial Road and Brittan Avenue. An existing commercial building and surface parking lot is anticipated to be demolished to construct the seven-story hotel. In December 2017, the council approved revised plans to increase the room count to 173. We note that as of our date of inspection, this project has yet to receive demolition or building permits.

As evident from the list of proposed supply, the competitive environment in San Mateo County will intensify over the foreseeable future, which we anticipate will result in slowing average rate growth and moderations to occupancy as the new supply is absorbed.

Market segmentation is a useful procedure because individual classifications often exhibit unique characteristics in terms of growth potential, seasonality of demand, average length of stay, double occupancy, facility requirements, price sensitivity, and so forth. By quantifying the room-night demand by market segment and analyzing the characteristics of each segment, the demand for transient accommodations can be projected.

FIGURE 1-6 ACCOMMODATED ROOM-NIGHT DEMAND

Market Segment	Marketwide	
	Accommodated Demand	Percentage of Total
Commercial	291,934	61 %
Leisure	104,338	22
Group	78,836	17
Total	475,107	100 %

Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

FIGURE 1-7 AVERAGE ANNUAL COMPOUNDED MARKET SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate						
	2018	2019	2020	2021	2022	2023	2024
Commercial	4.5 %	3.5 %	2.5 %	1.5 %	1.0 %	0.5 %	0.5 %
Leisure	4.0	3.0	2.0	1.5	1.0	0.5	0.5
Group	1.0	5.5	3.0	1.5	1.0	0.5	0.5
Base Demand Growth	3.8 %	3.7 %	2.5 %	1.5 %	1.0 %	0.5 %	0.5 %

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

FIGURE 1-8 FORECAST OF MARKET OCCUPANCY

	2017	2018	2019	2020	2021	2022	2023	2024
Commercial								
Base Demand	291,934	305,071	315,748	323,642	328,496	331,781	333,440	335,108
Unaccommodated Demand		23,266	24,081	24,683	25,053	25,303	25,430	25,557
Induced Demand		4,040	6,761	7,192	7,192	9,338	9,491	9,644
Total Demand		332,377	346,589	355,516	360,741	366,423	368,361	370,309
Growth Rate		13.9 %	4.3 %	2.6 %	1.5 %	1.6 %	0.5 %	0.5 %
Leisure								
Base Demand	104,338	108,511	111,766	114,002	115,712	116,869	117,453	118,041
Unaccommodated Demand		4,129	4,253	4,338	4,403	4,447	4,470	4,492
Induced Demand		769	1,288	1,370	1,370	2,596	2,684	2,771
Total Demand		113,410	117,307	119,710	121,485	123,913	124,607	125,304
Growth Rate		8.7 %	3.4 %	2.0 %	1.5 %	2.0 %	0.6 %	0.6 %
Group								
Base Demand	78,836	79,624	84,004	86,524	87,822	88,700	89,143	89,589
Unaccommodated Demand		15,820	16,690	17,190	17,448	17,623	17,711	17,799
Induced Demand		962	1,610	1,712	1,712	2,326	2,369	2,413
Total Demand		96,406	102,303	105,427	106,982	108,648	109,224	109,802
Growth Rate		22.3 %	6.1 %	3.1 %	1.5 %	1.6 %	0.5 %	0.5 %
Totals								
Base Demand	475,107	493,206	511,518	524,167	532,030	537,350	540,037	542,737
Unaccommodated Demand		43,215	45,024	46,211	46,905	47,374	47,611	47,849
Induced Demand		5,771	9,658	10,274	10,274	14,260	14,544	14,829
Total Demand		542,193	566,200	580,653	589,208	598,984	602,192	605,415
less: Residual Demand		17,090	11,090	11,382	11,553	0	0	0
Total Accommodated Demand		525,102	555,110	569,270	577,655	598,984	602,192	605,415
Overall Demand Growth		10.5 %	5.7 %	2.6 %	1.5 %	3.7 %	0.5 %	0.5 %
Market Mix								
Commercial	61.4 %	61.3 %	61.2 %	61.2 %	61.2 %	61.2 %	61.2 %	61.2 %
Leisure	22.0	20.9	20.7	20.6	20.6	20.7	20.7	20.7
Group	16.6	17.8	18.1	18.2	18.2	18.1	18.1	18.1
Existing Hotel Supply	1,612	1,754	1,754	1,754	1,754	1,755	1,754	1,754
Proposed Hotels								
Proposed Subject Property	¹					120	120	120
Residence Inn by Marriott Redwood City San Carlos	²	128	153	153	153	153	153	153
Proposed Homewood Suites by Hilton	³	24	72	72	72	72	72	72
Available Room Nights per Year	588,476	695,976	722,499	722,499	722,499	766,299	766,299	766,299
Nights per Year	365	365	365	365	365	365	365	365
Total Supply	1,612	1,907	1,979	1,979	1,979	2,099	2,099	2,099
Rooms Supply Growth	—	18.3 %	3.8 %	0.0 %	0.0 %	6.1 %	0.0 %	0.0 %
Marketwide Occupancy	80.7 %	75.4 %	76.8 %	78.8 %	80.0 %	78.2 %	78.6 %	79.0 %

¹ Opening in January 2022 of the 100% competitive, 120-room Proposed Subject Property

² Opening in March 2018 of the 75% competitive, 204-room Residence Inn by Marriott Redwood City San Carlos

³ Opening in September 2018 of the 75% competitive, 96-room Proposed Homewood Suites by Hilton

These room-night projections for the market area are used in determining the proposed subject hotel's expected occupancy levels based on penetration levels forecast by segment.

Forecast of the Proposed Subject Hotel's Occupancy

The proposed subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 1-9 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2022	2023	2024
Commercial			
Demand	366,423	368,361	370,309
Market Share	6.1 %	6.4 %	6.6 %
Capture	22,179	23,499	24,574
Penetration	106 %	112 %	116 %
Leisure			
Demand	123,913	124,607	125,304
Market Share	5.0 %	5.3 %	5.6 %
Capture	6,239	6,634	7,013
Penetration	88 %	93 %	98 %
Group			
Demand	108,648	109,224	109,802
Market Share	2.0 %	2.9 %	3.2 %
Capture	2,225	3,177	3,503
Penetration	36 %	51 %	56 %
Total Room Nights Captured	30,643	33,310	35,090
Available Room Nights	43,680	43,800	43,800
Subject Occupancy	70 %	76 %	80 %
Market-wide Available Room Nights	766,299	766,299	766,299
Fair Share	6 %	6 %	6 %
Market-wide Occupied Room Nights	598,984	602,192	605,415
Market Share	5 %	6 %	6 %
Market-wide Occupancy	78 %	79 %	79 %
Total Penetration	90 %	97 %	101 %

The proposed subject hotel is expected to stabilize with an above-market-average penetration rate as a result of its new facility and favorable location in the heart of Foster City. Its proximity to major commercial demand generators such as Visa Inc

and Gilead Sciences should also contribute to its ability to realize a higher-than-average occupancy in this San Mateo County market. Furthermore, as the newest hotel in the local submarket when opening in 2022, the proposed subject property is anticipated to recapture some commercial demand back to Foster City that is anticipated to shift towards the new hotels that opened in 2017 or are opening in 2018. However, we note that the amount of demand that is recaptured is dependent on the product and quality of the proposed subject hotel, as well as its surrounding developments within Foster City.

These positioned segment penetration rates result in the following market segmentation forecast.

FIGURE 1-10 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

	2022	2023	2024
Commercial	72 %	71 %	70 %
Leisure	20	20	20
Group	7	10	10
Total	100 %	100 %	100 %

These projections reflect years beginning January 1, 2022, which correspond to the first projection year in the forecast of income and expense for the proposed subject hotel.

FIGURE 1-11 FORECAST OF OCCUPANCY

Year	Subject Property's Occupancy
2022	70 %
2023	76
2024	80

Forecast of the Proposed Subject Hotel's Average Rate

The defined competitive market realized an overall average rate of \$212.43 in the 2017 base year, improving from the 2016 level of \$201.96. The Hyatt House (a secondary competitor) achieved the highest estimated average rate in the local competitive market, by a minimal margin, because of its strong brand affiliation and location near Redwood Shores, proximate to major commercial demand generators such as Oracle Corporation and Electronic Arts. Of the primary

competitive set, the Hilton Garden Inn achieved the highest estimated average rate because of its recent renovations and favorable location near Gilead Sciences and Sony Interactive Entertainment. The Hilton Garden Inn is a strong comparable for the positioning of average rate for the proposed subject property given its strong brand affiliation, recent renovations, and location near major demand generators. While the Courtyard by Marriott is closer in proximity to the proposed subject property, this hotel features a dated design and suffers from incurable functional obsolescence. The selected rate position for the proposed subject hotel, in base-year dollars, takes into consideration factors such as its new facility, select-service product offering, and favorable location in the heart of Foster City. We have selected the rate position of \$220.00, in base-year dollars, for the proposed subject hotel. The final forecast reflects years beginning on January 1, 2022 and corresponds with our financial projections.

FIGURE 1-12 MARKET AND SUBJECT PROPERTY AVERAGE RATE FORECAST

Calendar Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market ADR	\$206.31	\$212.49	\$223.12	\$232.04	\$239.01	\$246.18	\$253.56	\$261.17	\$269.00
Projected Market ADR Growth Rate	—	3.0%	5.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)	\$220.00	\$226.60	\$237.93	\$247.45	\$254.87	\$262.52	\$270.39	\$278.50	\$286.86
ADR Growth Rate	—	3.0%	5.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration	107%	107%	107%	107%	107%	107%	107%	107%	107%
Fiscal Year						2022	2023	2024	2025
Proposed Subject Property Average Rate						\$262.52	\$270.39	\$278.50	\$286.86
Opening Discount						3.0%	1.0%	0.0%	0.0%
Average Rate After Discount						\$254.64	\$267.69	\$278.50	\$286.86
Real Average Rate Growth						—	5.1%	4.0%	3.0%
Market ADR						\$246.18	\$253.56	\$261.17	\$269.00
Proposed Subject ADR Penetration (After Discount)						103%	106%	107%	107%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate						\$221.80	\$226.38	\$228.66	\$228.66

A new property must establish its reputation and a client base in the market during its ramp-up period; as such, the proposed subject hotel's average rates in the initial operating period have been discounted to reflect this likelihood. We forecast 3.0% and 1.0% discounts to the proposed subject hotel's forecast room rates in the first two operating years, which would be typical for a new operation of this type.

Method of Study

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by HVS for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The*

Valuation of Hotels and Motels,¹ Hotels, Motels and Restaurants: Valuations and Market Studies,² The Computerized Income Approach to Hotel/Motel Market Studies and Valuations,³ and Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations.⁴

1. The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant location factors.
2. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hostelry-related economic and demographic trends that may have an impact on future demand for hotels.
3. Dividing the market for transient accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, required facilities and amenities, seasonality, daily demand fluctuations, and price sensitivity.
4. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness.
5. The subject property's proposed improvements have been evaluated or recommended for optimal capture of demand in this market and at the subject site's location.
6. Documentation for an occupancy and average rate projection is derived utilizing the build-up approach based on an analysis of lodging activity.

Date of Inspection

The subject site was inspected by John Berean on January 16, 2018.

¹ Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

² Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

³ Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

⁴ Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*. (Chicago: Appraisal Institute, 1992).

2. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a summary of findings only for a market study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements, and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The estimated operating results presented in this report are based on an evaluation of the overall economy, and neither take into account nor make provision for the effect of any sharp rise or decline in local or national economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, we expect that the prices of rooms, food, beverages, and services will be adjusted to at least offset those advances. We do not warrant that the estimates will be attained, but they have been prepared based upon information obtained during the course of this study and are intended to reflect the expectations of a typical hotel investor.
18. This analysis assumes continuation of all provisions of the Internal Revenue Code of 1986, as amended to date.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.
20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client.

and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.

21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals

John Berean

EMPLOYMENT

<i>2015 to present</i>	HVS CONSULTING AND VALUATION SERVICES San Francisco, California
<i>2014</i>	QUEEN KAPIOLANI HOTEL Honolulu, Hawaii

EDUCATION AND OTHER TRAINING

MA – HSBC Business School, Peking University

BA – Middlebury College

Other Specialized Training Classes Completed:

Uniform Standards of Professional Appraisal Practice – 15 hours

Basic Appraisal Principles – 30 hours

Basic Appraisal Procedures – 30 hours

Supervisor/Trainee Course for Texas – 4 hours

General Appraiser Income Approach (Parts I and II) – 60 hours

General Appraiser Site Evaluation & Cost Approach – 30 hours

Real Estate Finance, Statistics, and Valuation Modeling – 15 hours

General Appraiser Market Analysis and HBU – 30 hours

General Appraiser Sales Comparison Approach – 30 hours

PUBLISHED ARTICLES

<i>HVS Journal</i>	“HVS Market Pulse: Silicon Valley,” September 2017
<i>HVS Journal</i>	“HVS Market Pulse: Island of Oahu, Hawaii,” August 2016

**EXAMPLES OF PROPERTIES APPRAISED
OR EVALUATED****CALIFORNIA**

Holiday Lodge, Antioch
 Claremont Resort & Spa, A Fairmont
 Hotel, Berkeley
 Esalen – Murphy Trust Properties, Big
 Sur
 Motel 6 Campbell/San Jose, Campbell
 Courtyard by Marriott San Mateo
 Foster City, Foster City
 Marriott, Fremont
 Motel 6, Gilroy
 Quality Inn & Suites, Gilroy
 Proposed Lodge on Russian River,
 Guerneville
 Proposed Hotel Healdsburg,
 Healdsburg
 Marriott, Irvine
 Courtyard by Marriott Larkspur
 Landing Marin County, Larkspur
 Proposed Motel 6, Livingston
 Motel 6 Marina Monterey, Marina
 SpringHill Suites by Marriott The
 Dunes on Monterey Bay, Marina
 Motel 6, Monterey
 Embassy Suites by Hilton Napa Valley,
 Napa
 Courtyard by Marriott Oakland
 Airport, Oakland
 Marriott Oakland City Center, Oakland
 Proposed Hampton by Hilton, Oakland
 Proposed West Elm Hotel, Oakland
 Sheraton Sonoma County, Petaluma
 Hyatt House, Pleasant Hill
 Hyatt Place Sacramento Rancho
 Cordova, Rancho Cordova
 Marina Bay Inn & Suites, Richmond
 Proposed Holiday Inn Express &
 Suites, Redwood City
 Pullman San Francisco Bay, Redwood
 City
 Proposed Hilton Garden Inn, Rohnert
 Park
 Proposed Four-Star Hotel, Sacramento

Proposed Hilton Garden Inn,
 Sacramento
 TownePlace Suites by Marriott Cal
 Expo, Sacramento
 Vagabond Inn, Sacramento
 Motel 6 Salinas North, Salinas
 Motel 6 Salinas South, Salinas
 Da Vinci Villa, San Francisco
 Executive Hotel Vintage Court San
 Francisco, San Francisco
 Holiday Inn Fisherman's Wharf San
 Francisco, San Francisco
 Hotel Triton, San Francisco
 Proposed Bay Hotel, San Francisco
 Ritz-Carlton, San Francisco
 Fairmont San Jose, San Jose
 Hyatt Place San Jose Downtown, San
 Jose
 Motel 6 San Jose Airport, San Jose
 Motel 6 San Jose South, San Jose
 Proposed Home2 Suites by Hilton, San
 Jose
 Proposed Wingate by Wyndham, San
 Jose
 Residence Inn & SpringHill Suites by
 Marriott San Jose Airport, San Jose
 Motel 6, Santa Clara
 Proposed Hotel, Santa Clara
 Woodcrest Hotel, Santa Clara
 Hyatt Place, Santa Cruz
 Proposed Fairfield Inn & Suites by
 Marriott, Santa Cruz
 Proposed Hyatt Place, Santa Cruz
 Motel 6 Santa Nella Los Banos
 Interstate 5, Santa Nella Village
 Four Points by Sheraton Hotel & Suites
 San Francisco Airport, South San
 Francisco
 Motel 6 Sunnyvale North, Sunnyvale
 Motel 6 Sunnyvale South, Sunnyvale
 Quality Inn & Suites, Sunnyvale
 Great Western Inn, Vallejo
 Marriott, Walnut Creek
 Motel 6, Watsonville
 Hotel Yountville, Yountville

FLORIDA

Hilton Garden Inn, Fort Myers

HAWAII – O'AHU

Hyatt Regency Waikiki Beach Resort &
 Spa, Honolulu
 Polynesian Plaza, Honolulu
 Prince Waikiki & Hawaii Prince Golf
 Club, Honolulu
 Proposed Mandarin Oriental &
 Residences, Honolulu
 Turtle Bay Resort, Kahuku

HAWAII – MAUI

Ritz-Carlton, Kapalua
 Courtyard by Marriott Maui Kahului
 Airport, Kahului
 Montage Kapalua Bay, Lahaina
 Westin Maui Resort & Spa Ka'anapali,
 Lahaina
 Four Seasons Resort Maui at Wailea,
 Wailea

HAWAII – HAWAII

Sheraton Kona Resort & Spa at
 Keauhou Bay, Kailua-Kona
 Fairmont Orchid Hawaii Hotel, Kohala
 Coast
 Marriott Waikoloa Beach Resort & Spa,
 Waikoloa
 Hapuna Beach Prince Hotel & Hapuna
 Golf Course, Waimea
 Mauna Kea Beach Hotel, Autograph
 Collection & Mauna Kea Golf Course,
 Waimea

HAWAII – KAUAI

Courtyard by Marriott Kaua'i at
 Coconut Beach, Kapa'a
 Courtyard by Marriott Kaua'i at
 Coconut Beach (Conversion to
 Sheraton), Kapa'a

Proposed Coco Palms Resort, Unbound
Collection by Hyatt, Kapa'a

LOUISIANA

Days Inn, Kinder
Wyndham Garden, Lafayette

OKLAHOMA

Holiday Inn Express Hotel & Suites,
Guymon

TEXAS

Proposed Hotel Texas A&M, College
Station
Grand Hyatt DFW, Dallas
Proposed Saint Elm Hotel, Dallas
Econo Lodge, Hillsboro
Four Seasons Houston Downtown,
Houston
Hilton Garden Inn Houston IAH,
Houston
Interstate Motor Lodge, Houston
JW Marriott Houston Downtown,
Houston
Proposed Holiday Inn Willowbrook,
Houston
Proposed Hotel Zaza & Apartments,
Houston
Proposed Montrose Hotel, Houston
Westin Oaks & Galleria, Houston
Proposed Home2 Suites by Hilton,
Kingwood
Proposed Days Inn, Port Arthur
Days Inn Lackland, San Antonio
Proposed Thompson Hotel, San
Antonio
Proposed Red Lion Inn & Suites, Texas
City

Li Chen, MAI

EMPLOYMENT

2006 to present	HVS CONSULTING AND VALUATION SERVICES Los Angeles, California
2005 – 2006	RENAISSANCE LAX AIRPORT Los Angeles, California

EDUCATION AND OTHER TRAINING

MS – Michigan State University

Other Specialized Training Classes Completed:

Uniform Standards of Professional Appraisal Practice – 15 hours
 Basic Appraisal Principles – 30 hours
 Basic Appraisal Procedures – 30 hours
 General Appraiser Income Approach (Parts I and II) – 60 hours
 Business Practices and Ethics (2009) – 8 hours
 General Appraiser Site Valuation and Cost Approach – 30 hours
 General Appraiser Market Analysis and HBU – 30 hours
 General Appraiser Sales Comparison Approach – 30 hours
 Statistics, Modeling and Finance – 15 hours
 General Appraiser Report Writing and Case Studies – 30 hours
 Advanced Income Capitalization – 40 hours
 Report Writing and Valuation Analysis – 40 hours
 Advanced Sales and Cost Approaches – 40 hours
 Nevada Appraisal Laws – 3 hours
 Advanced Applications – 40 hours
 Advanced Market Analysis and HBU – 35 hours
 General Demonstration Appraisal Report Writing – 7 hours
 Fundamentals of Separating Real, Personal Property, and Intangible Business Assets – 15 hours
 Federal and State Laws and Regulations – 4 hours
 Nevada Law – 3 hours
 Complex Litigation Appraisal Case Studies – 7 hours
 Practical Regression Using Microsoft Excel – 14 hours
 Argus Discounted Cash Flow Valuation – 14 hours
 CA Laws and Regulations – 4 hours
 NM Mandatory Class – 4 hours

EDUCATION (CONTINUED)

Introduction to Green Buildings Principles & Concepts – 8 hours
 Appraising Condos, Co-ops, and PUDs – 7 hours
 Appraisal of Land Subject to Ground Leases – 7 hours
 Business Practices and Ethics (2015) – 7 hours
 Assisted Living – 7 hours
 Appraisal of Owner-Occupied Commercial Properties – 7 hours
 Condemnation Appraising – 21 hours
 Annual USPAP Updates

STATE CERTIFICATIONS

Arizona, California, Nevada, New Mexico

PROFESSIONAL AFFILIATIONS

Appraisal Institute – Designated Member (MAI)

PUBLISHED ARTICLES

<i>HVS Journal</i>	"HVS Market Pulse: Irvine, CA," February 2017
<i>HVS Journal</i>	"Chinese Investment Trends in U.S. Hotel Real Estate," co-authored with Kirsten Smiley, August 2016
<i>HVS Journal</i>	"Four Key Takeaways: Meet the Money 2015," co-authored with Susan Furbay and Luigi Major, May 2015
<i>HVS Journal</i>	"In Focus: Chinese Investment in U.S. Hotels Is Still Going Strong," May 2014
<i>HVS Journal</i>	"Gateways to Citizenship and Hospitality: Hotel Financing through EB-5," May 2013
<i>HVS Journal</i>	"How U.S. Hotels Can Tap into Growing Demand from China," May 2012
<i>HVS Journal</i>	"Chinese Investors and U.S. Hotels: A Rising Tide of Opportunity," September 2011
<i>HVS Journal</i>	"Chinese Tourism: A Potential Bounty for U.S. Hotels," August 2011
<i>HVS Journal</i>	"What You Need to Consider Before Buying a Distressed Property," co-authored with Michael Brophy, August 2009
<i>HVS Journal</i>	"HVS Market Intelligence Report: California's Antelope Valley," October 2008
<i>HVS Journal</i>	"Economy Hotel Development Trends in Mainland China," co-authored with Fiona Fang, January 2008
<i>HVS Journal</i>	"Demand Diversification Leads Markets to Higher RevPAR Levels," October 2007

**EXAMPLES OF PROPERTIES APPRAISED
OR EVALUATED****ALABAMA**

Holiday Inn, Hoover

ARIZONA

Best Western, Cottonwood
 Comfort Inn, Flagstaff
 Courtyard by Marriott, Flagstaff
 Comfort Suites, Goodyear
 Proposed Legacy Inn & Suites, Mesa
 Holiday Inn Express, Payson
 Value Place, Peoria
 Country Inn & Suites, Phoenix
 GreenTree Inn & Suites, Phoenix
 Proposed Hilton Garden Inn, Phoenix
 Red Roof Inn Bell Road, Phoenix
 Super 8, Phoenix
 Holiday Inn Express, Pinetop
 Days Inn, Sedona
 Holiday Inn Express, Show Low
 Proposed Hotel, Tempe
 Ramada, Tempe
 Clarion, Tucson
 Comfort Suites, Tucson
 Marriott University Park, Tucson
 Proposed Country Inn & Suites,
 Tucson
 Proposed Hilton Airport, Tucson
 Randolph Park Hotel & Suites, Tucson
 Windemere Hotel, Tucson
 Holiday Inn Express, Winslow

ARKANSAS

Proposed Fairfield Inn, Conway
 Proposed Staybridge Suites, Conway
 Hampton Inn, Hot Springs

CALIFORNIA

Fremont Inn, Alhambra
 Anaheim Executive Inn & Suites,
 Anaheim

Baymont Inn & Suites, Anaheim
 Hilton Suites, Anaheim
 Hotel Menage, Anaheim
 Embassy Suites, Arcadia
 Hilton Garden Inn, Arcadia
 SpringHill Suites by Marriott Pasadena
 Arcadia, Arcadia
 Proposed Azusa Hotel, Azusa
 Courtyard by Marriott, Bakersfield
 Hilton Garden Inn, Bakersfield
 Holiday Inn Express, Bakersfield
 Motel 6, Bakersfield
 Motel 6 Bakersfield South, Bakersfield
 SpringHill Suites, Bakersfield
 Super 8, Barstow
 The Pines, Bass Lake
 Chase Suites Hotel, Brea
 Embassy Suites, Brea
 Courtyard, Buena Park
 Larkspur Landing, Campbell
 Courtyard by Marriott McClellan-
 Palomar Airport, Carlsbad
 Proposed La Quinta Inn & Suites,
 Chino
 Proposed TownePlace Suites by
 Marriott, Chino Hills
 Holiday Inn Express, Chula Vista
 Motel 6 Coalinga East, Coalinga
 Crowne Plaza Orange County, Costa
 Mesa
 Hilton, Costa Mesa
 Courtyard by Marriott, Cupertino
 Proposed Residence Inn, Cupertino
 Residence Inn, Cupertino
 Proposed Hotel, Duarte
 Holiday Inn Express, El Centro
 Hilton Garden Inn LAX, El Segundo
 Land Appraisal, El Segundo
 Summerfield Suites, El Segundo
 Howard Johnson Express, Escondido
 Courtyard by Marriott, Fairfield
 Comfort Inn, Fontana
 Hilton Garden Inn Irvine East Lake
 Forest, Foot Hill Ranch
 Courtyard by Marriott, Foster City
 Courtyard by Marriott, Fresno
 Holiday Inn Express, Fresno

Motel 6 Fresno, Fresno
 Motel 6 Fresno South, Fresno
 Radisson, Fresno
 Vagabond Inn, Fresno
 Econo Lodge, Garden Grove
 Hyatt Regency Orange County, Garden
 Grove
 Courtyard by Marriott, Hacienda
 Heights
 Proposed Dual-Branded Hotel,
 Hawthorne
 Liberty Inn, Hollywood
 Proposed Hilton Garden Inn, Irvine
 Hilton Torrey Pines, La Jolla
 Holiday Inn Express, La Jolla
 Hotel La Jolla, La Jolla
 La Jolla Inn, La Jolla
 Best Western Laguna Brisas Spa Hotel,
 Laguna Beach
 Coast Inn, Laguna Beach
 Best Western, Lake Elsinore
 Holiday Inn, La Mirada
 Motel 6, Lancaster
 Proposed Homewood Suites, Lancaster
 Proposed Hampton Inn & Suites,
 Lancaster
 Courtyard by Marriott, Larkspur
 Proposed Holiday Inn Express, Lebec
 Proposed Select-Service Hotel,
 Livermore
 Embassy Suites, Lompoc
 Best Western, Long Beach
 Residence Inn Cypress, Los Alamitos
 Proposed Hampton Inn & Suites Korea
 Town, Los Angeles
 Proposed Hotel, Los Angeles
 The Standard Hotel, Los Angeles
 Larkspur Landing, Milpitas
 Proposed Hotel, Milpitas
 Motel 6, Mojave
 DoubleTree Hotel, Monrovia
 Proposed Residence Inn by Marriott,
 Moreno Valley
 Proposed Value Place, Moreno Valley
 Executive Inn, Morgan Hill
 Residence Inn by Marriott Temecula
 Murrieta, Murrieta

Chase Suites, Newark
 TownePlace Suites by Marriott, Newark
 Fairfield Inn & Suites Riverside Corona Norco, Norco
 Land, Oceanside
 Residence Inn by Marriott, Oceanside
 DoubleTree, Ontario
 Ontario Airport Hotel & Conference Center, Ontario
 Radisson Ontario Airport, Ontario
 Residence Inn, Ontario
 Sheraton, Ontario
 Lighthouse Lodge & Suites, Pacific Grove
 Motel 6, Palmdale
 Proposed Element, Palmdale
 Comfort Inn, Palm Desert
 Fairfield Inn, Palm Desert
 Proposed Holiday Inn Express, Palm Desert
 The Colony Palms, Palm Springs
 Courtyard by Marriott, Palm Springs
 Proposed Value Place, Palm Springs
 Lantern Inn, Paradise
 dusicD2 Constance Pasadena, Pasadena
 Proposed Hampton Inn, Pasadena
 Proposed Hotel, Pasadena
 Vagabond Inn, Pasadena
 Proposed Value Place, Perris
 Lancer Motel, Pico Rivera
 Larkspur Landing, Pleasanton
 La Quinta Inn & Suites, Pomona
 Motel 6, Porterville
 Hyatt Place, Rancho Cordova
 Hilton Garden Inn, Rancho Mirage
 Best Western, Ridgecrest
 Econo Lodge, Ridgecrest
 Proposed SpringHill Suites, Ridgecrest
 Courtyard by Marriott, Riverside
 Proposed Crowne Plaza, Rowland Heights
 Proposed Hampton Inn, Sacramento
 Comfort Inn & Suites Hotel Circle, San Diego

Comfort Inn & Suites Sea World/Zoo, San Diego
 DoubleTree Mission Valley, San Diego
 Holiday Inn Express Otay Mesa, San Diego
 Quality Inn, San Diego
 Best Western Americania, San Francisco
 Best Western The Hotel California, San Francisco
 Carriage Inn, San Francisco
 Good Hotel, San Francisco
 Larkspur Landing South San Francisco, San Francisco
 Hotel Metropolis, San Francisco
 Hotel Vertigo, San Francisco
 Proposed Crowne Plaza, San Gabriel
 Clarion, San Jose
 Proposed Hotel, San Jose
 Embassy Suites, San Luis Obispo
 Proposed Select-Service Hotel, San Luis Obispo
 Crowne Plaza, San Pedro
 Courtyard South Coast Metro, Santa Ana
 Embassy Suites O.C. Airport North, Santa Ana
 DoubleTree Fess Parker Resort, Santa Barbara
 State Street Hotel, Santa Barbara
 Mission Inn, Santa Cruz
 Proposed Fairfield Inn, Santa Cruz
 Shangri-La Hotel, Santa Monica
 Travelodge, Santa Monica
 Embassy Suites on Monterey Bay, Seaside
 Sonora Inn, Sonora
 Larkspur Landing, Sunnyvale
 Best Western, Taft
 Proposed Hampton Inn, Tehachapi
 Courtyard by Marriott, Torrance
 Days Inn, Torrance
 Residence Inn, Torrance
 Comfort Inn, Tulare
 Motel 6, Tulare
 Embassy Suites, Valencia
 Hyatt Regency, Valencia

Comfort Suites, Victorville
 Fairfield Inn, Visalia
 Holiday Inn Express, Walnut Creek
 Proposed Hyatt Place, Walnut Creek
 Radisson, Whittier
 Proposed Fairfield Inn & Suites, Woodland
 Best Western, Woodland Hills
 Marriott Warner Center Woodland Hills, Woodland Hills

COLORADO

Travelodge, Colorado Springs
 Holiday Inn Express, Eagle

FLORIDA

Homewood Suites, Maitland
 Proposed Candlewood Suites, Orlando
 La Quinta Inn, Tallahassee
 Embassy Suites, Tampa

IDAHO

Shilo Inn Suites, Coeur d'Alene

ILLINOIS

Quality Inn, Elmhurst

INDIANA

Hampton Inn, Brownsburg
 Quality Inn, Fort Wayne
 Comfort Inn East, Indianapolis
 Holiday Inn Express East, Indianapolis
 Best Western, Kokomo
 Comfort Inn, Rochester
 Holiday Inn Express, Scottsburg

KANSAS

Capitol Plaza, Topeka

KENTUCKY

Quality Inn, Florence

MINNESOTA

Super 8, Granite Falls
Proposed Comfort Suites, Rochester

NEW JERSEY

Sheraton Crossroads Hotel, Mahwah
Doral Forrestal, Princeton
Courtyard by Marriott, Secaucus
Marriott, Somerset

NEW MEXICO

Hawthorn Suites, Albuquerque
Howard Johnson Albuquerque
Midtown, Albuquerque
Hyatt Place, Albuquerque
Los Alamos County Market Study, Los Alamos
Proposed Hotel, Los Alamos

NEW YORK

Holiday Inn JFK, Jamaica
Best Western Plaza, Long Island City
Howard Johnson, Long Island City

NORTH CAROLINA

Embassy Suites, Cary

OREGON

Peppertree Inn, Beaverton
Embassy Suites Airport, Portland
Shilo Inn, Tigard

PENNSYLVANIA

Holiday Inn, Clarion
Holiday Inn, Indiana

TEXAS

Wyndham Galleria, Dallas
Value Place, El Paso
Holiday Inn Express, Huntsville
Candlewood Suites, Texarkana

UTAH

Comfort Inn & Suites, Cedar City
Proposed Comfort Inn & Suites, Cedar City
Pioneer Lodge, Springdale

WASHINGTON

Shilo Inn, Moses Lake
Shilo Inn Richland Rivershore, Richland

WEST VIRGINIA

Embassy Suites, Charleston

WISCONSIN

Best Western, Pewaukee

WYOMING

Hampton Inn, Cheyenne



DATE: January 22, 2019

TO: Mayor and Members of the City Council

VIA: Jeff Moneda, City Manager

FROM: Jennifer Liu, Parks and Recreation Director

SUBJECT: FINAL RECREATION CENTER MASTER PLAN CONCEPTUAL
DESIGN PLAN REPORT FROM BURKS TOMA ARCHITECTS AND
PROVIDE DIRECTION ON NEXT STEPS

RECOMMENDATION

It is recommended that the City Council, by Minute Order:

1. Receive and accept the final Recreation Center Conceptual Design Report from Burks Toma Architects; and
2. Provide direction on the preferred building program, park program, and site location from the three conceptual design options; and
3. Provide direction on “next steps” regarding including funding for Recreation Center architectural design in the FY 2019-2020 Capital Improvement Budget.

EXECUTIVE SUMMARY

The Recreation Center opened to the public in 1974. Due to its location as a central amenity in Foster City’s “crown jewel” Leo J. Ryan Park, the William E. Walker Recreation Center is a hub of activity in the community, but given the age of the building, structural improvements, such as a roof replacement and structural requirements for emergency shelter readiness, are becoming necessary. Also, the Recreation program and the needs that it fulfills in the community have evolved over the past 45 years, leaving the current facility inadequate to sufficiently provide recreation services and even obsolete relative to adjacent development and current technology and sustainability construction methods.

There is some urgency to this project, given the significant renovation work that the current facility requires. It will be important to continue to move forward to ensure that City facilities continue to be able to serve their purpose. At this time, the City Council is asked to take the following actions:

Accept the Final Conceptual Design Report

For the past year, the City has worked with Burks Toma Architects to develop three (3) alternative Conceptual Design Plans to help focus the options and opportunities for the facility. In the final report, Concept 1, the “Recreation Complex” theme, emphasizes the City’s recreational mandate; Concept 2, the “Cultural Complex” theme, emphasizes the addition of cultural arts uses; and Concept 3, the “Outdoor Activity Complex” theme, emphasizes the integration of the new facility with the outdoor park spaces. Upon acceptance of the final report, Burks Toma Architects will have completed the project for which they were hired.

Provide Direction on the Preferred Alternative

Per their scope of work, Burks Toma Architects developed three (3) concepts with three distinct themes in order to inform the City Council on the possibilities of the site. The various elements within the three themes can be viewed as modular, allowing for integration of elements from each into a cohesive Preferred Alternative that will provide the basis for architectural design of plans and specifications for construction. In order to conclude the Conceptual Design Phase, it is recommended that the City Council provide direction, by Minute Order, on the preferred building program, park program, and site location from the three conceptual design options.

Provide Direction on “Next Steps”

Staff recommends including funding for architectural design in the amount of \$7,000,000-\$10,000,000 in the FY 2019-2020 Capital Improvement Program budget. Beginning the Architectural Design in FY 2019-2020 will allow the Recreation Center Master Plan process to proceed concurrently with the development of the Parks System Master Plan and will also align the construction phase of the Recreation Center project to follow the completion of the Levee Protection Planning and Improvements Project (CIP 301-657).

BACKGROUND

The Recreation Center opened to the public in 1974. Due to its location as a central amenity in Foster City’s “crown jewel” Leo J. Ryan Park, the William E. Walker Recreation Center is a hub of activity in the community.

Given the age of the building, structural upgrades, such as a roof replacement and structural requirements for emergency shelter readiness, are becoming necessary. Also, the Recreation program and the needs that it fulfills in the community have

evolved over time.

At the January, 25, 2016 City Council Special Meeting (Vision & Policy Summit), City Infrastructure was identified as a City Council priority area and the City Council expressed an interest in pursuing a process for evaluating the existing Recreation Center to determine whether a major re-roof project, a broader renovation or a complete rebuild would best meet the recreational needs of the Foster City community and the infrastructure needs of the City both now and in the years to come.

In March 2016, staff presented a special report on the structural integrity and ongoing maintenance of the Recreation Center and its relevance to current City demographics and trends in recreation. The City Council approved a \$200,000 placeholder in the FY 2016-2017 Budget to start a Recreation Center Master Plan study. On October 17, 2016, the City Council approved a comprehensive outreach plan.

Between October 2016 and January 2017, a variety of methods were used to engage a wide variety of stakeholders and collect diverse viewpoints and opinions. City staff also met with staff of several local cities that are in the process of planning for the replacement of (or adding new) recreation center structures to gain insight into the “best practices” in recreation facility construction and to discuss potential collaborative programming and utilization.

On February 21, 2017, the City Council received the report on public input gathered through the outreach process, which included the following common themes:

1. Location and views of the lagoon are great attributes, but the size and inefficient floor plan of the building negatively impact the effectiveness of the facility to meet the current and future recreation needs of the community
2. Lack of adequate electrical service, technological capabilities, and a commercial kitchen impact the relevance and usefulness of the facility
3. Need for an environmentally sustainable project
4. Need for better parking and sense of arrival at the destination
5. Need for additional and larger multi-purpose rooms, performing arts space, a café or restaurant, and casual lounging spaces
6. Need for larger dedicated senior programming space, adequate space for pottery studio/visual arts program, and more variety of sizes of meeting spaces and recreation program/class rooms
7. Importance of maintaining or enhancing access to and relationship with existing features of the amphitheater, bocce ball courts, boat docks, VIBE, skatepark, and open park areas of the site

Based upon the input received during the public outreach process, in October 2017, the City Council passed Minute Order No. 1519, authorizing a Capital Improvement Project

for the Recreation Center Master Plan and issuing a Request for Proposals to develop a conceptual design plan that would allow the City Council to begin to focus the options for the building and surrounding site. The City Council approved an agreement with Burks Toma Architects in April 2018 to provide these Conceptual Design Services.

Based upon the Needs Identification, Community Stakeholder input, and Facility Assessment data, along with the demographic and trend analysis data, Burks Toma Architects presented three (3) preliminary Conceptual Designs that emphasize the stated design priorities:

- Celebrate and engage the water as Foster City's unique identity
- Integrate the indoor with the outdoor, preserving open park space
- Create a welcoming entry and community gathering place

ANALYSIS

Staff is seeking three actions from the City Council at this meeting:

Accept the Final Recreation Center Conceptual Design Report from Burks Toma Architects

Burks Toma Architects was hired to develop three concepts with three distinct themes. In the final report, Concept 1, the "Recreation Complex" theme, emphasizes the City's recreational mandate; Concept 2, the "Cultural Complex" theme, emphasizes the addition of cultural arts uses; and Concept 3, the "Outdoor Activity Complex" theme, emphasizes the integration of the new facility with the outdoor park spaces. Upon acceptance of the final report, Burks Toma Architects will have completed the project for which they were hired.

Provide Direction on the Preferred Alternative

Foster City's current Recreation Center requires significant renovation work and is currently limited in its capacity to adapt to growing and changing community needs. Tasks 1-4 of the Conceptual Design process were pre-design study of the demographics and needs of the community (Attachment 1). This pre-design process informed the development of the three conceptual designs to ensure that each concept responded to and met identified community needs both now and into the future.

Through the course of Conceptual Design development, the City Council and project stakeholders had the opportunity to review the Conceptual Designs and their corresponding elements. The feedback to date has indicated a general consensus preference expressed for Concept 3.

Per their scope of work, Burks Toma Architects developed three concepts with three distinct themes in order to inform the Council on the possibilities of the site. The various elements within the three themes can be viewed as modular, allowing for integration of elements from each into a cohesive Preferred Alternative that will provide the basis for architectural design of plans and specifications for construction.

As shown on Page 3 of the Concept Alternatives Summary Report (Attachment 2), the modular elements for consideration include:

- Building Program Elements: Event Space, Performance Space, and Food Service options
- Park Program Elements: Park Enhancements, Parking, and Access
- Site Location

In order to conclude the Conceptual Design Development phase of the Recreation Center Master Plan project, it is recommended that the City Council provide direction, by Minute Order on the preferred building program, park program, and site location from the three conceptual design options.

Provide Direction on “Next Steps”

Parks and Recreation is a cornerstone of the quality of life in the community. With Leo J. Ryan Park and the Recreation Center facility occupying a central place in the heart of the City, they can be viewed as the “community living room” where the community comes to celebrate and congregate.

Staff recommends including funding for architectural design in FY 2019-2020 for Capital Improvement Project 301-678 Recreation Center Master Plan for City Council consideration at its March 25, 2019 Budget Study Session. Staff will refine the amount that should be put in the budget, but it is estimated that approximately \$7,000,000-\$10,000,000 will be needed for design, based on industry averages for a project of this type and scope.

Including funding in the Capital Improvement Budget does not authorize the expenditure of funds. Before any funds are spent, the City Council would be required to authorize the issuance of the Request for Proposal for Architectural Services and to award the contract to the successful contractor. Following is a tentative timeline for the Architectural Design process:

- June 17, 2019: City Council Approves FY 2019-2020 Final Budget, including funding for Architectural Design in CIP 301-678
- July-September 2019: Staff develops Request for Proposal for Architectural Design

- October 2019: City Council Authorizes Issuance of Request for Proposal for Architectural Design
- November 2019: Proposals Due
- November-December 2019: Proposals Evaluated
- January 2020: Award Agreement
- March 2021: Architectural Design Completed

Beginning the Architectural Design in FY 2019-2020 will allow the Recreation Center Master Plan process to proceed concurrently with the development of the Parks System Master Plan, such that the two processes may inform each other, both from an infrastructure perspective and from a funding perspective. It will also align the construction phase of the Recreation Center project to follow the completion of the Levee Protection Planning and Improvements Project (CIP 301-657) so that these two major projects are not under construction simultaneously.

Accepting the Conceptual Designs provides the basis for the next step which is Architectural Design. The Architectural Design is required for the following step, which is Construction. Each step in the process builds on and contributes to the next step but does not commit to the next step, nor does it commit to the overall timing of the project. The City Council will need to take formal action at each juncture in order to move the project forward. Authorizing the budget for the Architectural Design phase and completing the Architectural Design now will ensure that all of the pieces are in place to move when the City identifies the most competitive bidding environment and the lowest likely construction pricing. Regardless of timing, the Conceptual Designs will remain valid into the future because they were developed specifically with the community's future needs in mind.

As can be seen in the background section of this staff report, this project began 3 years ago, and as shown above, the next steps through Architectural Design are estimated to require another 12-18 months, which means that 5 years will have elapsed since discussion has begun on this project. There is some urgency to this project, given the significant renovation work that the current facility requires. It will be important to continue to move forward to ensure that City facilities continue to be able to serve their purpose.

Attachment 1 to this Staff Report is the Pre-Design Summary Report and Attachment 2 is the Concept Alternatives Summary Report by Burks Toma Architects. The complete report is available in the City Council office.

FISCAL IMPACT

The City Council previously authorized the agreement with Burks Toma Architects for Conceptual Design Services in the amount of \$296,927, which includes the

development of the Conceptual Design Plans and their associated summary reports. There is no additional fiscal impact to accepting the final report.

Attachments:

- Attachment 1 - Pre-Design Summary Report by Burks Toma Architects
- Attachment 2 - Concept Alternatives Summary Report by Burks Toma Architects

Predesign Executive Summary Report

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PREDESIGN EXECUTIVE SUMMARY

1. *Predesign Scope & Purpose*

1.1 BACKGROUND

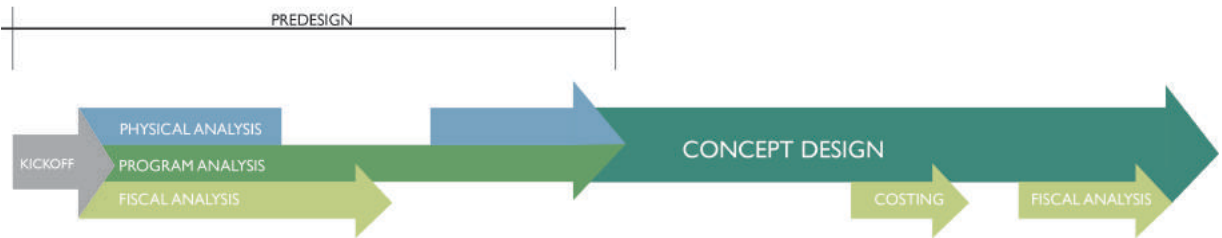
The Parks & Recreation Department occupies a central place in the Foster City Community. Parks and park facilities are heavily used, and greatly loved. However, Foster City’s current Recreation Center requires significant renovation work and is currently limited in its capacity to adapt to growing and changing community needs. From 2016-17, Foster City conducted a Community Outreach study to identify the scope of potential renovation work, as well as the current needs and priorities of the community. Building on that study, the City has authorized the development of Conceptual Plans for a new Recreation/Community Facility, which includes an initial Predesign phase, and a subsequent Concept Design Phase. The process will focus on clarifying potential approaches for a new recreation/community facility in Leo J. Ryan Park, in order to allow for informed decision-making by the City Council. This report provides an overview of the Predesign process conducted as part of that Concept Design Scope, and summarizes the key conclusions that will inform the subsequent development of three Concept Alternatives for City review.

1.2 PREDESIGN PHASE SCOPE

The primary goal of any Predesign phase is to develop a shared understanding of the variables shaping a project. The Predesign phase serves to identify key project criteria and to guide subsequent design development. For the Recreation Center, Predesign included analysis of the following criteria:

- Physical: space requirements and constraints
- Programmatic: activities and functional requirements
- Fiscal elements: demographic growth and change, costs, revenue opportunities

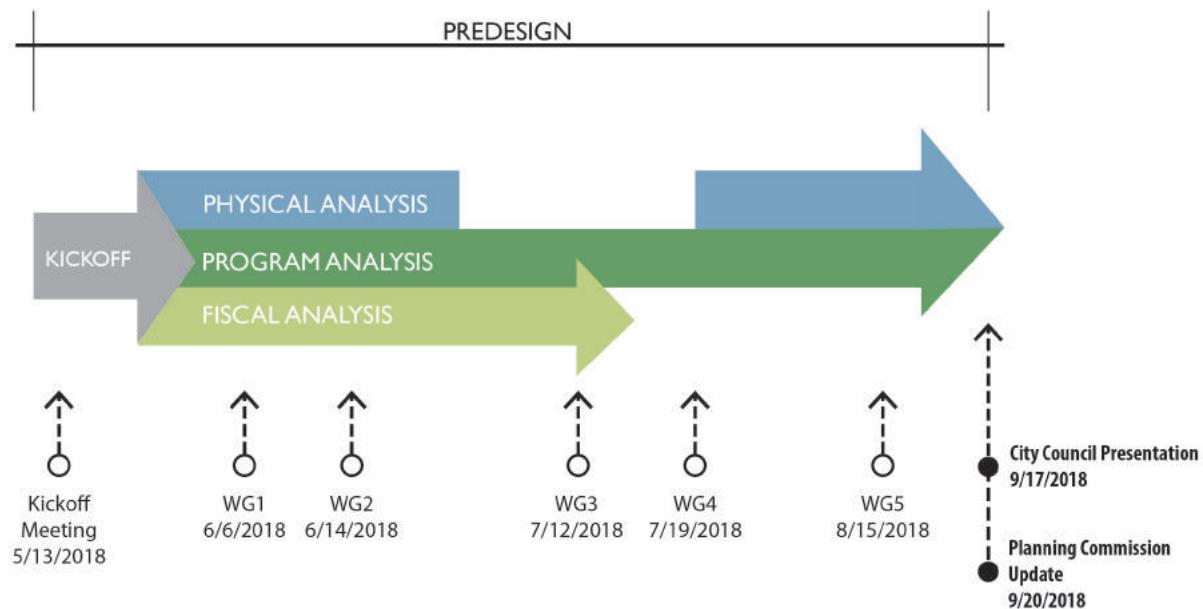
Figure 1 **Scope of Work**



A series of workshops were held over the course of three months, allowing the Design Team to gather input from stakeholders and staff, and to refine project assumptions.

PREDESIGN EXECUTIVE SUMMARY

Figure 2 Predesign Meetings



1.3 PURPOSE

The key outcomes of this Predesign process were:

- To establish a comprehensive list of programmatic elements (“Building Blocks”) desirable for inclusion in a new Recreation/Community Facility.
- To establish potential sites for facility location within Leo J. Ryan Park.

It is important to note that both site options and program options remain comprehensive at this stage. It is not assumed that all program elements will be incorporated into all Alternatives. The development of Concept Alternatives in the next phase will provide an opportunity to combine program elements in different ways. Similarly, the site parameters identified during Predesign will inform a more detailed siting and organizational approach to the facility as each Concept Alternative is developed.

PREDESIGN EXECUTIVE SUMMARY

2. Programmatic Elements

2.1 PROCESS

Predesign included an initial survey of demographic and economic conditions within Foster City, which will inform both current and future community needs.

Key findings included:

- The City should be sizing facilities to handle a population that is at least 10% larger than today, accommodating an additional 3,000 to 4,000 new residents by the year 2040.
- In 2040, Foster City will continue to be a highly diverse community, racially and culturally, and the mixing of these global communities is likely to accelerate.
- As is the case today, education and recreation programs will need to accommodate a wide range of English language skill levels, income levels, and ages.
- Given the ongoing growth and transformation in Foster City, flexibility, in both capacity and type of spaces, will be critical to ensure that a new facility can continue to meet changing community needs over the next 50 years.

The proposed collection of desirable functions and activities was developed using a range of methodologies and input from a variety of sources:

- Public Outreach results (2017 RJM process)
- Existing Conditions Survey
- Benchmark Projects
- Staff input and review
- Stakeholder workshops

Based on staff input and review of comparable facilities, each type of program space was sized to accommodate the range of anticipated uses. These spaces are described in Figure 2, Building Blocks. Each was then analyzed for its fiscal and organizational impact on Foster City's Recreation Department. A summary of this analysis can be found in Table 1, Comparison Matrix.

During Concept Design, the Design Team and City stakeholders will collaborate to identify appropriate combinations of spaces, i.e. Building Blocks, for each Concept Alternative.

PREDESIGN EXECUTIVE SUMMARY

2.2 BUILDING BLOCKS

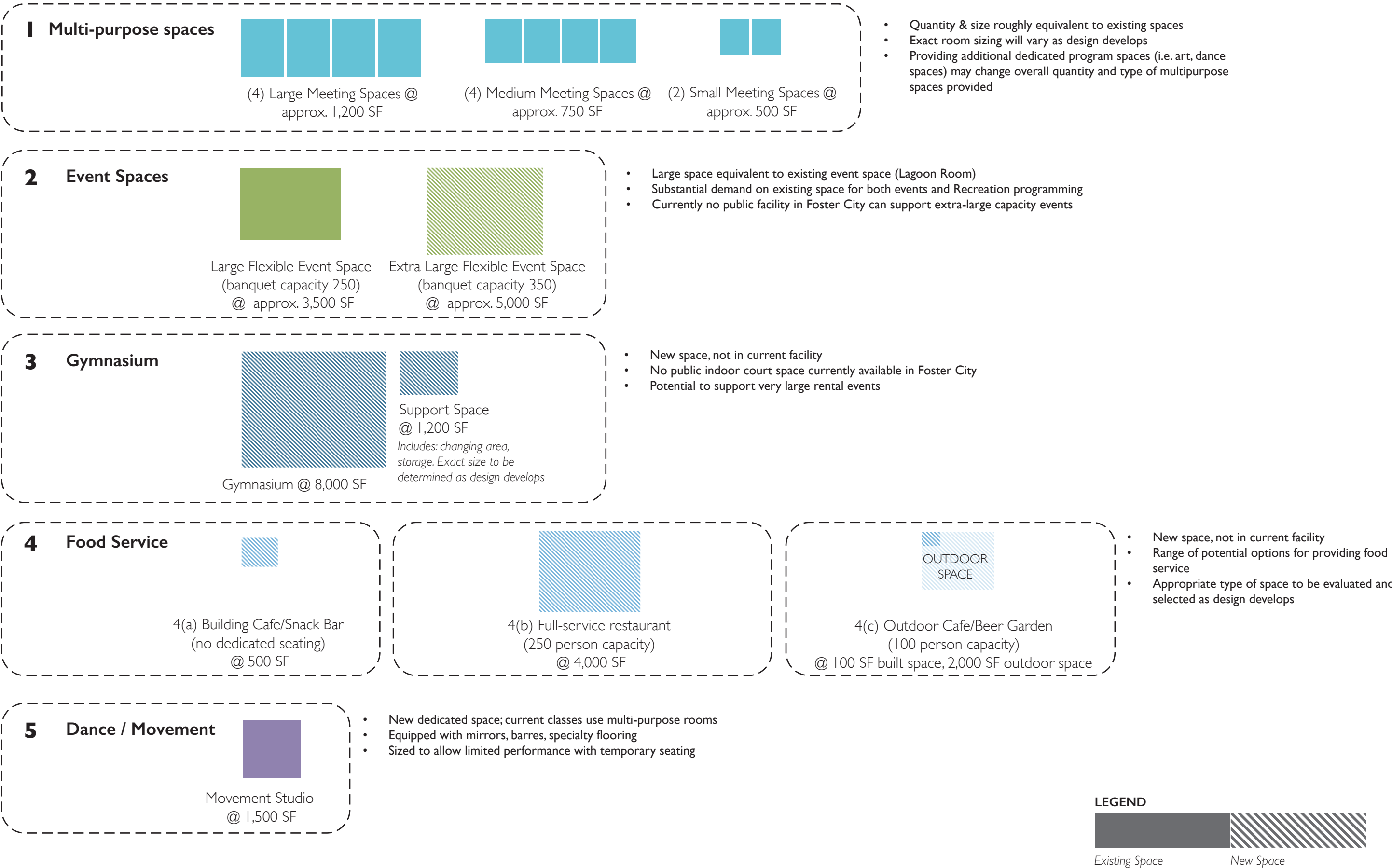
The wide variety of spaces and programmatic elements have been conceptually clustered into “building blocks” of spaces that share similar characteristics and use patterns so that they can be analyzed as a group. These diagrams also serve to graphically illustrate the relative space requirements associated with each activity and space.

Figure 3 – Programmatic Building Blocks



Additional space requirements for an eventual facility include support spaces such as restrooms, storage, and circulation areas. Parking requirements are addressed in Section 3, Site Analysis.

FIGURE 3: PROGRAMMATIC BUILDING BLOCKS (I)



4(a) Building Cafe/Snack Bar (no dedicated seating) @ 500 SF

4(b) Full-service restaurant (250 person capacity) @ 4,000 SF

4(c) Outdoor Cafe/Beer Garden (100 person capacity) @ 100 SF built space, 2,000 SF outdoor space

Food Service

- New space, not in current facility
- Range of potential options for providing food service
- Appropriate type of space to be evaluated and selected as design develops

Movement Studio @ 1,500 SF

Dance / Movement

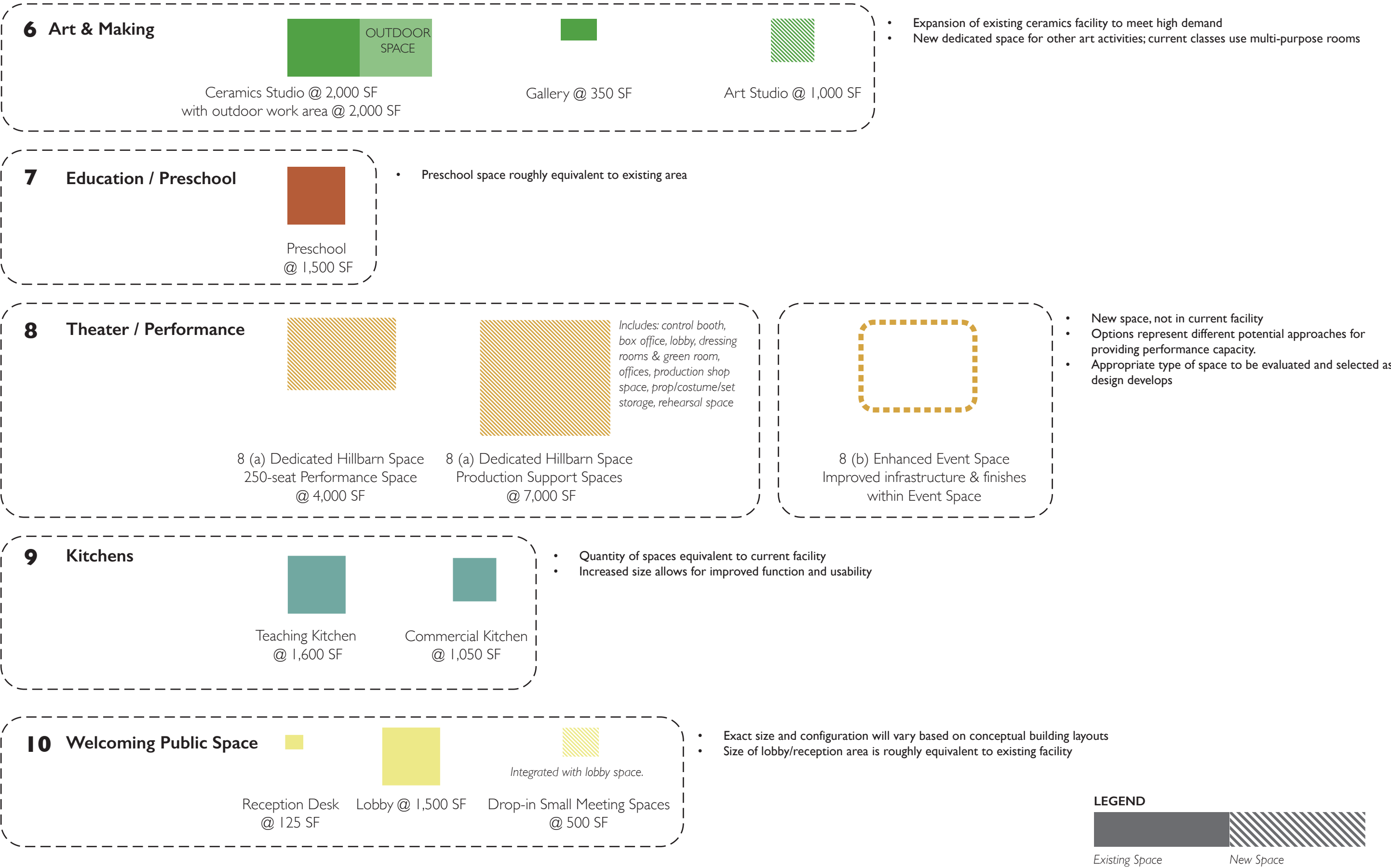
- New dedicated space; current classes use multi-purpose rooms
- Equipped with mirrors, barres, specialty flooring
- Sized to allow limited performance with temporary seating

LEGEND

Existing Space

New Space

FIGURE 3: PROGRAMMATIC BUILDING BLOCKS (2)



PREDESIGN EXECUTIVE SUMMARY

2.3 COMPARISON MATRIX

The Programmatic Building Blocks have been analyzed with regards to their fiscal impact, allowing the City to evaluate and select a narrower range of feasible program elements for further development and eventual inclusion in some or all of the Conceptual Design Alternatives. Each one is analyzed in turn according to criteria that include:

- **Characterization of the anticipated change** – Does this program element merely *replace* what exists today in the current recreation center? Does it *expand* in number or in scale what is currently offered? Does it *add an entirely new program element* to the recreational offering of Foster City?
- **Impact on staffing** – While simply replacing existing facilities with new ones may have minimal or even no impact at all on staff requirements, expansions in facilities could require minor increases in demand for staffing. In other cases, especially where new program elements are being added, there may be a need to hire additional staff. There may also be need to recruit new hires with specialized expertise that is not within the capabilities of current staff.
- **Revenue potential** – Does the proposed program have the potential to generate revenue, either through provision of Recreation Department programs or through rentals of facilities to other users (which could help offset any associated additional staff costs)?
- **Operating and Maintenance (O&M) cost compared with current operations** – Using the current ongoing O&M patterns of the Recreation Center as a baseline, does the candidate program element create a larger or different kind of O&M burden on the department? It is also possible that some of the new facilities will be more efficient, resilient, or durable in ways that will reduce ongoing O&M costs.
- **Planning level range in capital costs** – The building blocks are not all equal in size, nor in complexity. As a result, they will have very different costs to develop. Even though much will be done in the design phase to mitigate costs and search for cost efficiencies, it is still useful in early planning to have a basic understanding of which elements will cost more than others. It is also helpful to think through which program elements can be scaled up or down to stay within development budgets, and which must be built as all-or-nothing program components.

To provide a means to compare eventual capital costs in this early planning stage, a simple metric has been used in the discussions and comparison chart below. A range of hard costs assumes the space requirements in each program element might cost between \$600 and \$800 per square foot to build. To this has been added a factor for public restrooms, storage, circulation, utility closets, staff offices and other building space needs. Another factor is then applied to account for furniture, fixtures and equipment (FF&E), which will vary significantly according to the complexity and specialization of the program elements. The index range thereby created is then described as the following categories:

PREDESIGN EXECUTIVE SUMMARY

\$	=	Under \$1,000,000
\$	=	\$1,000,000 to \$2,500,000
\$	=	\$2,500,000 to \$5,000,000
\$	=	\$5,000,000 to \$10,000,000
\$	=	Over \$10,000,000

These numbers are intended to provide a rough order of magnitude for early planning and comparison purposes. They should not be considered construction cost estimates (for example they do not include soft costs, construction contingencies, or financing costs.) A true construction cost estimate will be provided for each Concept Alternative in Phase 2.

- A final metric evaluates these building blocks according to the degree to which they are directly related to Parks and Recreation Department functions. This evaluation scale was discussed and refined during Working Group Meeting #3.

3	=	Directly related to Parks & Recreation Department functions
2	=	Indirectly related to Parks & Recreation Department functions
1	=	Not directly related to Parks & Recreation Department functions

The color-coding of the table indicates an initial assessment of program elements as Building Blocks which either reflect current programs (green), represent new Recreation Department programs (yellow), or represent new independent partnerships (orange). At this time, no program elements have been eliminated, but not all components will be incorporated into all three Concept Alternatives.

TABLE 1 – COMPARISON OF PROGRAM ELEMENTS

TABLE 1: COMPARISON OF PROGRAM ELEMENTS

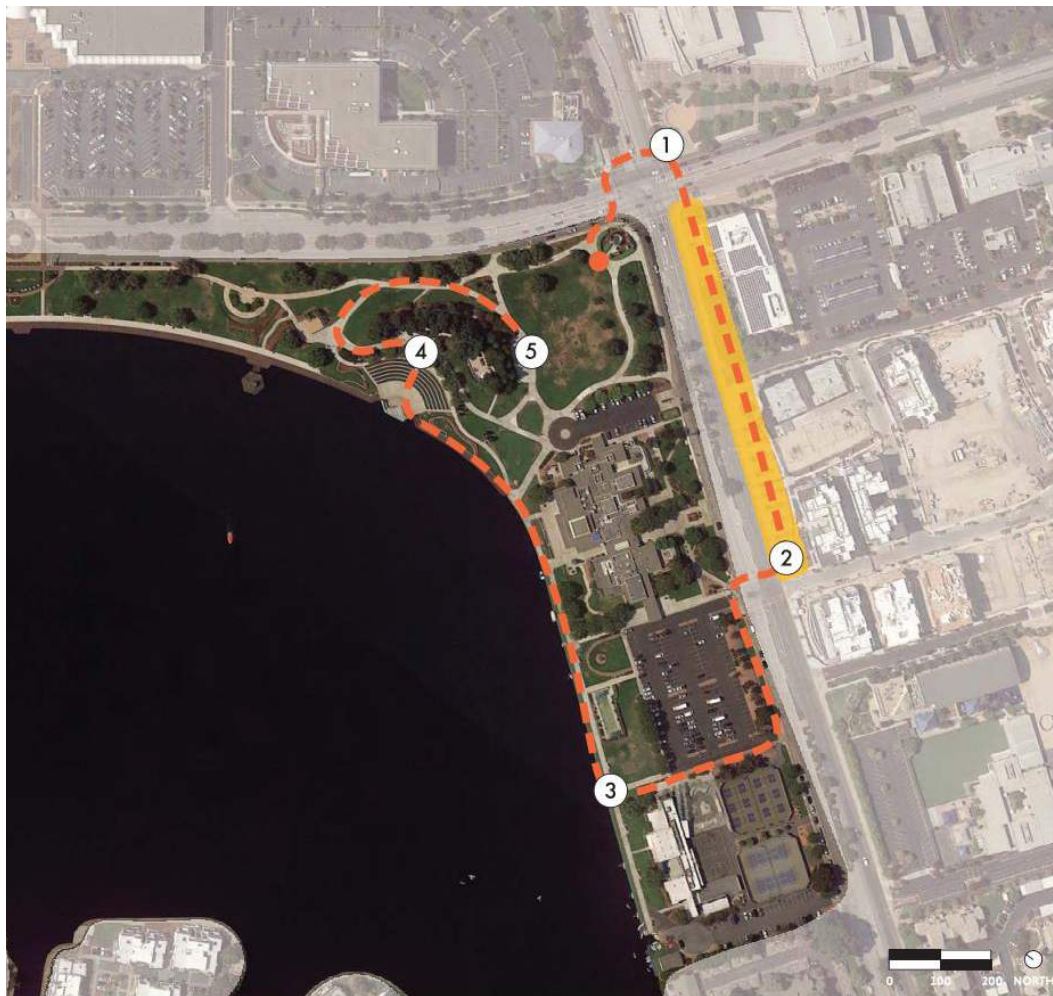
			Characterization of Anticipated Change	Staffing Impact	Revenue Potential	O&M Impact	Capital Cost	Directly Relates to Parks & Recreation Dept. Functions
1	Multi-purpose spaces		Replacement in Kind	Minimal	Moderate	Neutral	\$\$\$\$	3
2	Event Spaces		Replacement and Expansion	Minor Increase	High	Minor Increase	\$\$\$\$	3
3	Gymnasium		NEW Program Element	Noticeable Increase	Moderate to High	Significant Increase	\$\$\$\$	3
4a	Food Service: Cafe/Snack Bar		NEW Program Element	Minimal	Little Revenue / Risk of Minor Loss	Depends on Business Model	\$	2
4b	Food Service: Full Service Restaurant		NEW Program Element	Minimal	Little Revenue / Risk of Major Loss	Partner Responsible for Most Costs	\$\$\$\$	1
4c	Food Service: Outdoor Cafe / Beer Garden		NEW Program Element	Minimal	Little Revenue / Risk of Minor Loss	Partner Responsible for Most Costs	\$	1
5	Dance / Movement		ADDS Dedicated Space for Existing Program	Minimal	Moderate	Neutral	\$\$	3
6	Art & Making		Replacement in Kind ADDS Dedicated Space for Existing Program	Minor Increase	Moderate	Neutral	\$\$\$	3
7	Education /Preschool		Replacement in Kind	Minimal	Moderate	Neutral	\$\$	3
8a	Theater / Performance: Dedicated Theater		NEW Program Element	Depends on Business Model	Little Revenue	Partner Responsible for Most Costs	\$\$\$\$\$	1
8b	Theater / Performance: Enhanced Event Space		NEW Program Element	Minor Increase	Little Revenue	Minor Increase	\$\$	2
9	Kitchens		Replacement in Kind	Minimal	Moderate	Minor Increase	\$\$\$	3
10	Welcoming Public Space		Replacement in Kind NEW Program Element	Minimal	Little Revenue	Minor Increase	\$\$	2

3. Site Analysis

3.1 PROCESS

In parallel with the development of programmatic Building Blocks, a process of site analysis identified defining site factors that might shape both the location and organization of any future facility. As the “jewel” of Foster City, Leo J. Ryan Park holds a significant place in both experience and perceptions of city residents. In order to develop a shared collective understanding of key site characteristics, the Design Team and City stakeholders conducted a “Site Awareness Walk”, on which participants observed the experiential qualities of various park sites as described in Figure 2. These observations formed the basis for a subsequent analysis of potential building sites within the park.

Figure 4 – Site Awareness Walk Map



PREDESIGN EXECUTIVE SUMMARY

3.2 SITE APPROACH

Key observations from Awareness Walk

A detailed diagram of specific observations is provided in Figure 3. More broadly, a number of common themes emerged from the site walk and discussion.

- The waterfront areas of the park provide a unique and highly valued experience of tranquility and escape.
- Within the park, individual destinations are experienced as disjointed and disconnected. While this quality can lend itself to a feeling of discovery, it can also serve to inhibit casual exploration and ease of use.
- While the park occupies a prominent position within the downtown, it lacks connections to adjacent uses. Traffic flow along adjacent streets is a significant barrier.

Figure 5 – Site Observations

Assumptions

We have limited detailed analysis of potential sites to the portion of the park east of the amphitheater, due to access and parking constraints. The western half of the park is narrower and does not have adequate or appropriate space for the new facility or its required parking. It is also assumed that existing prominent park features, such as the gazebo, Amphitheater, and Vibe Teen Center will not be moved for any new construction.

For the purposes of this site analysis, the site elements included:

- Building: +/- 50,000 SF (Note that depending on program elements selected, this area could increase. However, as building could be either one- or two- story, the actual footprint on-site might be less.) Current Recreation Center is 36,000 SF.
- Parking: +/- 250 spaces (Note that depending on program elements selected, this quantity could increase.) Current parking total is 186 spaces in primary and Senior Wing lots.
- Active Outdoor Program Space: this area includes multi-use field space, appropriate for special events, recreation programming, and informal sport uses (the Meadow) as well as other identified amenities such as an outdoor event venue, bocce courts, pop-up vendor area, interactive play elements, and outdoor café seating, etc.

Factors for Analysis

In developing the analysis for potential facility locations, the following factors were reviewed:

- Spatial Constraints: Constraints to building footprints include existing park features that will not be removed, such as the mounded area associated with the tree grove, Veteran's Wall, and amphitheater. The existing facility is also considered a constraint to the building footprint should it be retained for use during construction of the new facility.

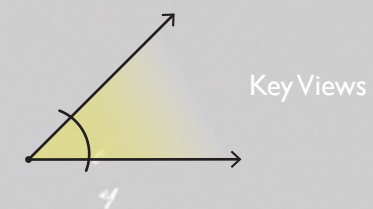
LEGEND

--- Park Boundary

Physical Constraint

Noise Barrier

Noise



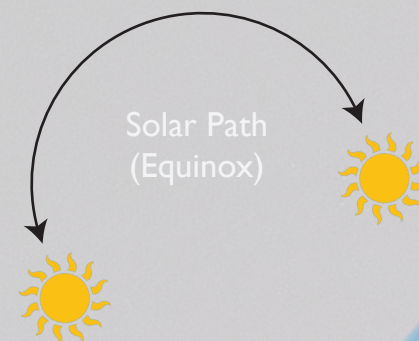
Key Views

Physical Connection

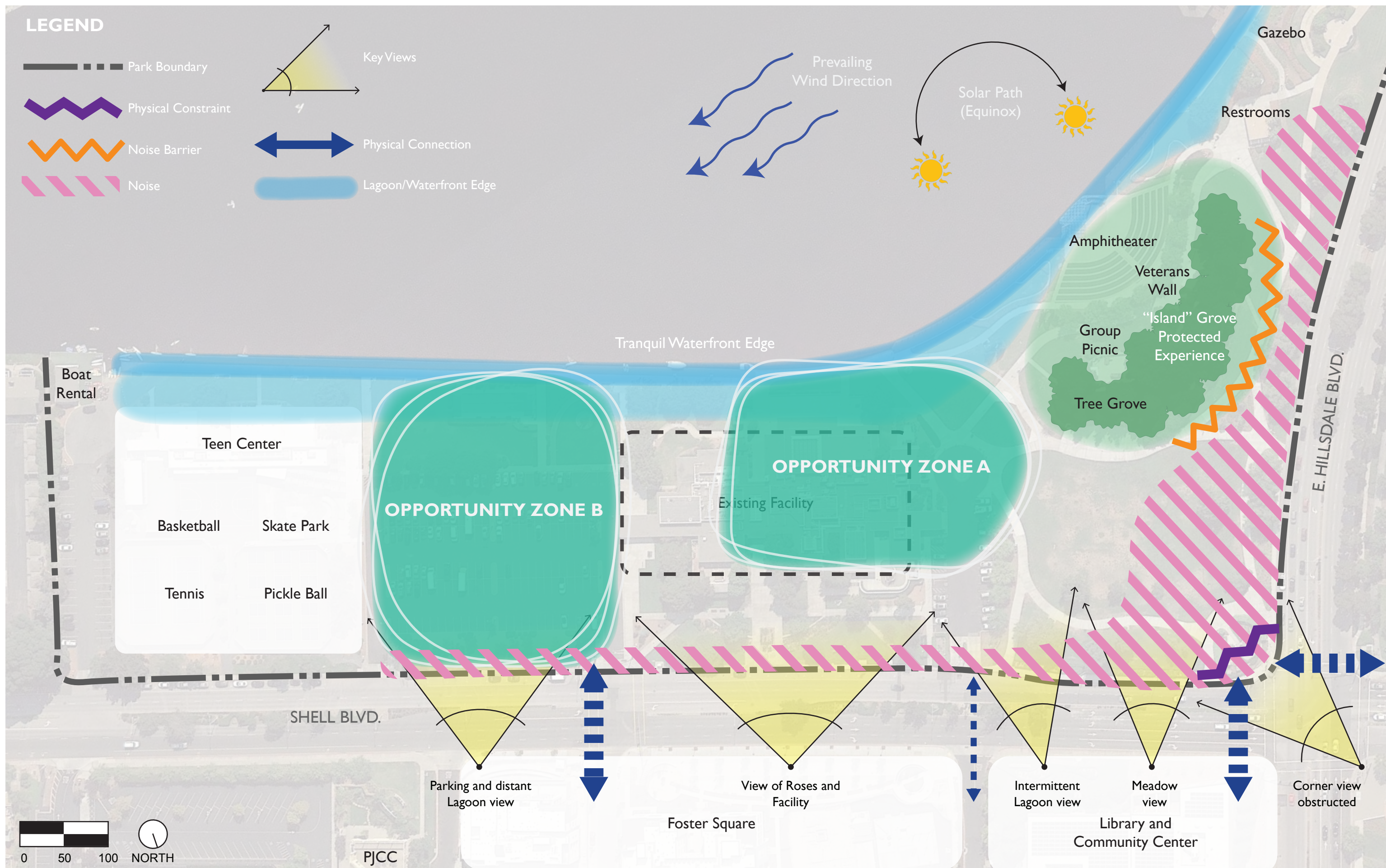
Lagoon/Waterfront Edge



Prevailing Wind Direction



Solar Path (Equinox)



PREDESIGN EXECUTIVE SUMMARY

- Constructability & Phasing: Some areas of the park allow the potential for the existing facility to be utilized during construction of the new facility.
- Noise: The level of noise generated by adjacent streets, and especially East Hillsdale Boulevard is anticipated to be the primary noise nuisance. Facility site locations further from East Hillsdale Boulevard and/or closer to the lagoon are less affected by street noise.
- Waterfront Engagement Opportunities: While the design of the facility will determine how it relates to the lagoon, the potential for the facility to directly front and engage the lagoon varies based on the inherent spatial constraints of each Opportunity Zone .
- Facility Visibility: Facility Visibility refers to visibility of the facility from adjacent uses, including the Civic Area (Library and Community Center) and Foster Square.
- Connections within the Park: The relationship between the facility and existing park features (including the Vibe Teen Center and the Amphitheatre) will be directly affected by the facility location. For instance, adjacent uses generally provide great opportunities for coordinated programming and direct access.
- Connections outside the Park: Opportunities for access and connectivity between the facility and adjacent uses, including the Civic Area and Foster Square, also vary depending on the proximity of the facility to these uses and key access points.
- Site Identity: The proximity of the facility to existing features and facilities may influence the overall identity of the site. For instance, locating the facility in proximity to active recreation areas provides an opportunity to create a strong recreational identity for the facility.

3.3 OPPORTUNITIES & CONSTRAINTS BY ZONE

Based on preliminary analysis and feedback from Working Group Meeting #5 (8/15/2018), two “opportunity zones” have been identified as potential building sites. Both of these sites fulfill key requirements for the Recreation Center enabling significant Lagoon engagement, and maintaining important public views of open space and parkland. These are described in Figures 6 & 7, following.

ZONE A

Key opportunities of Zone A include potential for direct connections with the Amphitheater and Grove, as well as relative prominence and centrality of the facility location. Potential constraints include the likely need to relocate Recreation functions during construction, and potential disconnect between park areas on either side of the building.

Figure 6 – Zone A Opportunities & Constraints

ZONE B

Key opportunities of Zone B include the consolidation of Recreation activities into a central park destination, and the creation of an extended unified outdoor space for events and activities. Potential constraints include the relative distance and lack of visibility from downtown and other park locations.

PREDESIGN EXECUTIVE SUMMARY

Figure 7 – Zone B Opportunities & Constraints

3.4 COMPARISON MATRIX

TABLE 2 COMPARISON MATRIX OF SITE CHARACTERISTICS

	Zone A	Zone B
Spatial Constraints	Somewhat constrained	Open
Constructability	Need to relocate temporarily	Potential for existing Facility to stay open during construction
Noise	Moderate	Low
Waterfront Engagement	Expansive	Expansive
Facility Visibility	Visible from Civic area & Foster Square	Visible from Foster Square
Connections within Park	Direct connection to amphitheater	Direct connection to Vibe, active recreation uses
Connections outside Park	Enhanced connection to Civic area & Foster Square	Enhanced Connection to Foster Square
Site Identity	Civic - focused	Recreation - focused

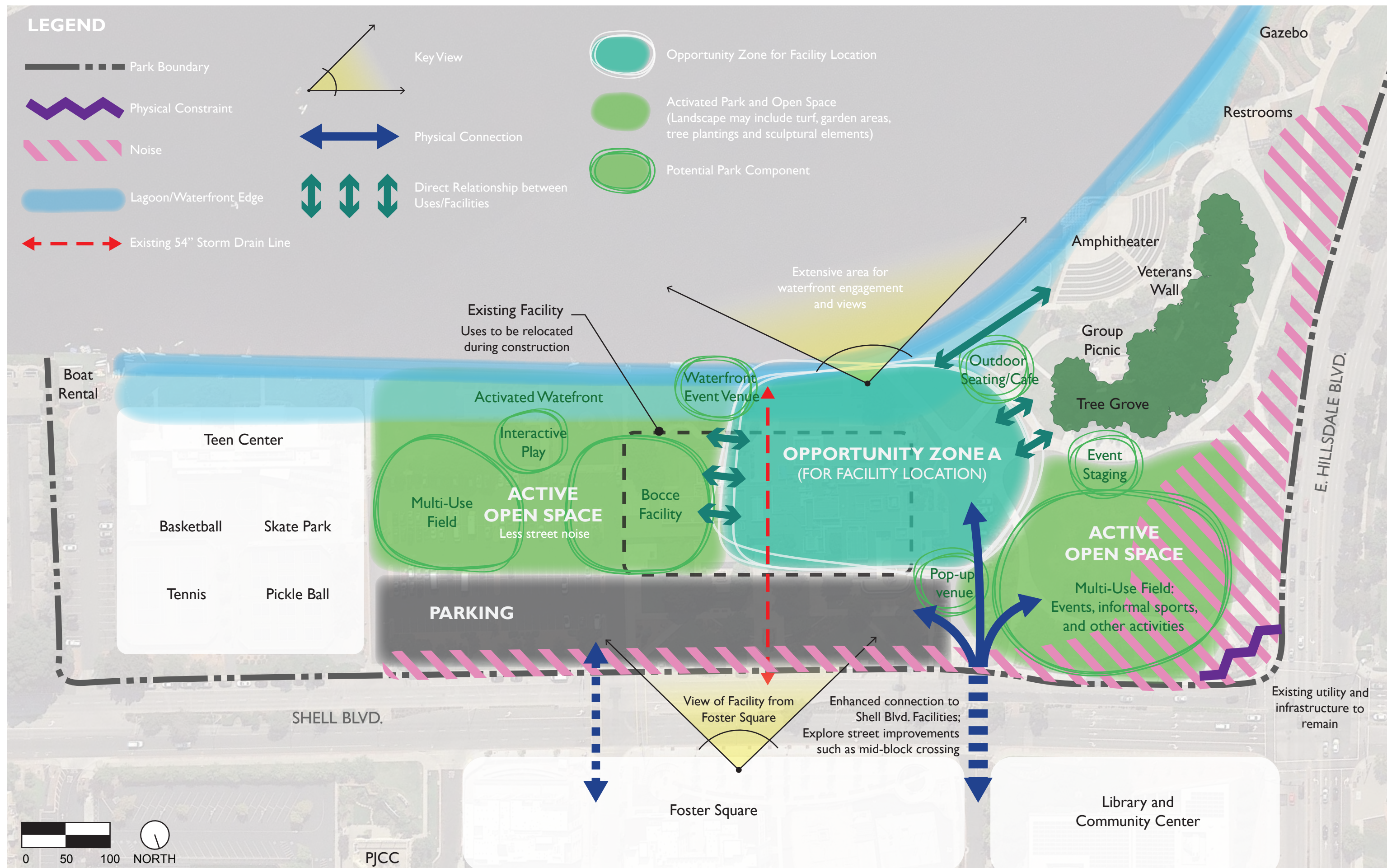
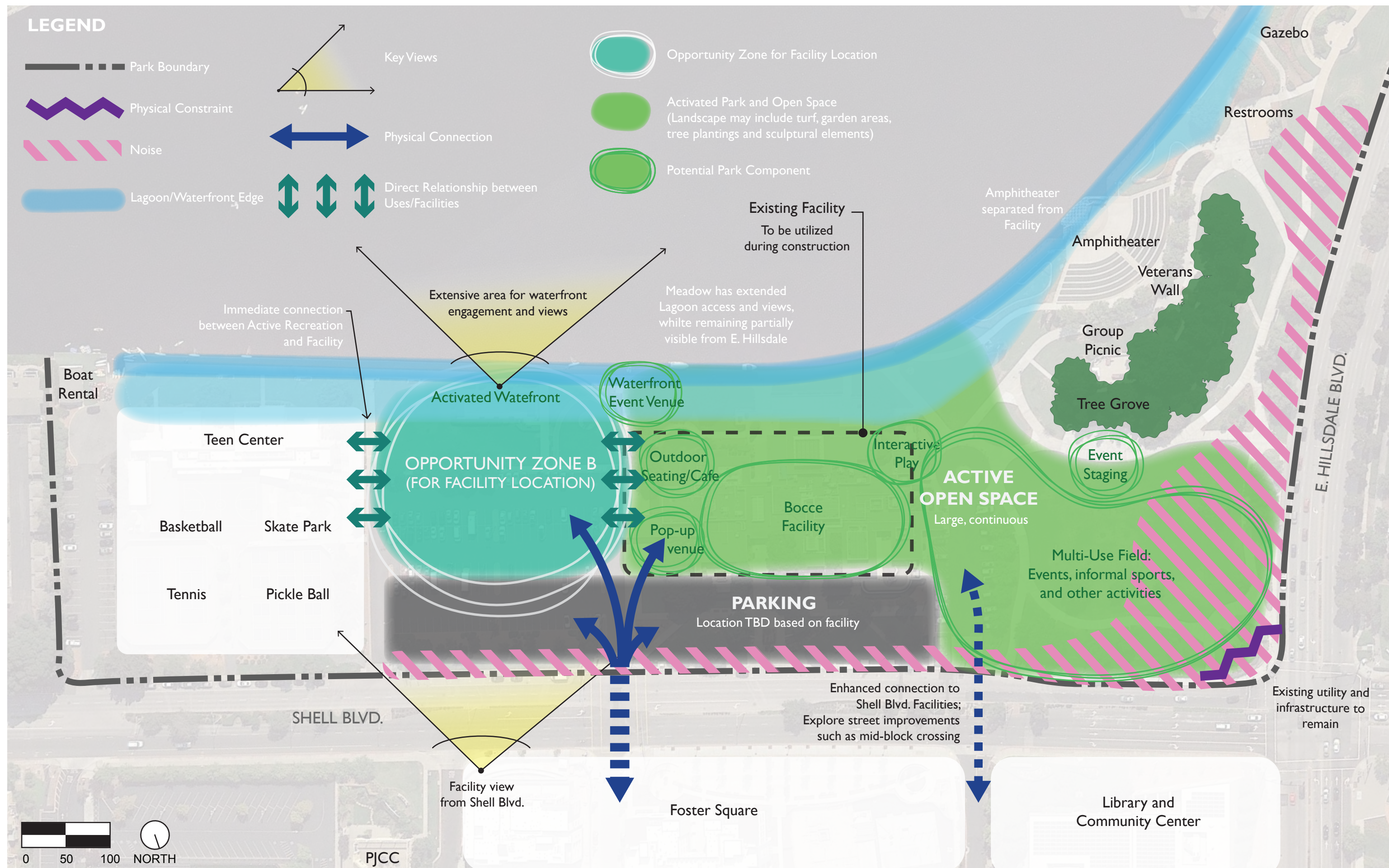


Figure 6 - Opportunity Zone A



PREDESIGN EXECUTIVE SUMMARY

4. *Next Steps*

Following the Predesign Phase, the Design Team will continue collaboration with the City to identify three appropriate Concept Alternatives, combining programmatic Building Blocks with a site location. These will be refined over several workshops, and will be presented to City Council on 10/29/2018. Subsequent cost and fiscal analysis will provide additional information to inform City decision-making. Final Alternatives with associated costs will be presented to City Council on 11/26/2018.

Concept Alternative Summary Report

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CONCEPT ALTERNATIVE SUMMARY REPORT

1. *Executive Summary*

1.1 OVERVIEW

The Parks & Recreation Department occupies a central place in the Foster City Community. Parks and park facilities are heavily used, and greatly loved. However, Foster City's current Recreation Center requires significant renovation work and is currently limited in its capacity to adapt to growing and changing community needs. From 2016-17, Foster City conducted a Community Outreach study to identify the scope of potential renovation work, as well as the current needs and priorities of the community. Building on that study, the City authorized the development of Conceptual Master Plans for a new Recreation/Community Facility, which included a Predesign phase, serving to establish project design criteria, and a Concept Design Phase, in which three Conceptual Alternatives were developed.

This report summarizes the findings of the Concept Design phase. It includes a summary of each of the Concept Alternatives in relation to their programmatic functions, site character, and building configurations, as well as key direction received from Foster City staff, community, and leadership over the course of this process. The report serves to establish a basis of design for subsequent design and construction phases, in which a single Preferred Alternative will be developed and documented.

1.2 PROCESS

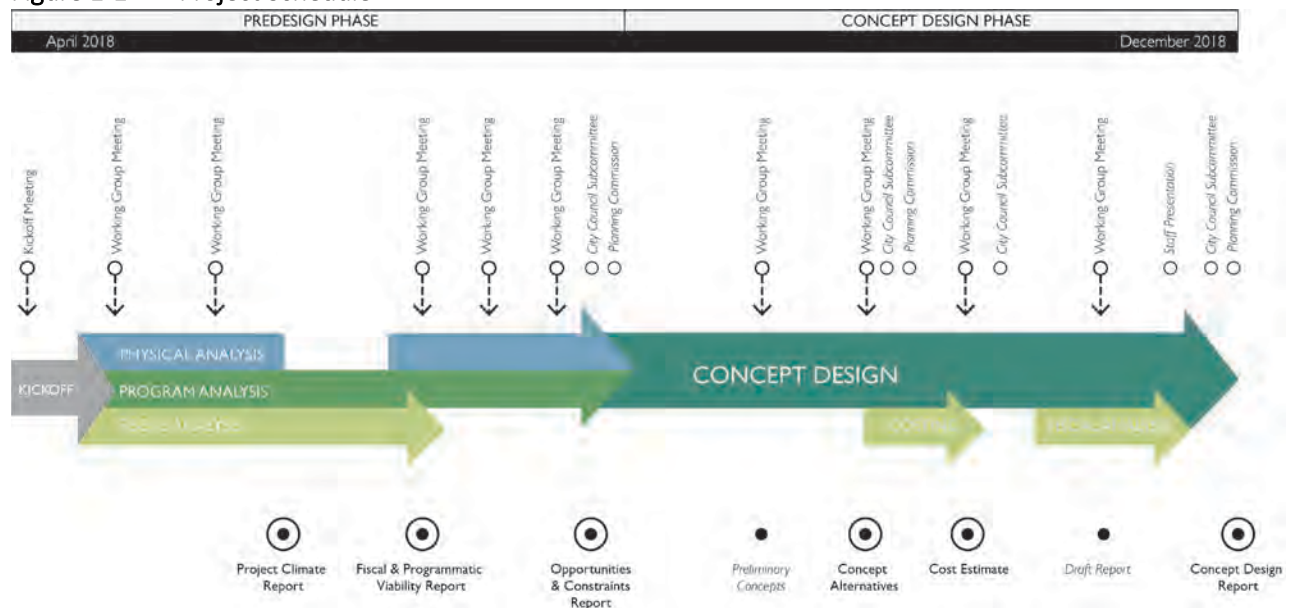
While earlier community outreach and staff review efforts had established a clear desire for updated programs and spaces, there was no clear consensus on their nature, quantity, and configuration. A key goal of the Concept Design Process was to synthesize many of these desires and to establish baselines for site, building, and program, in order to inform future design phases. The Concept Design process included the following stages:

1. The initial predesign phase served to establish a shared understanding of the variables shaping the project and to identify key project criteria for subsequent design efforts. Building on previous Community Outreach efforts as well as stakeholder interviews and workshops, it included analysis of physical requirements and constraints, programmatic activities and functional requirements, and fiscal and demographic characteristics of Foster City and Recreation Department programs. Ultimately, this phase established a comprehensive list of programmatic elements desirable for inclusion in a new facility, as well as two potential sites for the facility location within Leo J. Ryan Park.
2. The Concept Alternatives described in this report were then developed in collaboration with a Foster City Working Group consisting of Parks and Recreation Department staff, City Council Subcommittee, and City staff. Additional input was provided by the full City Council, Planning Commission, and the Parks and Recreation Advisory Committee, and will continue to be incorporated in subsequent phases. Preliminary feedback provided to date is included in Chapter 5.

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3. The fiscal and operational impacts of each Alternative were analyzed and a Planning Level Construction Cost estimate was provided in November 2018. These additional metrics provide further information to assist Foster City in their decision-making process.
4. The data gathered from the Concept Design process was presented to City Council, Parks & Recreation Committee, and the Planning Commission in public meetings. These opportunities for review, along with ongoing staff input, have informed recommendations for the project and the criteria for following phases of design, summarized in Chapter 5 of this report.
5. Following this Concept Design Phase, staff will work with City Council to develop a project funding strategy. An RFP for design and documentation phases, including approach for further public input, as well as ongoing feedback from Planning and Parks & Recreation Committee, will be issued in 2019, allowing for a potential construction start date in 2021.

Figure 1-1 Project Schedule



1.3 CONCEPT ALTERNATIVES

In addition to functional considerations of site and program, a new Recreation facility also serves broader community goals. The Recreation Department's central location in Leo J. Ryan Park, and the significance of the lagoon to the park experience, have been a central theme in both community feedback, as well as working sessions. A new facility should serve to support and enhance the beloved characteristics of Foster City and the Park, while improving access and usability for residents.

Foster City's key goals can be summarized as follows:

- Celebrate and engage the water: the Lagoon is the focal point.
- Integrate indoor and outdoor spaces: to visit the park is to visit the building.
- Create a welcoming entry and community gathering place.

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Building on these goals, as well as the site and program elements identified during Predesign, the three Concept Alternatives for initial City Council and public review are as follows:

- Concept 1: Recreation Complex
- Concept 2: Cultural Complex
- Concept 3: Outdoor Activity Complex

The different components included in each Concept Alternative are summarized in Table 1, and described in more detail below.

TABLE 1: CONCEPT ALTERNATIVE SUMMARY MATRIX

	CONCEPT 1 Recreation Complex	CONCEPT 2 Cultural Complex	CONCEPT 3 Outdoor Activity Complex
Building Program			
Base Program	Multipurpose Spaces	Multipurpose Spaces	Multipurpose Spaces
	Ceramics & Art	Ceramics & Art	Ceramics & Art
	Dance / Movement	Dance / Movement	Dance / Movement
	Kitchens	Kitchens	Kitchens
	Preschool	Preschool	Preschool
	Lobby / Public Space	Lobby / Public Space	Lobby / Public Space
	Staff Offices	Staff Offices	Staff Offices
Event	Large Event Space (3,500 SF)	Large Event Space (3,500 SF)	Large Event Space (3,500 SF)
	Community Multipurpose Space (8,000 SF)	Extra-Large Event Space (5,000 SF)	Community Multipurpose Space (8,000 SF)
Performance	Enhanced performance functions in Community Multipurpose Space	Dedicated Theater (Hillbarn)	Enhanced performance functions in Community Multipurpose Space
Food Service	Cafe	Full-Service Restaurant	Food/Beer Garden (see below)
Park Program			
Base Program	Meadow	Meadow	Meadow
	Bocce Courts (4)	Bocce Courts (4)	Bocce Courts (4)
	Waterfront Overlooks	Waterfront Overlooks	Waterfront Overlooks
	Event Plaza	Event Plaza	Event Plaza
	Building Courtyards	Building Courtyards	Building Courtyards
	Sculpture Walk / Garden	Sculpture Walk / Garden	Sculpture Walk / Garden
	Picnic / Flexible Park Area	Picnic / Flexible Park Area	Picnic / Flexible Park Area
	Garden Area	Garden Area	Garden Area
Enhancements	Storage / Support space for amphitheater & meadow		Food/Beer Garden
			Game Garden
			Indoor / Outdoor Performance Plaza
			Nature Play
			Adult Exercise
Parking & Access	+/- 250 spaces	+/- 400 spaces	+/- 250 spaces
		New Midblock Crossing	New Midblock Crossing
Site Location			
	Zone B	Zone A	Zone A

CONCEPT ALTERNATIVE SUMMARY REPORT

1.4 BUILDING PROGRAM

All Concept Alternatives are comprised of the same base program elements, serving functions roughly comparable to the functions served by the current Recreation Center. The exact sizing and configuration of each space reflects key staff and community requirements to improve use and flexibility. Detailed program summaries are provided for each Concept Alternative.

The base program elements include:

- Multipurpose rooms suitable for meetings, events, and classrooms.
- Ceramics and art spaces.
- Dance / Movement Studio.
- Signature Event Space, slightly larger than the existing Lagoon Room.
- Lobby and Reception.
- Kitchens
- Staff office space equivalent to existing.

New spaces—programmatic enhancements—are also included in each Concept Alternative as described below.

- Concept 1. Includes a community multi-purpose space, suitable for very large events, performances, and sports activities, as well as a Café/snack bar within the building.
- Concept 2. Includes a dedicated theater performance space and associated production space (assumed to be operated by the Hillbarn Theater), as well as a full-service restaurant. This Concept also adds a second large event space.
- Concept 3. Includes a community multi-purpose space, suitable for very large events, performances, and sports activities. While this Concept also includes a Food/Beer Garden, note that the back-of-house functions associated with this activity could be located either within or separate from the facility.

1.5 PARK PROGRAM

Improvements to Leo J. Ryan Park within each alternative are intended to increase park utilization, allow the park to better support events and existing uses, and improve the integration of building and park space around the new facility. As with the building program elements, all Alternatives include base outdoor program components:

- Large outdoor multi-use event space (the “Meadow”). The meadow is a flexible turf area that supports a wide range of uses, from pick-up sports to large events. The meadow will be retained and/or expanded in all concepts.
- Bocce area. Bocce areas include bocce courts and associated amenities, such as plaza area, tables and benches, shade structures, and planted areas.
- Event Plaza for food trucks, community events, and staging. Similar to the meadow, event plazas can provide flexible use areas for events and activities. However, event plazas have stabilized

CONCEPT ALTERNATIVE SUMMARY REPORT

decomposed granite surface (rather than turf), integrate shade tree planting, and possess utilities and infrastructure for events.

- Flexible park / picnic area. Flexible park and picnic areas provide a waterfront green that can be used for informal picnicking, games, and activities. These areas may have limited built-in seating and tables for small group gatherings.
- Planted garden areas. In addition to rose gardens, various themed garden areas may include, but are not limited to, culinary/edible gardens, educational/demonstration gardens, meditation gardens and butterfly/wildlife gardens.
- Sculpture walk or garden. Sculptural walks and gardens may be incorporated into plazas, promenades or planted garden areas. Curating sculptural pieces (either interactive or observation only) into a walk or garden provides a unique experience within the park setting.
- Waterfront enhancements. Waterfront enhancements are elements that invite visitors to engage directly with the lagoon and lagoon views. These features include seating and overlooks, both on the water and from within the park, as well as boat docking areas.

Additionally, Concept 3 incorporates more extensive and intensive park programming, including:

- Food and Beer Garden seating area. The Food and Beer Garden is envisioned as a dedicated area that would provide outdoor food and drink service, and allow flexibility for temporary food vendors (i.e. food trucks/carts). This area would have a stabilized decomposed granite surface, integrated shade tree plantings, and the potential for festive overhead lighting and shade/rain shelters.
- Game Garden. A game garden would complement the bocce courts by providing additional table and lawn games, which could include, but are not limited to, chess, checkers, and shuffle board, as well as space for outdoor meetings and working tables.
- Interactive installations. Interactive installations include sculptural elements that can be climbed on, moved, operated, and/or otherwise engaged with by visitors or elements. For instance, this could include sculptures that turn in the wind, or seating elements that can be used for climbing.
- Adult Exercise features. Adult exercise stations may include traditional fitness station equipment, offering a full work-out, or interactive installations that invite physical activity yet serve as sculptural installations when not in use.

1.6 SITE LOCATION

During Predesign, two “opportunity zones” were identified as potential building sites, as shown in Figure 1-2. Both of these sites fulfill key requirements for the Recreation Center enabling significant Lagoon engagement, and maintaining important public views of open space and parkland. Concept 1 is located in Zone B, while Concepts 2 & 3 are located in Zone A.

Key opportunities of Zone A include potential for direct connections with the Amphitheater and Grove, as well as relative prominence and centrality of the facility location. Potential constraints include the likely need to relocate Recreation functions during construction, and potential disconnect between park areas

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on either side of the building. Key opportunities of Zone B include the consolidation of Recreation activities into a central park destination, and the creation of an extended unified outdoor space for events and activities. Potential constraints include the relative distance and lack of visibility from downtown and other park locations.

Figure 1.2 Opportunity Zones

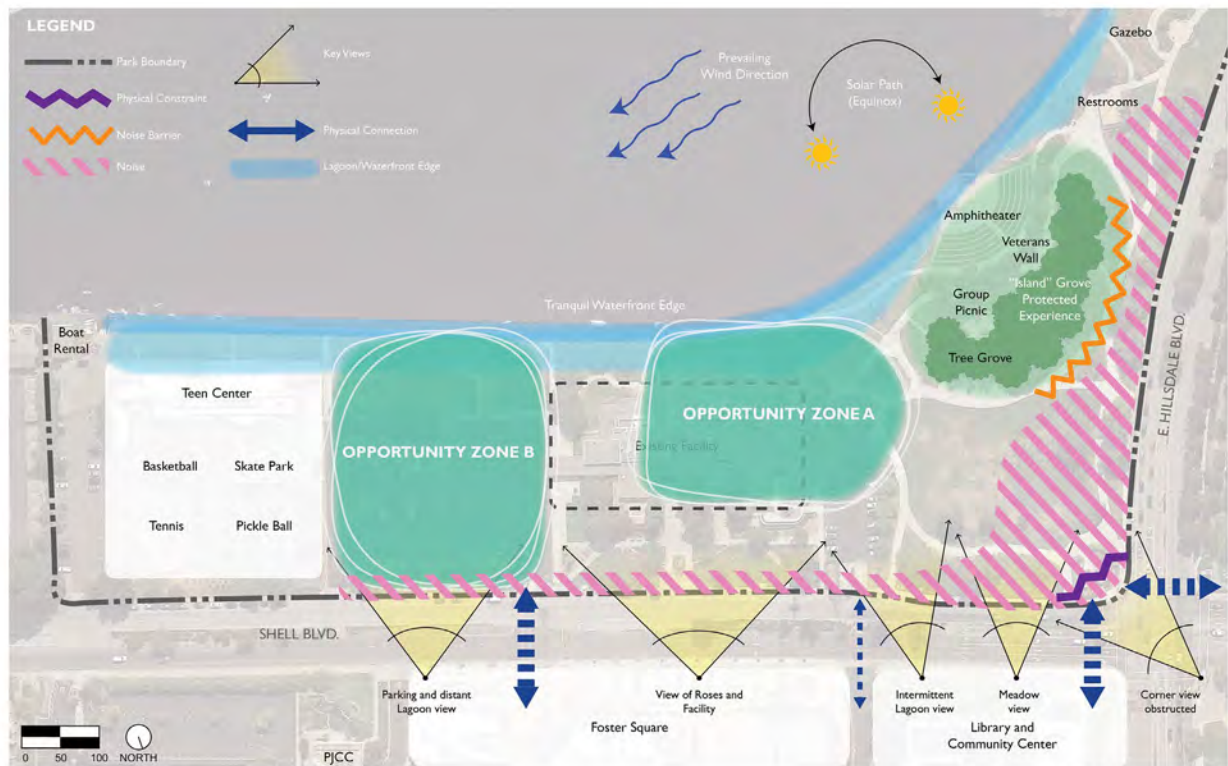


Figure 2 - Opportunity Zones

1.7 PARKING

Parking is a key site component, as well as an important differentiating characteristic among the Alternatives. Given the unique nature of the facility and park, it is assumed that final parking requirement will be developed in coordination with the Foster City Planning Department. The calculations below represent a preliminary assessment to allow for initial site planning, based on the Foster City Municipal code requirements in Section 17.62, Off-Street Parking Regulations.

GENERAL CITY PARKING REQUIREMENTS

The site options currently proposed for a new facility are zoned PF (Public Facilities). No specific requirements listed govern this zoning designations or this area. Therefore, preliminary calculations are based on general commercial parking requirements, requiring 1 parking stall per 250 SF of gross building area. This ratio is consistent with the quantity of existing parking in relation to existing building size currently on-site:

CONCEPT ALTERNATIVE SUMMARY REPORT

TABLE 2: EXISTING PARKING

Existing Building	Size	Stalls Req'd	Stalls Provided
Vibe Teen Center	9,565 SF	39	
Existing Recreation Center	36,000 SF	144	
Total Stalls		183	186

Source: Foster City Municipal Code 17.62.060

In addition to general requirements likely governing a new Recreation facility, other potential new program elements have additional code-required parking requirements.

TABLE 3: PROGRAMMATIC PARKING REQUIREMENTS

Function	Calculation	Assumed Size	Stalls Req'd
Theater	1 stall/3 seats + 1 stall/staff person	250 seats, assume 5 staff	89
Restaurant: Full Service	1 stall/40 SF public accommodation area + 1 stall/250 SF other area	3,750 SF public area, 1,250 SF other area	99
Restaurant: Food/Beer Garden	1 stall/40 SF public accommodation area + 1 stall/250 SF other area	2,000 SF public area	50

Source: Foster City Municipal Code 17.62.060

CONCEPT ALTERNATIVE PARKING REQUIREMENTS

Parking requirements for non-building uses (ie, outdoor park activity) is not specified in this section of the municipal code. More detailed discussion with planning will be required to identify the appropriate level of additional parking to provide, if any, for these other uses, especially in Concept 3, where enhanced park amenities may be a significant draw. It is also assumed that the designated parking currently provided for the Teen Center (The Vibe) will need to be maintained.

Given the above noted code requirements, and the anticipated uses in each Concept Alternative, the below represents an initial calculation of the required parking:

TABLE 4: CONCEPT ALTERNATIVE PARKING REQUIREMENTS

Alternative	Uses & Size	Stalls Req'd	Stalls Provided
Concept 1	50,000 SF Building + (E) Vibe	239	250
Concept 2	50,000 SF Recreation uses + Theater + Restaurant + (E) Vibe	3,750 SF public area, 1,250 SF other area	427
Concept 3	50,000 SF Building + Beer Garden + (E) Vibe	289	250

Source: Burks Toma Architects

CONCEPT ALTERNATIVE SUMMARY REPORT

ADDITIONAL PARKING CONSIDERATIONS

As a more defined design is developed in future phases, it may be possible to consider the anticipated operational schedule more precisely in order to limit the total quantity of parking provided on-site. Certainly many daytime recreation functions (classes, bocce ball, etc.) will not occur at the same hours as other activities (weddings, theater performance, etc.). However, it is very likely that demand for some of the larger spaces in the facility will overlap—events, dining, and theater all have similar scheduling profiles. Adequate parking will need to be provided for some or all of these to occur simultaneously.

Additionally, some of the parking requirements may ultimately be addressed by off-site parking, although this would need to be negotiated with both Planning and the appropriate neighboring landowners. Note that per the Municipal Code, any designated off-site parking would either need to be within 300 feet of the building entrance or served by a regular shuttle bus. For reference, the distance from the Civic Center parking lot to the entry of any of the Concept Alternatives is greater than 300 feet.

1.8 FISCAL & OPERATIONAL IMPACT

PROCESS & ASSUMPTIONS

In addition to program and site considerations, the long-term feasibility of a new Recreation Center is also a critical component of Foster City's decision-making. New programmatic elements serving to address changing (and future) community needs may impact approaches to staffing, maintenance, and long-term financial profile of the Parks & Recreation Department. To address these variables, the fiscal "profile" of each Concept Alternative has been analyzed in order to provide a general understanding of long term impact. The approach to this analysis is described below, and in more detail for each Alternative.

For all three of the concept alternatives, the cost and revenue impacts of a new facility are projected for a stabilized operating year, which is typically reached two or three years after a new facility opens for public use. However, cost and revenue projections are presented in terms of today's dollars, in order to eliminate any bias from speculating on what future rates of inflation might be, and to make the numbers intuitively understandable to decision makers. A dollar in the future stabilized operating year is assumed to have the same buying power as a dollar today.

The comparison between concept alternatives is also presented in terms of *incremental* costs or revenues associated with each building concept, beyond the ongoing balance of operating costs and revenues the Parks and Recreation Department has in its existing annual budget. Over the coming five or more years that it would likely take to design, construct, and achieve stabilized operations in a new facility, the Parks and Recreation Department will continue to look to the future and evolve its program and service offering, independently of the new facility development project. For example, providing classes continues to evolve more towards an entrepreneurial business model where an independent party not only provides the content, but also handles the registration, collects the class fees, and pays the City the appropriate share for use of the facilities, minimizing the impact on municipal staff time. Another ongoing evolution is the de-emphasis of a separate "senior wing" in favor of greater integration of senior adult classes

CONCEPT ALTERNATIVE SUMMARY REPORT

dispersed throughout the facilities, including the Community Center across Shell Boulevard. Adult sports is also growing at the moment in Foster City. With all of these ongoing responses to changing demand and evolving best practices, full-time Department staff are shifting responsibilities in order to cover new activities. The Department's full-time equivalent (FTE) staff count, or annual budget appropriation may go up or down as a result of this ongoing evolution over the next five or so years, but that is treated as independent from the incremental impacts in the comparison of alternatives below.

The detailed logic behind each fiscal impact estimate is described in the separate Fiscal and Operational Impact Analysis, and the key assumptions and methodologies are summarized in the descriptions of each of the three concepts below.

ANALYSIS

The Planning Level Construction Costs, the Estimated Staffing Needs, O&M Costs and Projected Incremental Cost Recovery for each of the three concept alternatives are summarized in Tables 5 through 7, which taken together serve as a matrix for quickly comparing impacts across alternatives.

The incremental annual costs of additional staff are presented in Table 5, based on the new staff time required (in FTEs). Concepts 1 and 3 provide the most public space for recreation programs and events and require the most staff for set-up/take-down and running programs. Concept 2 involves the most private partners (with both a restaurant and a theater group) and will require the largest incremental expansion of management staff to oversee those relationships. The resulting incremental staff costs are very similar, although Concept 3 would require the most.

TABLE 5: ESTIMATED RECREATION STAFFING NEEDS (IN FTEs)

	Concept 1	Concept 2	Concept 3
Additional Staff Needed for a Community Multipurpose &/or 2nd Even Space			
Building Services Assistants	2.00	2.00	2.00
Recreation Leader I	1.00		1.00
Recreation Leader II	1.00		1.00
New Staff for Managing Relationships with Food Service &/or Theater Partners			
Building Services Coordinator Assistant		0.75	
Management Analyst	0.25	0.75	0.5
Total New FTEs Required	4.25	2.50	4.50
Incremental Recreation Staff Costs (2018 dollars)	\$195,000	\$213,000	\$241,000

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The annual cost of additional O&M is based on the incremental growth in the square footage of the building in each Concept using the factors shown in Table 6.

TABLE 6: BUILDING MAINTENANCE DIVISION O&M COST CALCULATIONS

	Concept 1	Concept 2	Concept 3
Incremental Space Beyond the Size of the Existing Building (in Square Feet)	18,000 SF	31,000 SF	19,000 SF
Per Foot Factor for Building Maintenance O&M Charges	\$14.59	\$14.59	\$14.59
Incremental Building Maintenance O&M Cost (2018 dollars)	\$264,000	\$447,000	\$279,000

Source: Land Economics Consultants

In the last portion of the summary for ongoing fiscal impacts, the combined costs of additional staff and O&M responsibilities are compared with the estimated incremental revenues that would be generated for each Concept. In all three Concepts there is a fiscal gap remaining in the bottom line, which is not surprising for a recreational facility. What may not be as obvious in Table 7 is that the risks that revenues will not meet expectations are higher in some Concepts, especially for Concept 2, than for others, which means the fiscal gap for riskier concepts could be higher than projected.

TABLE 7: PROJECTED INCREMENTAL COST RECOVERY

	Current Budget Context	Concept 1	Concept 2	Concept 3
Total Incremental Revenues	\$1.8M	\$403,000	\$655,000	\$451,000
Total Annual Staff & O&M Costs	(\$2.1M)	(\$459,000)	(\$660,000)	(\$521,000)
Net Revenue Surplus (Fiscal Gap) (2018 dollars)	(\$307,000)	(\$56,000)	(\$5,000)	(\$70,000)

Source: Land Economics Consultants

1.9 CONSTRUCTION COST

The Planning Level Construction Cost Estimate developed for all Concept Alternatives is based on the assumptions described in the Design Criteria for Costing which is provided in Appendix A and includes:

- Overview of the scope of work.
- Applicable Codes and Standards.
- Building Program.
- Building Systems and Materials.
- Park and Site Exterior Materials.
- Construction Considerations.

The cost estimate reflects the fair construction value for this project and includes Contractor Site Requirements, Jobsite Management, Phasing, Insurance and Bonding, and Profit. A Design Contingency of 18% and Construction Contingency of 3% are carried to cover scope that lacks definition, scope that is

CONCEPT ALTERNATIVE SUMMARY REPORT

anticipated to be added to the Design as well as unforeseen construction execution and Risks. The estimate assumes a 24 months construction duration and costs have been escalated to the assumed mid-point of construction, November 2022 with an escalation factor of 23.30%. See Table 8 for a summary of estimated construction costs for all Concepts. The estimated cost in 2018 dollars is included for reference.

The following items are excluded from the estimated costs:

- Land acquisition, feasibility studies, financing costs and all other owner costs.
- All professional fees and insurance.
- Site surveys, existing condition reports and soils investigation costs.
- Hazardous materials investigations and abatement.
- Utility company back charges, including work required off-site and utilities rates.
- Work to City streets and sidewalks.
- Permits.
- Owners contingency.
- PG&E Fees.
- Sustainability Fees (LEED).
- Furniture, fixtures and equipment (FF&E) except as specifically identified.
- Move in and out and temporary facility costs.

TABLE 8: PLANNING LEVEL CONSTRUCTION COST ESTIMATE (2022 DOLLARS)

	Concept 1	Concept 2	Concept 3
Building	\$48.8M	\$58.5M	\$45M
Sitework	\$15.5M	\$14.3M	\$16.8M
FF&E Allowances	\$518,000	\$537,000	\$559,000
Restaurant Tenant Improvements and FF&E	N/A	\$1,100,000	N/A
Total Cost (November 2022 dollars)	\$59.3M	\$74.5M	\$62.3M
Total Cost (2018 dollars)	\$48.1M	\$59.1M	\$50.1M

Source: TBD Consultants.

1.10 FINDINGS

In addition to the regular Working Group meetings held with staff and Council subcommittee, broader feedback from the community and City leadership was provided at key milestones during the Concept Design Phase:

- September 17, 2018 City Council Meeting: Predesign Update
- October 18, 2018 Joint study session of the Planning Commission and Parks & Recreation Committee: Preliminary Concept Alternatives
- October 29, 2018 City Council Meeting: Concept Alternatives

CONCEPT ALTERNATIVE SUMMARY REPORT

Based on the input received, several key points of consensus have been established to guide the project as it moves forward. Generally, all parties emphasized the significance of a new facility for the current and future generations of Foster City, and the importance that the Recreation Center plays (and will continue to play) in the lives of its residents. Ongoing dialogue with community groups and individuals, as well as with City staff and leadership will be important to continue. A detailed summary of comments received is included in Chapter 5.

GENERAL

As previously anticipated in earlier planning efforts, the City Council confirmed the strategy of building a new facility, rather than attempting to renovate the existing building. All groups expressed a general preference for Concept 3, in terms of site and program, with some refinements (summarized at the end of this section).

The financial impact of construction and operations was of significant interest to all parties. In the coming year, staff will work with City Council to develop a strategy for project funding. Additionally, necessary updates to the City's fee structure are anticipated, and will further refine current fiscal projections.

SITE INPUT

All reviews emphasized the importance of maintaining open space, both for quality of life and for maintaining a key element of Foster City's identity. To this end, reviewers noted a general desire to limit parking and building footprint as much as possible. Also of interest were opportunities to physically and formally establish connections to adjacent uses, especially across Shell Blvd.

PROGRAM INPUT

In review of the various program enhancements, a general consensus emerged that a dedicated restaurant and theater are not appropriate for the site or project. Limited spatial resources (see site comments above) should be focused on creating highly flexible spaces that can be used as widely as possible. In all concepts, it is anticipated that existing Senior programs will be maintained, and will occupy general multipurpose spaces. Developing the Community Multipurpose space so that it can accommodate the widest range of uses—from performance to sports—was also seen as a significant community benefit.

2. Concept 1: Recreation Complex



BUILDING SIZE	50,000 SF
PARK AREA	7.3 acres
PARKING REQUIRED	+/- 239 spaces

With its location at the south end of the park, Concept 1 takes advantage of the park’s most expansive Lagoon and hill views and its unique waterfront experience. The immediate proximity to both the Teen Center and outdoor recreation spaces (tennis and pickleball courts, skatepark) creates a centralized recreation complex for the Foster City community, and enhances the activation of the park areas immediately surrounding the building. Consolidating and integrating both indoor and outdoor recreation uses improves access and use of support spaces overall—from bathrooms to café. As the terminus of the park’s path system, the facility also serves to anchor a series of connected outdoor spaces, and provides the potential for a unique outdoor experience on the Peninsula.

2.1 PROGRAM & BUILDING APPROACH

The building is anchored on either end by one of its large, flexible event spaces, each with an associated outdoor plaza. A central lobby hosts a café and opens out onto a sheltered building courtyard facing the Lagoon. Adjacent to the Teen Center are spaces with more active recreation uses—the Community Multipurpose space, preschool, and arts areas. The north side of the building includes more of the multipurpose and event functions. Staff offices and smaller multipurpose spaces are located on an upper level, with access to a roof deck overlooking the courtyard and Lagoon. The building approach is further described in Figures 2.1 and 2.2.

CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 2.1 Concept 1 Project Program Table

No.	Room/Space	Function	PROPOSED	1ST FLOOR	2ND FLOOR
			Total SF		SF
General Public					
	Reception Area		125	125	
	Lobby	Incorporate drop-in small meeting space/alcoves	1,600	1,600	
	Gallery		950	350	
Administrative / Office					
	Staff Offices		1,600		1,600
	Break Room		200		200
Multi-Purpose Meeting Spaces					
	Large Meeting Space*		1,200		1,200
	Large Meeting Space*		1,200		1,200
	Large Meeting Space*		1,200		1,200
	Large Meeting Space*		1,200		1,200
	Medium Meeting Space*		750		750
	Medium Meeting Space*		750		750
	Medium Meeting Space*		750		750
	Medium Meeting Space*		750		750
	Small Meeting*		500		500
	Small Meeting*		500		500
*It will be desirable to have some variation in exact size of meeting spaces; these areas are intended to indicate general size requirements. Variation is incorporated into concept plans.					
Specific Use Program Space					
	Preschool		1,500	1,500	
	Ceramics Studio		2,000	2,000	
	Art Studio		1,000	1,000	
	Multi-purpose recreation space	Includes gymnasium & flexible use functions; min 16' clear height (20-24' clear height preferred)	8,000	8,000	
	Recreation support space	storage and support for range of multi-purpose activities	1,000	1,000	
	Dance/Fitness Studio		1,500	1,500	
Event Space					
	Extra Large Flexible Event Space	banquet seating for 350	5,000	5,000	
	Event Storage		500	500	
Food Service					
	Café/Snack Bar - building	kitchen/counter space only - no designated seating	500	500	
Program Support					
	Restrooms	M/W restrooms each floor	1,200	600	600
	Kitchen - teaching		1,600	1,600	
	Kitchen - commercial		600		600
	Kitchen - commercial		600	600	
Utility Space					
	Janitorial / Facilities	allowance	200	100	100
	Electrical	allowance	250		250
	Mechanical	allowance	250	250	
Dedicated Exterior Uses					
	Ceramics firing & prep area	Connected to ceramics studio	2,000		
	Outdoor play space for preschool	Connected to preschool/education area	2,000		

Building Totals				
PROGRAM AREA (NET)		38,375	26,225	12,150
Grossing Factor 30% est.		11,513	7,868	3,645
TOTAL BUILDING AREA (GROSS)		49,888	34,093	15,795

CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 2.2 Concept 1 Plan Diagram- First Floor



CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 2.2 Concept 1 Plan Diagram- Second Floor (continued)



CONCEPT ALTERNATIVE SUMMARY REPORT

2.2 SITE APPROACH

The location of the building and park areas is designed to facilitate pedestrian connectivity between the site and surrounding uses, with key connection points at Foster Square Lane and East Hillsdale as well as to the Metro Center, as described in Figure 2.3. As illustrated in Figure 2.4, Concept 1 allows for an expansive, contiguous park experience between the amphitheater and the building. A protected pedestrian corridor, which extends from the existing crosswalk at Foster Square, provides the primary pedestrian access between the Park and Shell Avenue and connects directly with the Entry Promenade for the building and park. Small plaza areas provide flexible space for events and gatherings on the sides of the building, while a larger courtyard and waterfront overlooks support special event use as well as daily café and waterfront access. Internal paths front the event plaza and frame active park use areas (expanded bocce area and picnic/flexible use area), and direct users to the waterfront overlooks and central boardwalk area. The amphitheater, buffered by gardens from the active park uses, is accessible from the waterfront trail or through a forested boardwalk trail that leads to the veteran's memorial wall. In addition to retaining the existing meadow, the concept extends the flexible use area offered by the meadow to the waterfront through the inclusion of the picnic/flexible area. Sculptural elements are integrated into the site at key junctions and focal points. The parking lot extends along Shell Avenue, accommodating approximately 250 cars as well as space for food trucks along the event plaza and at entry promenade. An enhanced paving treatment would delineate the western portion of the parking area for special event use.

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Figure 2.3 Concept 1- Pedestrian Connectivity



CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 2.4 Concept 1 Site Plan



CONCEPT ALTERNATIVE SUMMARY REPORT

2.3 FISCAL & OPERATIONAL IMPACT

STAFFING

The “Base Program,” which is the same in all three of the concept alternatives, has been specifically designed to replicate all the rooms and support all the activities found in the existing Recreation Center, although in the aggregate the new base program is considerably larger than the existing square footage of today’s usable spaces. With ever greater use of contract classes that essentially “run themselves” the core Department staff that currently manages and operates the Recreation Center is confident that they could operate the Base Program without needing additional staff.

For Concept 1, the 8,000 square foot Community Multipurpose facility and the 500 square foot café, would create additional need for staff time. Most of this would be associated with the set-up and take-down of seating, staging, or sports court equipment to handle a wide range of new activities in the large new space. Eight or ten part-time people could be needed to handle the additional load and provide staff coverage into nights and weekends. For comparison purposes this is projected to add up to:

- 2.00 FTEs for Building Services Assistants
- 1.00 FTE for Recreation Leader I, and
- 1.00 FTE for Recreation Leader II.

Concept 1 would also be a more complicated building to manage, because its Enhancement Program would create the need to manage more relationships with third parties. The large Community Multipurpose facility is likely to attract some performance oriented user groups, as well as sports leagues serving enthusiasts in multiple indoor court sports. There is also the hope that the small café will have sufficient market support to attract a private operator, relieving the City of having to staff the daily operation of a food and beverage counter. But more full-time professional management time on the part of the City will be needed to oversee these additional relationships. For Concept 1 this is projected to equate to:

- 0.25 FTE for Management Analyst.

The annual cost of this additional staffing has been estimated using the current salary schedules, factoring up for the appropriate benefits, and using a Step 4 level to create a conservative (i.e., slightly higher cost) estimate. The impact on the Department’s budget would be to add approximately \$195,000 per year in employee costs (see the Summary Matrix section at the end).

OPERATIONS AND MAINTENANCE

At 49,888 gross square feet, Concept 1 would be significantly larger than the 31,786 square feet the City currently uses for allocating Building O&M costs back to the existing Recreation Center and Senior Wing. Using the City’s internal service charge factor of \$14.59 per gross square foot, the incremental 18,102 gross square feet of space implies an additional O&M cost of \$264,000 per year to maintain the larger building.

CONCEPT ALTERNATIVE SUMMARY REPORT

The total cost impact on the City's budget for Recreation staff and Building O&M combined would be \$459,000 for Concept 1 as can be seen in the Summary Matrix.

REVENUE

As described previously, the Base Program has been designed to provide approximately the same number of rooms as the existing Recreation Center and to accommodate the same mix of activities currently provided by the Recreation Department. On the other hand, community input and previous experience have helped make improvements in dozens of areas, making the Base Program noticeably more efficient, better laid out, and larger in key places than what exists today. As described in more detail in the Fiscal and Operational Impact Analysis, the revenues accruing to the Department are expected to be higher for all three concept alternatives, even before the Enhancement Programs for each are considered.

The most significant element of the Enhancement Program for Concept 1 is the Community Multipurpose Room. Assuming the initial focus is on accommodating indoor court sports such as basketball and volleyball, but also including such spectator events as martial arts competitions and dance performances, such a space would have a proven ability to generate revenues from before- and after-work sports leagues, as well as classes. Large banquets and other food festival events could also be accommodated.

The other element of the Enhancement Program for Concept 1 is a 500 square-foot café (which would also benefit from general seating areas both inside and outside the building.) The hoped-for business model is that the City would merely be the landlord, and a private operator would handle all the staffing and expenses of running the café. In such a scenario, the café is projected to generate a small positive rent for the City.

The total of all revenue estimates from the various sources adds up to \$403,000 for Concept 1 as presented in the Summary Matrix below alongside the other two Concepts.

2.4 COST & IMPLEMENTATION CONSIDERATIONS

CONSTRUCTION COST

The Planning Level Construction Cost Estimate developed for Concept 1 is based on the assumptions outlined in the Executive Summary, Section 1.9. and adjusted to reflect Concept 1 building area, program elements and concept specific site improvements. A summary of cost estimates for Concept 1 is shown in Table 9.

CONCEPT ALTERNATIVE SUMMARY REPORT

TABLE 9: CONCEPT 1 CONSTRUCTION COSTS

Concept 1 Recreation Complex	Gross SF	2022 Dollars		2018 Dollars
		\$ / SF	Total	
Building	49,888 GSF	\$880	\$43.8M	
Sitework			\$15.5M	
Total Complex Construction Cost			\$59.3M	
FF&E Allowances				
Move existing furniture to new building			\$30,000	
Allow for limited replacement/upgrade of furnishings			\$15,000	
FF&E Allowances for lobby, multipurpose spaces	10,525 SF	\$45	\$474,000	
Total Concept 1 Cost			\$59.8M	\$48.1M

Source: TBD Consultants.

RISK ASSESSMENT

Potential risks that could negatively impact budget/schedule and strategy to mitigate include the following:

- There is the risk that the built-in market of serving Recreation Center users is perceived to be too small to attract a private for-profit operator for the café in the building, or that an operator is attracted initially but soon finds that the café cannot be operated profitably. In either case, the Department might have to assign management duties to a full-time staffer, and hire a number of part-time workers to operate the café. The Department would keep all revenues, but may still suffer a small ongoing loss in order to provide food and beverage amenities to facility users. A strategy to mitigate this risk is to solicit a private food and beverage operator early in the final design process, and allow operator requirements to help design the café.
- There is a risk in the Community Multipurpose space that if the City invests in built-in features and movable specialized equipment to support both sports and performance uses, that one investment may be underutilized if the preponderance of use trends towards the other. This could be mitigated to some extent by only investing in features that must be included in the construction, and making specific investments in furniture, fixtures and equipment (FF&E) incrementally as demand is proven.

3. Concept 2: Cultural Complex

BUILDING SIZE	62,000 SF
PARK AREA	5.7 acres
PARKING REQUIRED	+/- 427 spaces



Concept 2 features the most significant new programming for Leo J. Ryan Park. In addition to Recreation department functions, it adds a full-service restaurant and a new theater space for the Hillbarn Theater. Sited to allow for more direct access between the facility and downtown Civic Areas, the new facility serves to broaden the user base for the Park and draw new visitors and activity to the site.

3.1 PROGRAM & BUILDING APPROACH

The building is split into two distinct wings separated by shared lobby and courtyard featuring views out to the Lagoon. Recreation functions (managed by Foster City) are located in the north wing, while the restaurant and theater performance space are sited adjacent to the amphitheater. The large event space, restaurant and theater lobby all open onto the central courtyard, with staff offices adjacent to the lobby. Additional multi-purpose spaces are located on a second level, along with the second event space. An extensive upper deck provides both outdoor spaces and dramatic Lagoon views for the rooms above. Facing the parking lot are production support spaces for the theater, while more active recreation uses—Preschool and arts spaces—open towards the Teen Center and intervening park areas. The program and building approach is further described in Figures 3.1 and 3.2.

CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 3.1 Concept 2 Project Program Table

No.	Room/Space	Function	PROPOSED	1ST FLOOR	2ND FLOOR
			Total SF		SF
General Public:					
	Reception Area		125	125	
	Lobby	Incorporate drop-in small meeting areas	2,000	2,000	
	Gallery		350	350	
Administrative / Office					
	Staff Offices		1,600	1,600	
	Break Room		200	200	
Multi-Purpose Meeting Spaces					
	Large Meeting Space*	dedicated outdoor space desirable	1,200		1,200
	Large Meeting Space*	dedicated outdoor space desirable	1,200		1,200
	Large Meeting Space*	dedicated outdoor space desirable	1,200		1,200
	Large Meeting Space*	dedicated outdoor space desirable	1,200		1,200
	Medium Meeting Space*	dedicated outdoor space desirable	750		750
	Medium Meeting Space*	dedicated outdoor space desirable	750		750
	Medium Meeting Space*	dedicated outdoor space desirable	750		750
	Medium Meeting Space*	dedicated outdoor space desirable	750		750
	Small Meeting*		500		500
	Small Meeting*		500		500
*It will be desirable to have some variation in exact size of meeting spaces; these areas are intended to indicate general size requirements. Variation will be incorporated as Concept plans are developed					
Specific Use Program Space					
	Preschool	usable as indoor play space on weekends	1,500	1,500	
	Ceramics Studio		2,000	2,000	
	Art Studio	Multipurpose, flexible	1,000	1,000	
	Dance/Fitness Studio	mirrors & barres. Accommodate temporary/moveable seating for parents/recitals	1,500	1,500	
	Theater - Performance	includes the spaces listed below	5,700	5,700	
	Performance area	4800 SF 250 seat (100/seat) + 500 SF performance space + 800 SF orchestra pit + 500 backstage			
	Control booth	200 SF			
	Box office	200 SF			
	Wardrobe area	200 SF			
	Lobby	500 SF			
	dressing room/green room	800 SF (2 dressing rooms @ 200 SF + 300 SF green room) 1100 capacity 32			
	Theater - Production Spaces	includes the spaces listed below	5,350	5,350	
	theater offices	500 SF			
	Scenic/Wood shop	1500 SF Could continue to use existing facility			
	Prop Shop	750 SF Could continue to use existing facility			
	Prop/Costume/Furniture Storage	1000 SF			
	Rehearsal Space	1800 SF 2 @ 800 SF one dance studio. Could use multi-use spaces but prefer dedicated space with ability to tape & store furniture			
Event Space					
	Extra Large Flexible Event Space	banquet seating for 350	5,000	5,000	
	Large Flexible Event Space	banquet seating for 250	3,500		3,500
	Event Storage		1,000	1,000	
Food Service					
	Full-service Restaurant	250 person capacity (15 SF/person + 500 kitchen/back of house)	4,000	4,000	
Program Support					
	Restrooms	(3) M/W Restrooms	1,500	600	600
	Kitchen - teaching		1,600	1,600	
	Kitchen - commercial		600	600	
Utility Space					
	Janitorial / Facilities	allowance	200	100	100
	Electrical	allowance	250		250
	Mechanical	allowance	250	250	
Dedicated Exterior Uses					
	Ceramics firing & prep area	Connected to ceramics studio	2,000		
	Outdoor play space for preschool	Connected to preschool/education area	2,000		

Building Totals				
PROGRAM AREA (NET):			48,025	34,775 13,250
Grossing Factor 30% est.			14,408	10,433 3,975
TOTAL BUILDING AREA (GROSS):			62,433	45,208 17,225

CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 3.2 Concept 2 Plan Diagram--First Floor



CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 3.2 Concept 2 Plan Diagram--Second Floor (continued)



CONCEPT ALTERNATIVE SUMMARY REPORT

3.2 SITE APPROACH

The location of the building in proximity to the amphitheater divides the park into two distinct areas, including the meadow to the northwest of the building and waterfront recreation areas to the east. As illustrated in Figures 3.3 and 3.4, a promenade and event plaza provide a clear and inviting entrance to the building, and would connect to a new mid-block crossing at Shell Avenue to facilitate pedestrian connectivity to the Library, Community Center and Foster Square. Park users would be encouraged to access the waterfront and amphitheater directly through the building lobby and courtyards. The approximately 400 space parking lot occupies much of the site, leaving a narrow band of recreation areas to the east of the building. Waterfront programming in this area includes gardens, two bocce courts and associated amenities, and a small picnic and flexible use turf area. The waterfront trail is also enhanced with a series of overlooks, each incorporating sculptural elements, and boat docking area. Food trucks and events could be staged in the parking lot adjacent to the waterfront use areas, or along the promenade that opens onto the meadow. In addition, the portion of the parking lot located between the building and Shell Avenue could be utilized for large community events in conjunction with the promenade and meadow.

It should be noted that the incorporation of two new private entities with their own scheduling and operational models within the Park will likely have significant operational impact on the Recreation Department. In particular, the special events for which the Recreation Department is well-known—from summer concerts to Fourth of July—will require additional coordination and potential modification to accommodate needs of theater and restaurant users.

CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 3.3 Concept 2 - Pedestrian Connectivity



CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 3.4 Concept 2 Site Plan



Concept 2 - Cultural Complex

CONCEPT ALTERNATIVE SUMMARY REPORT

3.3 FISCAL & OPERATIONAL IMPACT

OVERVIEW

Concept 2 has the largest building program of the three, and can be expected to have the highest total costs. It also has the largest reliance on partners, however, and the agreements that specify sharing of costs and revenues with those partners would heavily influence the City's potential for cost recovery.

The business model assumptions for Concept 2 include the large full-service restaurant as being operated entirely by an experienced restaurateur, and the City would function as the landlord for that space. Similarly, the theater and its production space are assumed to be operated entirely by the Hilbarn Theater Company or a similar production company, with the City again being the landlord. On the other hand, the second Large Event Space, equivalent to the existing Lagoon Room, is assumed to be operated by Department staff along with all the other facilities in the Base Program.

STAFFING

As with all three of the concept alternatives, the Base Program in Concept 2 is assumed to be operated by the core Department staff that currently manages and operates the Recreation Center without needing additional staff.

The Enhancement Program to Concept 2, the 3,500 square foot Large Event Space would create additional need for staff time. Two or three part-time people could be needed to handle the additional load, which for comparison purposes is projected to add up to:

- 1.00 FTE for Building Services Assistants.

Concept 2 would also be arguably the most complicated building of the three to manage, because its Enhancement Program would create the need to manage relationships with both a major restaurant and a theater company. For Concept 2 this workload is projected to equate to:

- 0.75 FTE for Building Services Coordinator Assistant, and
- 0.75 FTE for Management Analyst.

The annual cost of this additional staffing is projected to add approximately \$213,000 in employee costs to the Department's annual budget

OPERATIONS AND MAINTENANCE

At 62,433 gross square feet, Concept 2 would be approximately double the 31,786 square feet the City currently uses for allocating Building O&M costs back to the existing Recreation Center and Senior Wing. The incremental 30,647 gross square feet of space implies an additional O&M cost of \$447,000 per year to maintain the larger building.

CONCEPT ALTERNATIVE SUMMARY REPORT

The total cost impact on the City's budget for Recreation staff and Building O&M combined would be \$660,000 for Concept 2.

REVENUE

Common to the comparison of all three concept alternatives, the Base Program in Concept 2 would generate the same incremental revenues due to the larger and more attractive offering of spaces in the new facility. The most routine element of the Enhancement Program for Concept 2 would be the inclusion of a second large event space, essentially equivalent to the Lagoon Room, which may be expected to provide incremental revenue, beyond what the Base Program generates.

The largest element of the Enhancement Program for Concept 2 is the Theater and its Production Spaces. At this time it is completely unclear whether this, or any other, theater company would come forward with a capital campaign to build and operate the theater element without any City assistance at all. For purposes of comparison, it is assumed here that the City builds the space and becomes the landlord for a tenant theater company. Under this assumed business model, however, it is still unknown what the terms of a lease agreement might be. For purposes of comparison, the assumption here is that the City will want an annual payment that at least covers the full cost of the Building Division O&M. Using the \$14.59 per foot factor applied to the 14,365 square feet occupied by the theater company (including the 30% gross to net factor) produces an assumed rent payment of \$210,000 per year, or approximately \$17,500 per month.

The other element of the Enhancement Program for Concept 2 is a 4,000 square-foot full-service restaurant. A market rate rent of \$3.00 per square foot per month to the City as landlord has been factored into the revenue estimates, which total \$655,000 per year for Concept 2.

3.4 COST & IMPLEMENTATION CONSIDERATIONS**CONSTRUCTION COST**

The Planning Level Construction Cost Estimate developed for Concept 2 is based on the assumptions outlined in the Executive Summary, Section 1.9. adjusted to reflect Concept 2 building area, program elements and concept specific site improvements. A summary of construction costs for Concept 2 is shown in Table 10.

TABLE 10: CONCEPT 2 CONSTRUCTION COST

Concept 2 Cultural Complex	Gross SF	2022 Dollars		2018 Dollars
		\$ / SF	Total	
Building	62,433 GSF	\$936	\$58.5M	
Sitework			\$14.3M	
Total Complex Construction Cost			\$72.8M	

CONCEPT ALTERNATIVE SUMMARY REPORT

TABLE 10: CONCEPT 2 CONSTRUCTION COST

Concept 2 Cultural Complex	Gross SF	2022 Dollars		2018 Dollars
		\$ / SF	Total	
FF&E Allowances				
Move existing furniture to new building			\$30,000	
Allow for limited replacement/upgrade of furnishings			\$15,000	
FF&E Allowances for lobby, multipurpose spaces	10,925 SF	\$45	\$490,000	
Restaurant Tenant Improvements and FF&E	4,000 SF	\$275	\$1,100,000	
Total Concept 2 Cost			\$74.5M	\$59.1M

Source: TBD Consultants.

RISK ASSESSMENT

Potential risks that could negatively impact budget/schedule and strategy to mitigate include the following:

- The San Mateo Peninsula is a highly competitive restaurant market, and starting up a new restaurant is one of the riskiest of all business ventures today. The \$144,000 per year in revenue from a restaurant lease to the City is highly speculative. While there is a possibility that a run-away success in a new restaurant could produce even more for the landlord through an escalating participation rent schedule, it is also quite likely that the first restaurant in the space will fail, and it is possible that the space could sit empty for long periods.
- To date there is no structure in place for a partnership with a theater company. The ongoing costs and revenues to the City from such a partnership would be determined by an agreement that has not yet been negotiated.

4. Concept 3: Outdoor Activity Complex

BUILDING SIZE	50,000 SF
PARK AREA	7.1 acres
PARKING REQUIRED	+/- 289 spaces



Concept 3 provides enhanced park spaces surrounding a centrally located facility, immediately adjacent to the amphitheater. Actively programmed park areas create a series of unique outdoor spaces surrounding the facility on all sides, and highlight the celebrated waterfront experience of Leo J. Ryan Park.

4.1 PROGRAM & BUILDING APPROACH

The building is organized into two wings around an open lobby and courtyard. To the north, the Community Multipurpose space is tucked into the existing hillside, and offers the opportunity to open onto the meadow for outdoor events and performances. In the south wing, the large event space and prominent recreation functions (dance and art areas) face the courtyard and entry plaza, while an outdoor beer garden anchors the southernmost end of the facility, facing the Lagoon and connecting to adjacent outdoor park uses. Staff offices and smaller multipurpose spaces are located on an upper level, with an extensive upper deck that provides both outdoor spaces and dramatic Lagoon views for the rooms above. The program and building approach for Concept 3 is further described in Figures 4.1 and 4.2.

CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 4.1 Concept 3 Project Program Table

No.	Room/Space	Function	PROPOSED	1ST FLOOR	2ND FLOOR
			Total SF		SF
General Public					
	Reception Area		125	125	
	Lobby	Integrate drop-in small meeting areas	2,500	2,500	
	Gallery		350	350	
Administrative / Office					
	Staff Offices		1,600	1,600	
	Break Room		200	200	
Multi-Purpose Meeting Spaces					
	Large Meeting Space*	dedicated outdoor space desirable	1,200	1,200	
	Large Meeting Space*	dedicated outdoor space desirable	1,200	1,200	
	Large Meeting Space*	dedicated outdoor space desirable	1,200		1,200
	Large Meeting Space*	dedicated outdoor space desirable	1,200		1,200
	Medium Meeting Space*	dedicated outdoor space desirable	750	750	
	Medium Meeting Space*	dedicated outdoor space desirable	750	750	
	Medium Meeting Space*	dedicated outdoor space desirable	750		750
	Medium Meeting Space*	dedicated outdoor space desirable	750		750
	Small Meeting*		500		500
	Small Meeting*		500	500	
*It will be desirable to have some variation in exact size of meeting spaces; these areas are intended to indicate general size requirements. Variation will be incorporated as Concept plans are developed					
Specific Use Program Space					
	Preschool	usable as indoor play space on weekends	1,500	1,500	
	Ceramics Studio		2,000	2,000	
	Art Studio	Multi-purpose, flexible	1,000	1,000	
	Community Multi-purpose Space	Includes gymnasium & flexible use functions; min 16' clear height (20-24' clear height preferred)	8,000	8,000	
	Community support space	storage and support for range of multi-purpose activities	1,000	1,000	
	Dance/Fitness Studio	mirrors & barres. Accommodate temporary/moveable seating for parents/rectals	1,500	1,500	
Event Space					
	Extra-Large Flexible Event Space	banquet seating for 350	5,000	5,000	
	Event Storage		500	500	
Food Service					
	Outdoor "beer garden" food area	Very limited built/indoor space (potential food truck type configuration?)	100	100	
Program Support					
	Restrooms	(3) M/W restrooms	1,500	900	600
	Kitchen - teaching		1,600	1,600	
	Kitchen - commercial		600		600
	Kitchen - commercial		600	600	
Utility Space					
	Janitorial / Facilities	allowance	200	100	100
	Electrical	allowance	250		250
	Mechanical	allowance	250	250	
Dedicated Exterior Uses					
	Ceramics firing & prep area	Connected to ceramics studio	2,000		
	Outdoor play space for preschool	Connected to preschool/education area	2,000		
	Outdoor café seating	(250 seats) For outdoor food service	2,000		

Building Totals				
PROGRAM AREA (NET)		39,175	33,225	5,350
Grossing Factor 30% est.		11,753	9,968	1,785
TOTAL BUILDING AREA (GROSS)		50,928	43,193	7,735

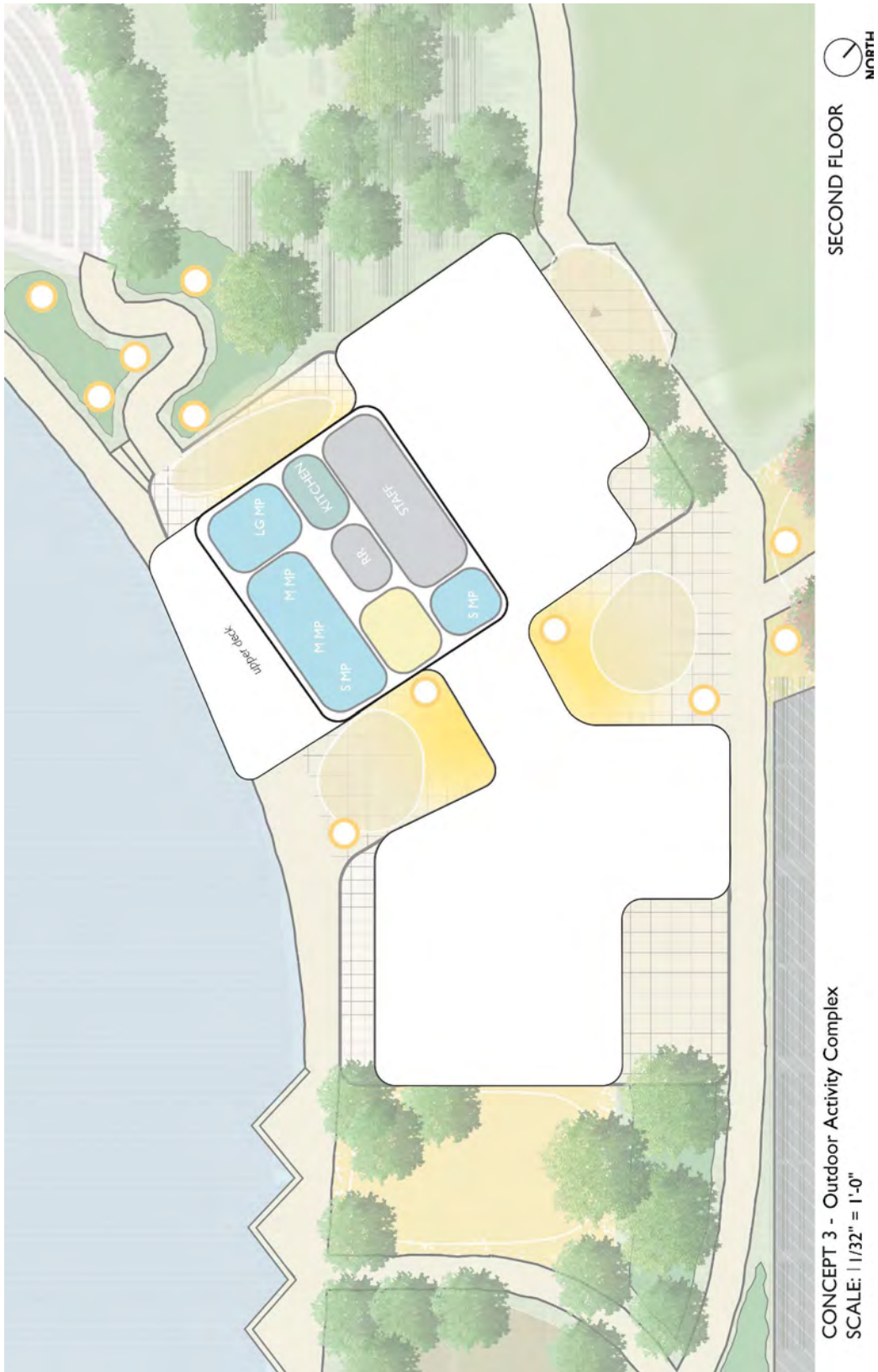
CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 4.2 Concept 3 Plan Diagram- First Floor



CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 4.2 Concept 3 Plan Diagram- Second Floor (continued)



CONCEPT ALTERNATIVE SUMMARY REPORT

4.2 SITE APPROACH

The building in Concept 3 is located in the same site as in Concept 2, and the site is organized to offer similar connectivity to the amphitheater and Shell Avenue uses, as shown in Figures 4.3 and 4.4. However, in Concept 3 the reduced building and parking footprint (which assumes 250 spaces) allows for expanded park uses along the waterfront to the east of the building. This waterfront park area includes meandering picnic/flexible use areas and a series of unique activity areas that may include an interactive play area, game gardens, adult exercise areas, and four bocce courts with associated amenities. In addition, a waterfront outdoor food and beer garden connects the building with these active park areas. A series of waterfront overlooks located in proximity to the building, food and beer garden, and bocce area offer additional opportunities to engage the lagoon. To the west of the building, a sculptural garden walk provides a unique experience for visitors, serving as an effective transition from the building to the amphitheater. Sculptural elements are also utilized to define and activate the entry promenade, beginning at Shell Avenue and leading to the waterfront. Similar to Concept 2, food trucks could be staged along the entry promenade or along the waterfront park areas, and the eastern area of the parking lot could be utilized for large community events. However, in this Concept, food trucks along the waterfront park areas could be operated in conjunction with the food and beer garden.

CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 4.3 Concept 3 Pedestrian Connectivity



CONCEPT ALTERNATIVE SUMMARY REPORT

Figure 4.4 Concept 3 Site Plan



CONCEPT ALTERNATIVE SUMMARY REPORT

4.3 FISCAL & OPERATIONAL IMPACT

OVERVIEW

Concept 3 is similar to Concept 1, except that it is in a different site and has a different food and beverage option. It is slightly larger than Concept 1.

The business model assumptions for Concept 3 include the food / beer garden as being operated entirely by an experienced restaurateur, and the City would function as the landlord for that space, the majority of which would be outdoors with suitable wind screening, heaters and other amenities.

STAFFING

As with all three of the concept alternatives, the Base Program in Concept 3 is assumed to be operated by the core Department staff that currently manages and operates the Recreation Center without needing additional staff.

The Enhancement Program to Concept 3, is estimated to have the same staffing needs as described for Concept 1, which was projected to add up to:

- 2.00 FTEs for Building Services Assistants,
- 1.00 FTE for Recreation Leader I, and
- 1.00 FTE for Recreation Leader II.

Concept 3 would also be a more complicated building to manage, because its Enhancement Program would create the need to manage more relationships with third parties. For Concept 3 this is projected to equate to:

- 0.50 FTE for Management Analyst.

The annual cost of this additional staffing has been estimated to add approximately \$241,000 in employee costs.

OPERATIONS AND MAINTENANCE

At 50,928 gross square feet, Concept 3 would be 19,142 gross square feet larger than the 31,786 square feet the City currently uses for allocating Building O&M costs back to the existing Recreation Center and Senior Wing. The incremental of space implies an additional O&M cost of \$279,000 per year to maintain the larger building.

The total cost impact on the City's budget for Recreation staff and Building O&M combined would be \$520,000 for Concept 3.

CONCEPT ALTERNATIVE SUMMARY REPORT**REVENUE**

The Base Program in Concept 3 would generate the same incremental revenues as were described for the first two Concepts. The most significant element of the Enhancement Program for Concept 3 is the Community Multipurpose Room, which is assumed to have the same revenue profile as described in Concept 1.

The food and beverage element of the Enhancement Program for Concept 3 calls for a food / beer garden where 2,000 square feet of seating area is offered outside, and a 100 square foot support space is either included in the side of the main building or as a freestanding pop-up type structure. It is expected to generate revenue that is between that of the café in Concept 1 and the restaurant in Concept 2, which when combined with all the other revenues adds up to \$451,000 per year for Concept 3.

4.4 COST & IMPLEMENTATION CONSIDERATIONS**CONSTRUCTION COST**

The Planning Level Construction Cost Estimate developed for Concept 3 is based on the assumptions outlined in the Executive Summary, Section 1.9. adjusted to reflect Concept 3 building area, program elements and concept specific site improvements. A summary of construction costs for Concept 3 is shown in Table 11.

TABLE 11: CONCEPT 3 CONSTRUCTION COST

Concept 3 Outdoor Activity Complex	Gross SF	2022 Dollars		2018 Dollars
		\$ / SF	Total	
Building	50,928 GSF	\$880	\$45M	
Sitework			\$16.8M	
Total Complex Construction Cost			\$61.7M	
FF&E Allowances				
Move existing furniture to new building			\$30,000	
Allow for limited replacement/upgrade of furnishings			\$15,000	
FF&E Allowances for lobby, multipurpose spaces	11,425 SF	\$45	\$514,000	
Total Concept 3 Cost			\$62.3M	\$50.1M

Source: TBD Consultants.

CONCEPT ALTERNATIVE SUMMARY REPORT

RISK ASSESSMENT

Potential risks that could negatively impact budget/schedule and strategy to mitigate include the following:

- There is a risk in the Community Multipurpose space that if the City invests in built-in features and movable specialized equipment to support both sports and performance uses, that one investment may be underutilized if the preponderance of use trends towards the other. This could be mitigated to some extent by only investing in features that must be included in the construction, and making specific investments in furniture, fixtures and equipment (FF&E) incrementally as demand is proven.
- As with any form of restaurant, there is the risk that the market will not be as supportive as hoped, or that the “fad” of the outdoor beer garden will wane somewhat over time. One strategy to mitigate risk is to solicit a private operator experienced with this type of food and beverage outlet early in the final design process, and allow operator requirements to help design the garden and supporting space. Because the outdoor space is less costly than building an indoor restaurant, it may also be easier to repurpose the space into some other form of game garden or commercial event space if the demand for the food / beer garden concept diminishes.

5. Conclusion

5.1 FEEDBACK & DIRECTION

At key points in the Concept Design process, input was solicited from stakeholders, community members, and City Leadership. In addition to the direction summarized in Chapter 1, comments and concerns raised by these groups are summarized below. These considerations will also continue to inform future design and planning decisions as the project moves forward.

PLANNING COMMISSION & PARKS & RECREATION COMMITTEE INPUT

The Concept Alternatives were presented on October 18th to a joint study session of the Planning Commission and Parks & Recreation Committee. The Committee and Commission members generally expressed a preference for Concept 3, though noted that any final design approach will likely involve a combination of features from all three concepts. Some general points of consensus are summarized below:

- There was a clear focus on the significance of a new facility on current and future generations of Foster City residents, and all parties emphasized the need for future flexibility, and spaces that effectively serve many constituents and activities.
- Both groups were opposed to including a dedicated theater space within the new facility. Comments reflected concern with the significant footprint required, as well as the incompatibility with existing Recreation and Park functions.
- Similar concerns were raised about a restaurant; café and pop-up (food truck) type food services were generally viewed as more appropriate for the character of the park and the neighborhood.
- Connections across Shell, both to Foster Square and to the Civic Center should be reviewed in more detail, as the Planning Commission sees potential for a more holistic and unified development in this area.

COUNCIL INPUT

The Concept Alternatives were presented on October 29th to the City Council at a Special Study Session. Several members of the community provided comments in addition to the three Council members present, and the two absent Council members emailed their comments for the Mayor to read into the record. Some general points of consensus and comments are summarized below:

- There was general consensus among Council members that the existing Recreation Center should be rebuilt, rather than patched up.
- There was general opposition to a dedicated theater and restaurant.

CONCEPT ALTERNATIVE SUMMARY REPORT

- While no Concept was perfect, there was a general consensus preference for Concept 3.
- The two absent Council members emailed to say they generally agreed with the comments made by the Parks & Recreation Committee and the Planning Commission, and that they favored Concept 3.
- Council and public comments reflected concern with the lack of funding, impact of increased parking and loss of green space, need to avoid inflexible spaces, and large building footprint.
- Concerns were raised about how the needs of Seniors would be accommodated in the new facility. Discussion reflected that Senior classes and activities will be integrated throughout the facility as they are currently, and in doing so even more capacity for Senior programs will be provided.
- As at the meeting with the Planning Commission & Parks & Recreation Committee, there was a clear focus on the significance of a new facility on current and future generations of Foster City residents, and all parties emphasized the need for future flexibility, and spaces that effectively serve many constituents and activities.

While lacking a clear consensus, a variety of other concerns and comments reoccurred, including the following:

- Need to create a sense of “community.”
- Need for a new name that evokes a facility that is more than a Recreation Center.
- There is a primary responsibility to provide adequate facilities to support the existing recreation programs into the future.
- Concern about possible competition with local businesses.
- City’s obligation to provide social equity.
- Councilmembers who were originally interested in a “restaurant” now favor a less formal dining option similar to the Fieldwork Brewing concept at Bay Meadows.
- A sense of community is fostered by the ability to informally drop by and hang out.
- It is not the City’s job to preserve the views from Foster Square.
- The entire fee schedule needs to be reviewed and updated.
- The Community Multipurpose room should be built with a ceiling high enough to accommodate sports, such as volleyball.
- The allocation of space use on the first and second floors should minimize the building ‘footprint’ (first floor area) and equalize the size of the first and second floors as much possible.

THEMES IN PREFERRED LOCATION AND PROGRAMMING

Based on comments received, there was general consensus on preference for many of the program components and features. The site location and program components that received broad support from the City Council, the PRC, and the Working group are highlighted in green. Green highlighting therefore indicates that there was general support for including the feature in further design exploration.

CONCEPT ALTERNATIVE SUMMARY REPORT

Components that were generally opposed are highlighted in red. Components for which there was no clear preference for inclusion or exclusion remain in black font; these items are park features that will be further defined in future phases and with input from the public.

As illustrated in Table 12, the components and characteristics that were generally preferred include:

- Locating the building in Zone A.
- Inclusion of Base Program elements for the Building and Park.
- Including a Community Multi-purpose space (rather than an extra-large event space or theatre).
- Including food/beer garden area and café (rather than full-service restaurant).
- Including Park enhancements that complement the food/beer garden and activation of the waterfront.
- Maximizing Park acreage

TABLE 12: GENERAL PREFERENCES FOR SITE LOCATION AND PROGRAM COMPONENTS

	CONCEPT 1 Recreation Complex	CONCEPT 2 Cultural Complex	CONCEPT 3 Outdoor Activity Complex
Building Program			
Base Program	Multipurpose Spaces	Multipurpose Spaces	Multipurpose Spaces
	Ceramics & Art	Ceramics & Art	Ceramics & Art
	Dance / Movement	Dance / Movement	Dance / Movement
	Kitchens	Kitchens	Kitchens
	Preschool	Preschool	Preschool
	Lobby / Public Space	Lobby / Public Space	Lobby / Public Space
	Staff Offices	Staff Offices	Staff Offices
Event	Large Event Space (3,500 SF)	Large Event Space (3,500 SF)	Large Event Space (3,500 SF)
	Community Multipurpose Space (8,000 SF)	Extra-Large Event Space (5,000 SF)	Community Multipurpose Space (8,000 SF)
Performance	Enhanced performance functions in Community Multipurpose Space	Dedicated Theater (Hillbarn)	Enhanced performance functions in Community Multipurpose Space
Food Service	Cafe	Full-Service Restaurant	Food/Beer Garden (see below)
Park Program			
Base Program	Meadow	Meadow	Meadow
	Bocce Courts (4)	Bocce Courts (2)	Bocce Courts (4)
	Waterfront Overlooks	Waterfront Overlooks	Waterfront Overlooks
	Event Plaza	Event Plaza	Event Plaza
	Building Courtyards	Building Courtyards	Building Courtyards
	Sculpture Walk / Garden	Sculpture Walk / Garden	Sculpture Walk / Garden
	Picnic / Flexible Park Area	Picnic / Flexible Park Area	Picnic / Flexible Park Area
	Garden Area	Garden Area	Garden Area
Enhancements	Storage / Support space for amphitheater & meadow		Food/Beer Garden
			Game Garden
			Indoor / Outdoor Performance Plaza
			Nature Play
		Adult Exercise	

CONCEPT ALTERNATIVE SUMMARY REPORT

TABLE 12 (CONTINUED): GENERAL PREFERENCES FOR SITE LOCATION AND PROGRAM COMPONENTS

	CONCEPT 1 Recreation Complex	CONCEPT 2 Cultural Complex	CONCEPT 3 Outdoor Activity Complex
Parking & Access	+/- 250 spaces	+/- 400 spaces	+/- 250 spaces
		New Midblock Crossing	New Midblock Crossing
Site Location			
	Zone B	Zone A	Zone A



DATE: January 22, 2019

TO: Mayor and Members of the City Council
President and Members of the Estero Municipal Improvement District
(EMID) Board of Directors

VIA: Jeff Moneda, City/District Manager

FROM: Ann Ritzma, Human Resources Director
Edmund Suen, Finance Director

SUBJECT: PENSION LIABILITY SUBCOMMITTEE UPDATE

RECOMMENDATION

It is recommended by the Pension Liability Subcommittee, that the City Council, by minute order, receive and accept this report and provide policy direction to:

1. Direct staff to prepare an Additional Discretionary Payment (ADP) strategy for the \$2 million reserved in the FY 2018-2019 budget for the City's estimated \$78 million unfunded pension liabilities that a) maximizes long-term savings, b) optimizes amortization bases, and c) increases the City's funding ratio (currently 70.1% Miscellaneous and 67.72% Safety); and
2. Develop a policy for Council consideration that would direct a portion of "rollover reserves" to a City Pension Sustainability Fund as part of the City Council's FY 2018-2019 budget process and discussion regarding operating surplus or "roll over" reserves; and
3. Create an Employee Pension Committee to work with the City Council Pension Subcommittee to review strategies and provide transparency and opportunities for shared approaches to unfunded pension liabilities; and
4. Develop an annual report with supporting documents on the City's unfunded pension liability for public review on the City's website.

EXECUTIVE SUMMARY

The City Council Pension Liability Subcommittee met on December 17, 2018 and January 2, 2019 to discuss and develop recommendations for City Council consideration that would address the City's estimated \$78 million unfunded Actuarial Accrued Liability (UAAL) for CalPERS (California Public Employees Retirement System) pension.

The Pension Liability Subcommittee identified four key recommendations to address the City's unfunded pension liability:

1. Make strategic Additional Discretionary Payments (ADP) to CalPERS to "pay down" unfunded pension liabilities that maximize savings and increase pension plan funding ratios.
2. Establish a policy that designates annual General Fund surplus revenue or "roll over" reserves for the potential use of one-time expenditures and/or programs that might include unfunded pension liabilities (Pension Stability Fund) and City Capital Improvement Program (Parks Master Plan, Facilities Master Plan, Recreation Center) and ongoing funding for the Building Maintenance Internal Service Fund.
3. Create an Employee Pension Committee to work with the City Council to review and develop approaches to unfunded pension liabilities and the City's long-term fiscal sustainability. Areas for discussion include CalPERS projections for increasing employer pension contributions, unfunded liabilities, employee cost sharing options, and the City's five-year financial plan that will include the City's long-term capital improvement program and the impact of the Parks Master Plan, Facilities Master Plan, Recreation Center and Foster City at 50.
4. Provide reports, policies and supporting documents regarding the City's actions to address the unfunded pension liability on the City's website.

BACKGROUND AND ANALYSIS

The City Council, at the March 26, 2018 meeting discussed the impact of the City's unfunded pension liability as part of the process of preparing the FY 2018-2019 Budget and on May 14, 2018 considered several strategies to reduce the estimated unfunded pension liability of \$78 million. The City Council set aside \$2 million in the FY 2018-2019 budget specifically for addressing the unfunded pension liabilities.

On August 20, 2019, the San Mateo Civil Grand Jury issued a report on the impact of pension liabilities for local government - "Soaring City Pension Costs: Time for Hard Choices." The City's response to the report included a commitment to the following:

January/February 2019

Public Meeting to engage the public and develop a long-term plan

January/February 2019

Publish a report on the City's website detailing pension obligations

Total Pension contributions costs

City's total Unfunded Liabilities

City's funded percentage all plans

February 2019

Annual report to City Council evaluating options to address pension costs including but not limited to:

- Supplemental payments - Additional Discretionary Payments (ADP)

- Amortization Periods (less than 20 years)

- Reserve for unfunded liabilities

- Section 115 Trust for unfunded liabilities

- Salary increases at or below CalPERS assumptions

- Cost sharing agreements with employees

2019-2020

Develop and publish a long-term financial/pension liabilities plan (annual update)

Establish a target for funded percentage or amortization of less than 20 years

Establish funding for additional payments and strategy for paying

The City Council formed a Pension Liability Subcommittee in November 2018 to discuss strategies towards addressing the City's long-term pension obligations that best maintain the City's fiscal integrity. The subcommittee, consisting of Mayor Sam Hindi and Councilmember Catherine Mahanpour, have reviewed several strategies developed by staff and approaches used in other agencies.

Given the magnitude of the projected increases in CalPERS rates and the current unfunded pension liability, the subcommittee considered the following options for paying down the City's unfunded pension liability. The Committee explored the following options:

Additional Discretionary Payments (ADP)

Long-Term Savings - Estero Municipal Improvement District (EMID)

Pension Stability Fund

Funding Ratios

Employee Pension Committee

Section 115 Trust

Background on each of these options is provided below.

Additional Discretionary Payments (ADP)

On March 26, 2018, City staff presented a report to the City Council seeking direction to make a \$2,069,351 supplemental payment to CalPERS to reduce its estimated \$34,078,245 of unfunded accrued liability (UAL) in its Miscellaneous Plan. City staff also noted in the report that the UAL for the Safety "Classic" Plan is estimated at \$41,285,290, bringing the combined total UAL to \$75,363,535.

The table below shows that a payment of \$2,069,351 by June 20, 2018 would have essentially eliminated and saved the City \$345,847 of pension expenditures in FY 2018- 2019 and yield a total savings of \$560,689 over a seven-year period.

	Lump Sum	Payments
	\$ 2,069,351	\$ 345,847
1		\$ 356,222
3		\$ 366,909
4		\$ 377,916
5		\$ 389,254
6		\$ 400,931
7		\$ 412,959
Total	\$2,069,351	\$ 2,650,040

Savings \$ 580,689

While the City Council indicated an interest in using the FY 2016-2017 surplus to make the supplemental payment, they also expressed concerns over the sustainability of the CalPERS system and the risks if member agencies are unable to make annual required payments to CalPERS. City staff has re-confirmed with CalPERS that any City supplemental payment to CalPERS would be credited solely to the City's individual account and could not be redirected for other purposes, including paying the liability of a defaulting agency who is unable to make its annual required payment. The City's financial analyst for amortization modeling estimates that for every Additional Discretionary Payment (ADP) of \$1 there is a yield of approximately \$2 in long-term savings.

Amortization schedule

An ADP can maximize short or long-term savings by applying the payment to specific bases in an amortization schedule. Specifically, identifying bases in the amortization schedules that exceed 15 years or more. The City has several amortization bases that exceed 20 years and many above 15 years. By using financial modeling, the City could apply payments to either the 20+ year bases to achieve long-term savings or the 15-

year bases to achieve shorter-term savings. A blended application (short-term/long-term) could provide level payments for budgeting purposes. The savings are similar to making added principal payments on a 30-year or 15-year mortgage. A policy for making ADP based on amortization bases or long-term vs short-term savings is in keeping with the City's sound fiscal management.

Targeting 20+ year amortization bases is also in keeping with the new CalPERS policy that applies a 20-year amortization base to all new liabilities. CalPERS also provides contracts that reset all amortization bases to 15 years and provide for larger, level payments over a shorter time period (Fresh Start Program). An example of the City's current projected CalPERS payments (normal cost and amortization) compared to a 15-year or level amortization is provided in Attachment 2.

Long-Term Savings – Estero Municipal Improvement District (EMID)

CalPERS provides annual actuarial valuation reports that identify the amortization bases for the City's pension plans. The actuarial report for EMID, issued in December 2018, provides an option to pay all unfunded liabilities. The payoff for EMID on a funding basis as of 12-31-18 was \$2,319,581 (Miscellaneous - \$160,028 and Safety - \$2,159,553). This option would have paid off all current unfunded pension liabilities leaving EMID with annual payments for the retirees covered in the plan and any future additional unfunded liabilities. The EMID plan is inactive and only includes retirees with no option for new employees. As an inactive plan, CalPERS reset all amortization bases to 15-years ("fresh start") and staff will need to request a new valuation report in 2019 to determine if paying off EMID provides savings.

Pension Stability Fund

The City Council approved \$2 million from "rollover" reserves from the FY 2017-2018 budget to a line item in the FY 2018-2019 for future unfunded pension liabilities. The Pension Subcommittee discussed the process of utilizing annual "roll over" surplus or reserves for funding a Pension Sustainability Fund, one-time uses/infrastructure projects (Parks Master Plan, Facilities Master Plan, Recreation Center and Foster City at 50) and addressing the deficiency in the Building Maintenance Internal Service Fund. A policy for "roll over" reserves could be a part of the FY 2019-2020 budget process. The rollover reserves are discussed in the staff report for the Audited Financial Year 2017-2018 Comprehensive Annual Report (CAFR).

Funding Ratio

CalPERS has made significant changes in actuarial assumptions – life span, investment returns and amortization. The changes CalPERS made in 2016 have moved the entire plan from a funding ratio of 61% in 2008, to 63% in 2016 and finally to

71% in 2018. CalPERS goal is to meet the 80% funding ratio that is recommended for sustainable pension plans. The City's current funding ratios are 67.72% for Safety and 70.1% for Miscellaneous. As the City develops the FY 2019-2020 budget and long-term strategies, the Pension Subcommittee may consider establishing a goal to bring the City's pension funding ratio to 80% or 90% and set "thresholds" for payments of ADP or other contributions using the funding ratio. Attachment 1 shows the funding ratios for other cities in San Mateo County and their strategies for addressing unfunded pension liabilities.

Employee Pension Committee

The CalPERS changes will increase the City's pension rates over the next seven years. Without any discretionary additional payments (ADP) or economic changes (higher or lower investment returns), the City's contribution rates are projected to increase from 51.91% to 80.0% (public safety) and 30.29% to 40.50% (non-safety/miscellaneous) in FY 2018-19 to FY 2024-25. This represents a cumulative increase of 54.11% for public safety and 33.71% for miscellaneous based on August 2018 CalPERS Actuarial Valuation Reports. These increases have a significant impact on the City's budget. The Pension Subcommittee discussed involving employees in an Employee Pension Committee and inviting employee participation in the pension strategies including employee cost sharing. The purpose of the Employee Pension Committee would be to collaborate with the City Council on strategies to address pension liability. The Committee would not be negotiating employee compensation and benefits, which are subject to meet and confer as part of the City's labor relations.

Section 115 Trust for Unfunded Liability Contributions

A Section 115 Trust is an option to having the City establish a "Pension Stability Fund." The trust allows the City to maximize return on investments and make payments within an established pension policy. A Section 115 would provide City control of and access to deposited funds and would be available (after the sale of the asset) that could be used to offset unexpected increases in CalPERS rates (rate stabilization). The use of a Section 115 Trust will restrict the funds to pension purposes, is subject to the market risk and does not directly reduce net pension liability. Over 150 local California government agencies have established Section 115 Trusts. CalPERS and several other firms offer Section 115 Trusts. The Subcommittee may reconsider a Section 115 Trust in the future.

FISCAL IMPACT

There is no fiscal impact associated with this item.

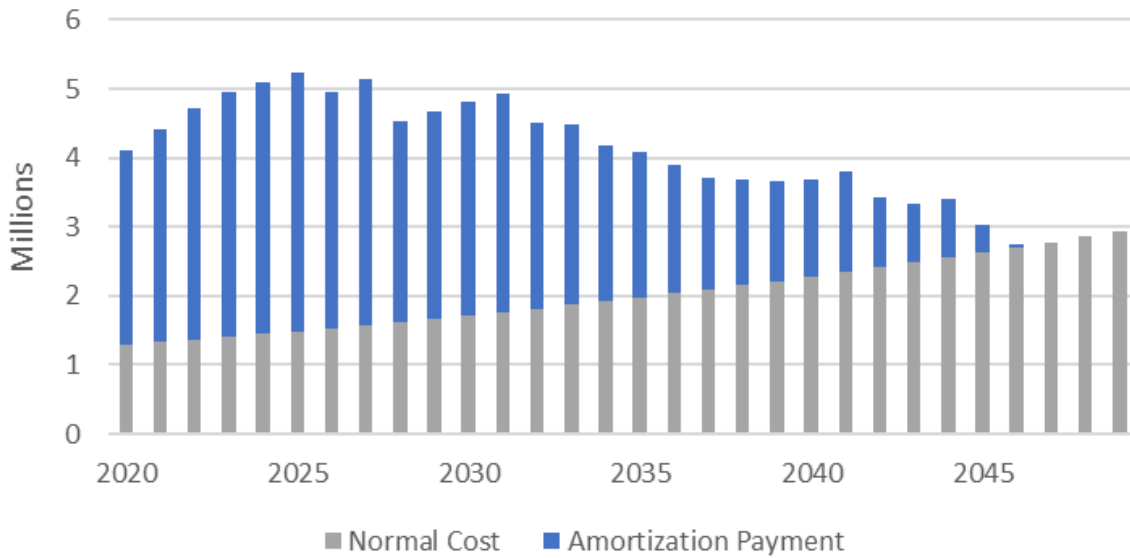
Attachments:

- Attachment 1 - San Mateo County Cities Funding Ratio and Financing Strategies
- Attachment 2 - Amortization Schedules – Current, Projected 15-year, Projected Levelled

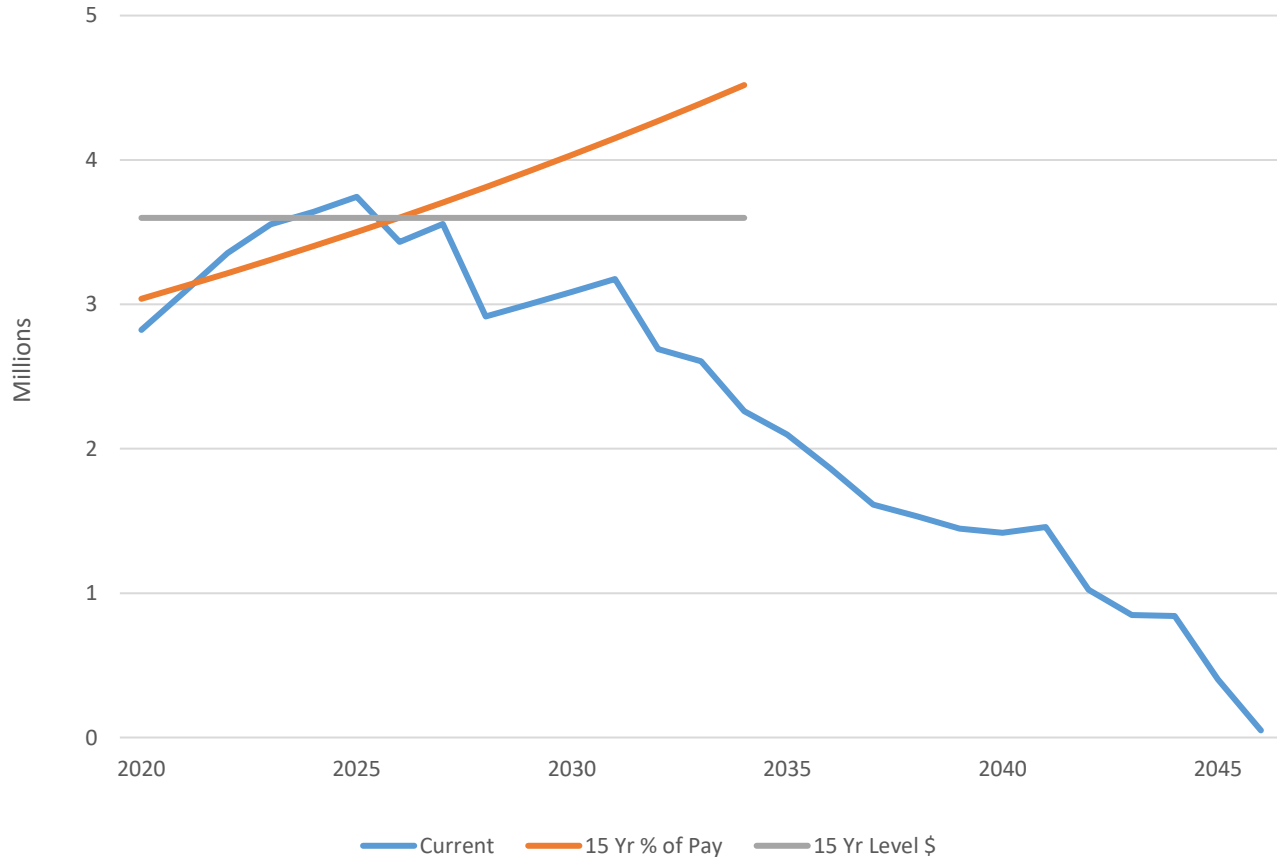
Pension Funding Ratios - San Mateo County Cities

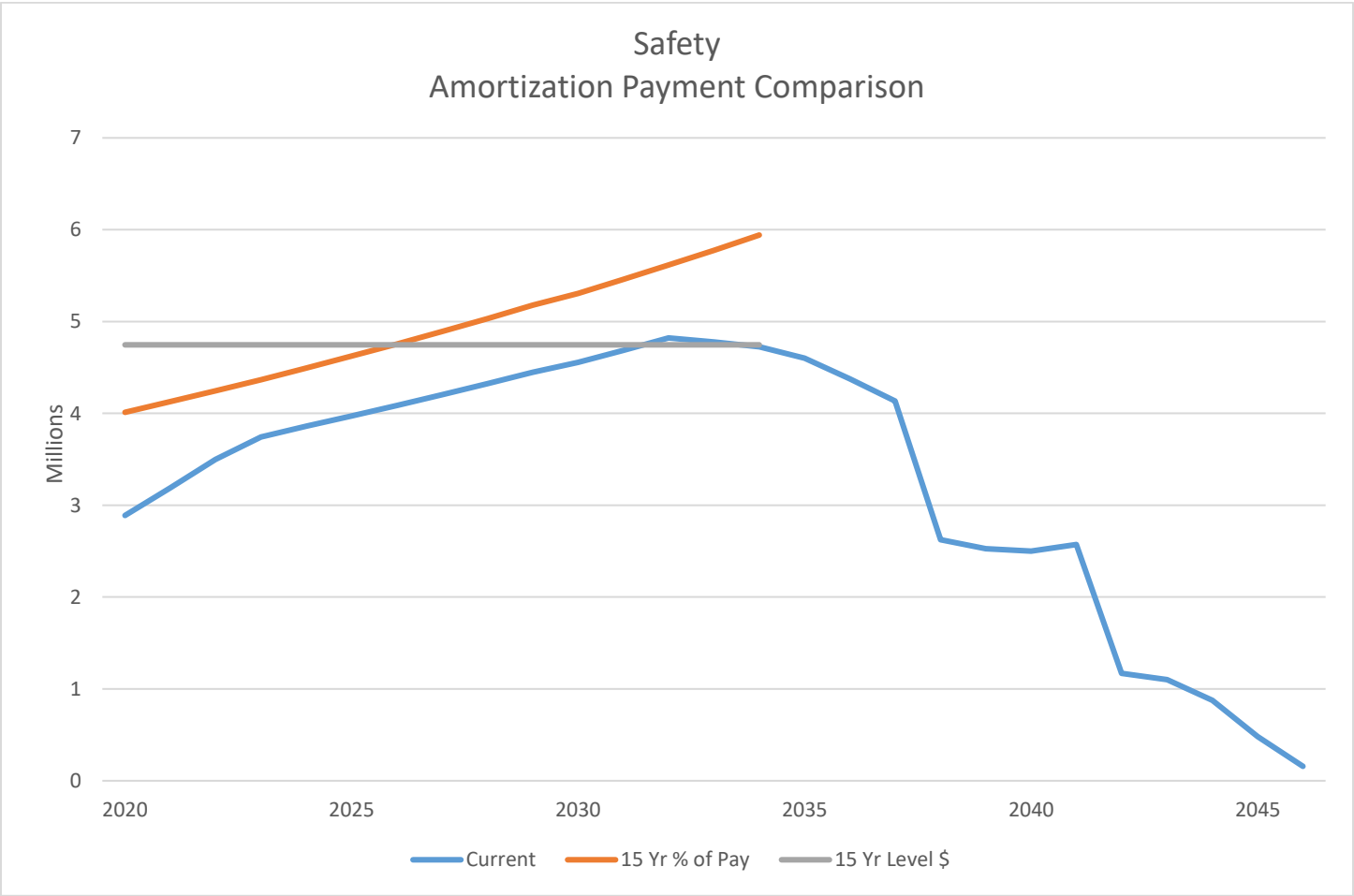
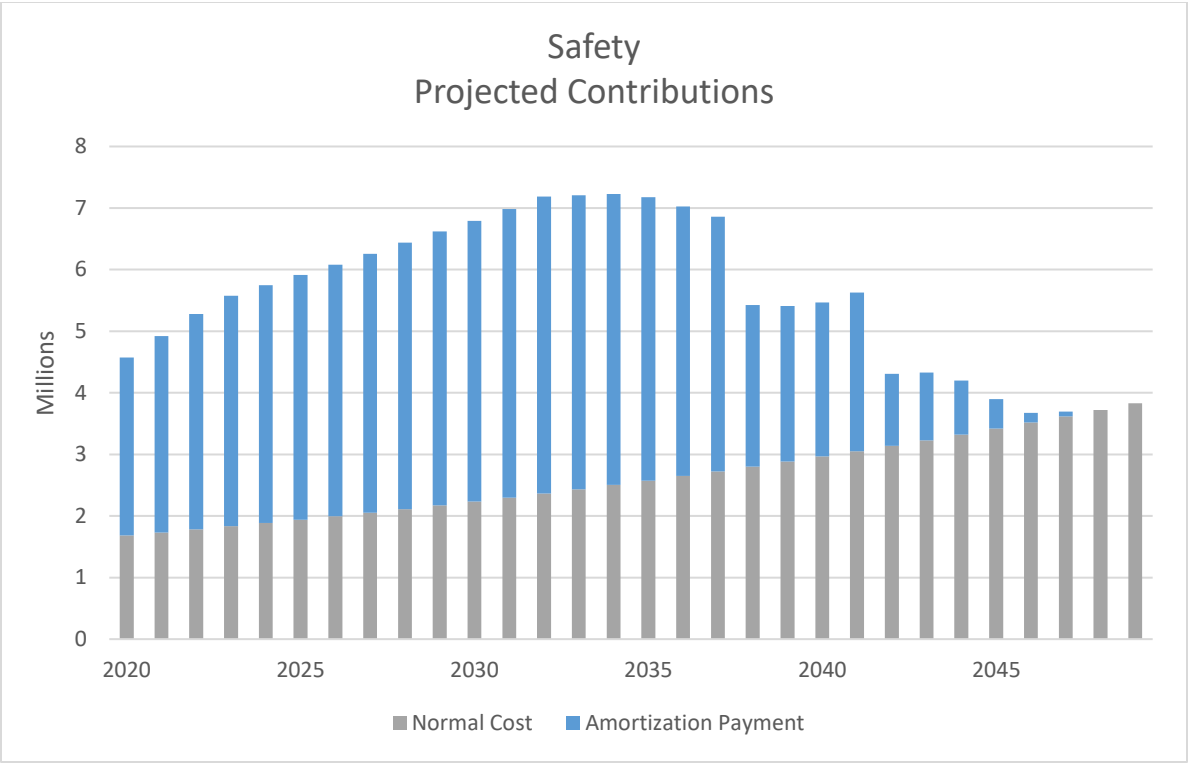
June 30, 2017	Accrued Liability	Market Value of Assets	CalPERS Funded Ratio	Pension Trust Balance @ 6/30/2018	Trust Funded Ratio	Total Funded Ratio	Other Funding Strategies
Atherton	59,576,977	43,838,628	73.6%		0.0%	73.6%	Effective 2018/19, sworn personnel picking up 3% and non-sworn picking up 1% of the Town's employer contribution.
Belmont	122,428,657	87,166,315	71.2%		0.0%	71.2%	Belmont is exploring amortizing past pension and Other Post Employment Benefit (OPEB) obligations.
Brisbane	79,406,560	59,008,591	74.3%	114,033	0.1%	74.5%	Brisbane issued two Pension Obligation Bonds towards CalPERS "Side Fund", 2006 and 2013. The City made initial contributions to PARS Trust and plans to contribute a portion of operating surplus in the upcoming budget.
Burlingame	232,202,658	168,473,820	72.6%	4,812,041	2.1%	74.6%	<p>Currently, the City of Burlingame's pension funding strategy is to pay its annual required amounts and use a 115 trust to set aside fundings for future pension contributions. Beginning with fiscal year 2017-18, the City budgets its pension costs at a higher threshold rate - a "target" budget rate at 37.7% and 76.9% for Misc. and Safety plans, respectively. The City pays CalPERS each fiscal year at the required rate, and contributes the extra to a 115 trust account. In the future, when the CalPERS required rate exceeds the "target" rate, the trust can be drawn on to supplement pension contributions.</p> <p>In Sept. 2017, the City set up a 115 trust for pension prefunding. The City made an initial contribution of \$3.7 million to the trust account in October 2017, and another \$1 million in March 2018 with analysis presented as part of the City's 2017-18 Mid-Year Budget Review Report. In August 2018, Burlingame contributed \$3.4 Million to the 115 trust according to the 2018/19 operating budget, bringing the total trust fund balance to \$8.3 million as of 8/31/2018.</p> <p>We understand the 115 trust is only a budget stabilization vehicle, and these set aside funds do not change the city's unfunded liability. The City is continually examining its options to fund its pension obligations, and a presentation to the City Council is scheduled on 10/15/2018 for an update on the city's pension liabilities, and review of options available for pre-funding pension obligations.</p>
Colma	38,992,398	28,792,778	73.8%	29,000	0.1%	73.9%	Colma is conducting a second the unfunded liability strategy study on the 10/10/2018 City Council meeting. One of the four pension funding scenario being consider is making one-time contribution to CalPERS (\$1.0 million) in 2018-19, set aside additional \$1.0 million into PARS Trust and making additional annual contribution to PARS Trust beginning in 2019-20 based on either a 6.0% or 6.5%. The Town is using Govinvest to estimate the annual contribution requirements at the lower discount rate.
Daly City	621,980,442	468,455,287	75.3%		0.0%	75.3%	Daly City issued pension obligation bond in 2004 and participated in Pension Trust in April 2017. The City plans to use Prior year surpluses of revenues over expenditures to reduce unfunded liabilities for pension or other post-employment benefits.
East Palo Alto	40,555,487	30,199,331	74.5%		0.0%	74.5%	East Palo Alto plans to implement funding strategies for CalPERS pension liabilities in 2018-19. The City had received reports from Bartel Associates and is in the process of updating its reserves policy to address pension liabilities.
Foster City	241,575,064	166,464,619	68.9%		0.0%	68.9%	Foster City has made a \$2 million transfer to a newly established Discretionary Pension Liability Stabilization Fund to address the City's growing unfunded liabilities. Staff will revisit other strategies with the City Council by January 2019. The City will explore employee cost sharing with its bargaining units at the conclusion of our current MOUs which expires on 6/30/19.
Half Moon Bay	38,785,807	28,217,532	72.8%		0.0%	72.8%	Half Moon Bay made a \$945,000 transfer from General Fund to a Pension Stabilization (internal service fund) Fund. Estimated Ending Fund Balance of \$1.15 million.
Hillsborough	97,288,101	72,152,085	74.2%		0.0%	74.2%	Hillsborough has been looking in funding strategies and is currently looking into participating in a 115 Trust.
Menlo Park	219,189,765	164,659,584	75.1%		0.0%	75.1%	Menlo Park maintains committed fund balances for use in the event of an economic downturn, emergency, and to offset impacts of changes in pension costs. The total committed fund balance as of 6/30/2019 is \$21.91 million. Menlo Park also has cost-sharing agreements where non-sworn personnel paying 50 percent of all increased City cost going forward and sworn personnel make a contribution that reduces the City's pension rate for sworn personnel by 3 percent of payroll. The City is currently exploring options to reduce the impact of pension costs on future year budgets. One option includes continuing the City's policy of assigning 25 percent of the General Fund operating budget surplus to the City's Strategic Pension Funding reserve.
Millbrae	156,612,911	109,462,915	69.9%		0.0%	69.9%	Millbrae has made contributions to a \$ 115 Trust, which can be drawn upon when actual required rates exceed a threshold contribution rate. An additional \$3.4 million will be set aside in the trust for this purpose in fiscal year 2018-19. The City also issued an pension obligation bond in 2006.
Pacifica	209,082,363	162,020,719	77.5%		0.0%	77.5%	Pacifica in the process of developing a long-term strategy to address pension liabilities and other City needs.
Portola Valley	6,853,855	6,159,845	89.9%		0.0%	89.9%	Portola Valley has a reserve balance of \$523,840 designated for Unfunded Pension Liability Assignment.
Redwood City	694,044,243	452,012,685	65.1%	10,497,444	1.5%	66.6%	Redwood City made additional contributions to Section 115 trust, CERBT Trust. The City plans to make payment to CalPERS with any excess annual surplus above 15% reserve.
San Bruno	292,165,982	205,937,134	70.5%		0.0%	70.5%	San Bruno is looking into funding strategies to address pension liabilities and other city needs.
San Carlos	122,663,683	82,362,547	67.1%		0.0%	67.1%	San Carlos made one time pay-down of \$5m in April 2018. The City designed an unfunded liability reserve but it is not a Section 115 trust. The City will discuss with new Council in the coming year to formalized the program.
San Mateo	636,202,560	420,591,109	66.1%		0.0%	66.1%	San Mateo has made additional contribution to CalPERS in 2016-17 (\$1.38 million) and 2017-18 (\$1.40 million). The City plans to make and additional \$1.63 million in 2018-19, \$1.50 in 2019-20, and 1.38 million per year thereafter. The City dedicated Excess ERAF revenues towards pension liabilities.
South San Francisco	535,360,124	357,804,062	66.8%		0.0%	66.8%	South San Francisco committed \$4.5M in an Internal Service Fund is designated for CalPERS Stabilization.
Woodside	13,022,897	9,569,960	73.5%		0.0%	73.5%	Woodside is looking into funding strategies to address pension liabilities and other city needs.

Miscellaneous Projected Contributions



Miscellaneous Amortization Payment Comparison







DATE: January 22, 2019

TO: President and Members of the Estero Municipal Improvement District (EMID) Board of Directors

VIA: Jeff Moneda, District Manager

FROM: Edmund Suen, Finance Director
Jean Savaree, City Attorney
Kai Ruess, Deputy City Attorney

SUBJECT: AGREEMENTS WITH JONES HALL, A PROFESSIONAL LAW CORPORATION FOR BOND COUNSEL SERVICES, KITAHATA & COMPANY AND WILLIAM EUPHRAT MUNICIPAL FINANCE, INC. FOR FINANCIAL ADVISOR'S SERVICES, AND SCHIFF HARDIN LLP FOR DISCLOSURE SERVICES, IN CONNECTION WITH THE ISSUANCE OF REVENUE BONDS FOR THE WASTEWATER TREATMENT PLANT PROJECT AND FINANCING PLAN UPDATE

RECOMMENDATION

It is recommended that the Estero Municipal Improvement District ("District") Board of Directors approve a resolution authorizing the execution of a professional services contract with Jones Hall, a professional law corporation for bond counsel services, with Kitahata & Company and William Euphrat Municipal Finance, Inc. to act as financial advisors, and with Schiff Hardin LLP to act as disclosure counsel, in connection with the issuance of revenue bonds for the Wastewater Treatment Plant Project.

BACKGROUND AND ANALYSIS

The District and the City of San Mateo ("San Mateo") are co-owners of the Wastewater Treatment Plant (the "WWTP"), which is operated by the City of San Mateo. Ownership and operation are governed pursuant to an operating joint exercise of powers agreement, originally executed in 1974, and amended several times since then. The agreement was most recently amended in April of 2017 and is currently titled, "Joint

Powers Agreement Between the City of San Mateo and the Estero Municipal Improvement District for Operation of the City of San Mateo Wastewater Treatment Plant and Construction of Capital Improvements Under the Clean Water Program” (hereinafter “Agreement”). Under that Agreement, Exhibit 1, the District’s ownership share of the WWTP is 24.5%.

In 2009, due to the occurrence of sanitary sewer overflows, the Regional Water Quality Control Board issued a Cease and Desist Order mandating the elimination of WWTP waste discharges and requiring San Mateo and the District to take specific actions to correct the conditions which cause sanitary sewer overflows. In order to comply with the 2009 Cease and Desist Order, San Mateo developed a preliminary 10-year Integrated Wastewater Master Plan (Clean Water Program) calling for the improvement and expansion of the WWTP. Current estimated costs are approximately \$626.9 million.

Both the District and San Mateo will be required to obtain financing to complete these improvements. The estimate of the District’s future capital obligations for these improvements is currently estimated to be \$153.6 million. In order to finance these obligations, the District and San Mateo established the Joint Public Financing Authority (JPFA) in February 2016.

Plan of Finance

The financing plan for the WWTP improvements consists of three funding sources: 1) a loan from the United States government under the Water Infrastructure Finance and Innovation Act (WIFIA) loan program administered by the Environmental Protection Agency (EPA); 2) free cash flow produced by the wastewater enterprise; and 3) revenue bonds secured by wastewater enterprise revenues. Because it will take up to a year to complete the process of securing the WIFIA loan, and funds will be needed before then, the first financing will be revenue bonds, which are expected to be sold by the end of FY 2019. The District and San Mateo previously considered and pursued State Water Resources Control Board State Revolving Fund (SRF) loans, but due to the high demand for these limited funds and stringent lending rules associated with SRF loans, this form of loan is unlikely to be available for this project.

WIFIA Loan – The District and San Mateo have been invited to submit a loan application for funding in an aggregate amount not to exceed \$277 million under the WIFIA loan program administered by the EPA. Extension of an invitation to apply is the first step in loan approval, which is expected to be forthcoming. The WIFIA loan is expected to finance approximately \$63.5 million of the District’s projected \$153.6 million WWTP project cost. The balance is expected to be financed by cash and revenue bonds.

Cash – Pay-as-you-go financing, which carries no interest charge, is the least expensive way to finance capital projects. The District’s municipal advisors have developed a cash flow and debt financing financial projection model to estimate the optimal combination of WIFIA loans, revenue bonds, and cash for this project. Free cash flow not necessary for reserves and collection system capital costs will be applied to WWTP capital costs. This amount is expected to be approximately \$33.5 million. Free cash flow is expected to be sufficient to fund all of the District’s collection system capital costs.

Revenue Bonds – Revenue bonds will be sold by the JPFA to finance the balance of the District’s WWTP capital obligation, which is expected to be approximately \$56.6 million. Revenue bonds will be sold periodically as needed over the next 8 years. The first revenue bond sale is expected to take place by the end of FY 2019. The bonds will be sold by the JPFA which will lend a portion of the bond proceeds to the District.

PROFESSIONAL SERVICES

Special services are necessary to conduct a bond sale. The three proposed professional service agreements will be entered into between each service provider, the JPFA, San Mateo, and the District.

Jones Hall – Bond Counsel – Bond counsel prepares the basic legal documents specifying the terms of the bonds and the obligations of the borrower, provides an opinion of tax exemption, and prepares the certificates and other documents necessary to close the bond issue. District and San Mateo staff selected Jones Hall to serve as bond counsel. This firm has provided bond counsel services to San Mateo since 2014. Bond counsel will also assist the District and San Mateo with documenting loan terms with the EPA for the WIFIA loans. The contract for these legal services is attached. The contract provides that the District, San Mateo, and the JPFA are all parties. A resolution approving the contract with Jones Hall is attached for the District's review and approval.

Kitahata & Company and William Euphrat Municipal Finance, Inc. – Municipal Advisors – The District selected the firms of Kitahata & Company and William Euphrat Municipal Finance, Inc. in 2016 to serve as municipal advisors to the District for this project. The agreements with the municipal advisors expired in August 2018. That agreement is now proposed to be replaced by the attached agreement (Attachment 3) between the consultant, the JPFA, District, and San Mateo. The agreement would apply to bonds and private placements (such as WIFIA loans) sold by the JPFA.

Schiff Hardin LLP – Disclosure Counsel – Disclosure counsel prepares the primary disclosure document, which is the official statement provided to prospective bond purchasers. The District and San Mateo staff selected Schiff Hardin LLP to serve as disclosure counsel. A contract for Schiff Hardin LLP is attached for the Board’s review

and approval.

FISCAL IMPACT

The agreements with Jones Hall, bond counsel, Schiff Hardin LLP, disclosure counsel, and Kitahata & Company and William Euphrat Municipal Finance, Inc., the municipal advisors, are non-contingent and obligate the District, San Mateo, and/or the JPFA to pay for services rendered regardless of a successful bond sale. The District and San Mateo have agreed to split the costs associated with these agreements and the District's share for each service is shown below:

Bond Counsel	\$50,000
Disclosure Counsel	\$32,500
Municipal Advisors	
First Bond Sale	\$37,500
Subsequent Bond Sales	\$32,500
Private Placements (WIFIA loans)	\$25,000

In addition, the District is obligated to pay to Bond Counsel 40% (San Mateo the remaining 60%) of all direct out-of-pocket expenses for travel outside the State of California (if any), messenger and delivery service, photocopying, closing costs, legal publication expenses and other costs and expenses incurred by Bond Counsel in connection with their services. The District is also obligated to pay for its 50% share of out-of-pocket expenses for third-party providers (such as experts, consultants, and other service providers) that are requested by the JPFA and that the Disclosure Counsel advances on the JPFA's behalf.

Attachments:

- Attachment 1 - EMID Resolution
- Attachment 2 - Bond Counsel Agreement
- Attachment 3 - Municipal Advisors Agreement
- Attachment 4 - Disclosure Counsel Agreement

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESTERO MUNICIPAL IMPROVEMENT DISTRICT APPROVING AGREEMENTS WITH JONES HALL, A PROFESSIONAL LAW CORPORATION FOR BOND COUNSEL SERVICES, KITAHATA & COMPANY AND WILLIAM EUPHRAT MUNICIPAL FINANCE, INC. FOR FINANCIAL ADVISOR'S SERVICES, AND SCHIFF HARDIN LLP FOR DISCLOSURE SERVICES, IN CONNECTION WITH THE ISSUANCE OF REVENUE BONDS FOR THE WASTEWATER TREATMENT PLANT PROJECT AND FINANCING PLAN UPDATE

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

WHEREAS, the Estero Municipal Improvement District (the "District") and the City of San Mateo (the "City," and together with the District, the "Members") previously entered into that certain Joint Powers Agreement Between the City of San Mateo and the Estero Municipal Improvement District for Operation of the City of San Mateo Wastewater Treatment Plant and Construction of Capital Improvements Under the Clean Water Program, dated April, 2017 (as it may be amended from time to time hereafter, the "Construction/Operation JPA Agreement"); and

WHEREAS, pursuant to the Construction/Operation JPA Agreement, the District and the City jointly own certain wastewater treatment, conveyance and disposal facilities from the point of entry of the influent sewage lines into the City of San Mateo Wastewater Treatment Plant (the "Treatment Plant") to the effluent outfall point in the San Francisco Bay, including associated buildings that are used for treatment of wastewater to comply with regulatory requirements (referred to as the "Jointly Owned Facilities" in the Construction/Operation JPA Agreement); and

WHEREAS, the sanitary sewer collection and conveyance systems independently owned by the City and the District that deliver sewage to the Treatment Plant are not Jointly Owned Facilities and are not subject to the Construction/Operation JPA Agreement; and

WHEREAS, Section 6.5 of the Construction/Operation JPA Agreement provides that the City and the District may enter into an agreement to provide sewer services to areas outside of their respective service boundaries as long as such agreement does not cause the City or the District to exceed its "Purchased Capacity" (as defined in the Construction/Operation JPA Agreement). The City has entered into that certain Sanitary Sewage Agreement Between the Town of Hillsborough, City of San Mateo, Crystal Springs County Sanitation District, and the County of San Mateo, dated July 18, 1989 (as it may be amended from time to time, the "Additional Capacity Use Agreement"; the Town of Hillsborough, the Crystal Springs County Sanitation District, and the County of San Mateo, are referred to as the "Additional Capacity Users"); and

WHEREAS, in order to provide a mechanism by which (i) the improvement of the Jointly Owned Facilities could be jointly financed and each of the City and the District would be solely responsible for its share of the costs, (ii) each of the City and the District could finance the costs of its own collection and transmission system and (iii) each of the Additional Capacity Users could finance a share of the capital costs attributable to its use of the Jointly Owned Facilities and its own collection and transmissions system, the Members entered into a Joint Exercise of Powers Agreement dated as of February 29, 2016 (the “Joint Powers Agreement”), under which the San Mateo-Foster City Public Financing Authority (the “Authority”) has been organized as a joint powers authority which is a public entity separate and apart from the Members; and

WHEREAS, the Members are undertaking capital improvements to the Jointly Owned Facilities (the “Clean Water Program”) in compliance with (i) Cease and Desist Order No. R2-2009-0020, (ii) the National Pollution Discharge Elimination System (“NPDES”) permit for the Jointly Owned Facilities and (iii) Integrated Wastewater Master Plan dated October 2014 prepared by Carollo Engineers and the 2015 validation Studies conducted by CH2M); and

WHEREAS, for the purpose of financing and refinancing the Clean Water Program, the City previously entered into a Revolving Credit Agreement, dated as of June 1, 2016 (the “Revolving Credit Agreement”), with State Street Lending Corporation (“State Street”), and received advances of funds to finance the Clean Water Program (the “State Street Advances”); and

WHEREAS, the Members asked the Authority to provide financing for the Clean Water Program; and

WHEREAS, the City also asked the Authority to provide financing for improvements to the City’s collection and transmission system (the “San Mateo Project” and together with the Clean Water Program, the “Project”); and

WHEREAS, in order to provide funding for the Project, including repaying the State Street Advances along with accrued interest thereon and reimbursing capital expenditures made by the District and the City related to the Project, the Authority expects to issue revenue bonds (the “2019 Bonds”) under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California; and

WHEREAS, the Members have agreed that (i) the District and the City will share the cost of issuing the 2019 Bonds, (ii) the District will be responsible for paying the portion of the debt service on the 2019 Bonds that is attributable to its share of the costs of the Clean Water Program and (iii) the City will be responsible for paying (A) the portion of the debt service on the 2019 Bonds that is attributable to its share of the costs of the Clean Water Program and (B) the portion of the debt service on the 2019 Bonds that is attributable to the costs of the San Mateo Project; and

WHEREAS, the Board of Directors desires to approve agreements with firms providing bond counsel, disclosure counsel and municipal advisory services related to the 2019 Bonds, in furtherance of the public purposes of the District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Estero Municipal Improvement District, as follows:

Approval of Agreement. The Board of Directors hereby approves:

- (i) An agreement for bond counsel services with Jones Hall, a Professional Law Corporation for \$125,000, plus all direct out-of-pocket expenses for travel outside the State of California (if any), messenger and delivery service, photocopying, closing costs, legal publication expenses and other costs and expenses incurred by Bond Counsel in connection with their services, with costs shared at 40% for the District and 60% for the City;
- (ii) An agreement for disclosure counsel services with Schiff Hardin LLP for \$65,000 plus out-of-pocket expenses for third-party providers (such as experts, consultants, and other service providers) that are requested by the Authority and that the disclosure counsel advances on the Authority's behalf, with costs shared equally between the District and City; and
- (iii) An agreement with Kitahata & Company and William Euphrat Municipal Finance, Inc. as joint consultants for municipal advisory services for \$75,000 for the 1st bond sale, \$65,000 for subsequent bond sales, and \$50,000 for private placements (WIFIA loans), with costs share equally between the District and City.

The President, or in his or her absence the Vice-President, or the written designee of either of them, acting alone (each, a "Designated Officer") is hereby authorized and directed to execute the Agreements for and on behalf of the District.

PASSED AND ADOPTED as a resolution of the Board of Directors of the Estero Municipal Improvement District at a regular meeting held on the 22nd day of January, 2019, by following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SAM HINDI, PRESIDENT

ATTEST:

PRISCILLA TAM, DISTRICT SECRETARY

AGREEMENT FOR LEGAL SERVICES

AMONG THE CITY OF SAN MATEO, THE ESTERO MUNICIPAL IMPROVEMENT DISTRICT, THE SAN MATEO-FOSTER CITY PUBLIC FINANCING AUTHORITY AND JONES HALL, A PROFESSIONAL LAW CORPORATION, FOR BOND COUNSEL SERVICES IN CONNECTION WITH THE ISSUANCE OF REVENUE BONDS

This AGREEMENT FOR LEGAL SERVICES is entered into this 11th day of January, 2019, among the SAN MATEO-FOSTER CITY PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority ("Authority"), the CITY OF SAN MATEO ("City"), a municipal corporation and charter city, the ESTERO MUNICIPAL IMPROVEMENT DISTRICT, a political subdivision of the State of California (the "District"), and JONES HALL, A PROFESSIONAL LAW CORPORATION ("Attorneys"). Together, the Authority, the City and the District are referred to as the "Clients."

RECITALS:

A. The City and the District previously entered into that certain Joint Powers Agreement Between the City of San Mateo and the Estero Municipal Improvement District for Operation of the City of San Mateo Wastewater Treatment Plant and Construction of Capital Improvements Under the Clean Water Program, dated April 17, 2017 (as it may be amended from time to time hereafter, the "Construction/Operation JPA Agreement"). Capitalized terms used in these recitals but not defined have the meaning given them in the Construction/Operation JPA Agreement.

B. Pursuant to the Construction/Operation JPA Agreement, the District and the City jointly own certain wastewater treatment, conveyance and disposal facilities from the point of entry of the influent sewage lines into the City of San Mateo Wastewater Treatment Plant (the "Treatment Plant") to the effluent outfall point in the San Francisco Bay, including associated buildings that are used for treatment of wastewater to comply with regulatory requirements (referred to as the "Jointly Owned Facilities" in the Construction/Operation JPA Agreement). The sanitary sewer collection and conveyance systems independently owned by the City and the District that deliver sewage to the Treatment Plant are not Jointly Owned Facilities and are not subject to the Construction/Operation JPA Agreement.

C. Section 6.5 of the Construction/Operation JPA Agreement provides that the City and the District may enter into an agreement to provide sewer services to areas outside of their respective service boundaries as long as such agreement does not cause the City or the District to exceed its "Purchased Capacity" (as defined in the Construction/Operation JPA Agreement). The City has entered into that certain Sanitary Sewage Agreement Between the Town of Hillsborough, City of San Mateo, Crystal Springs County Sanitation District, and the County of San Mateo, dated July 18, 1989 (as it may be amended from time to time, the "Additional Capacity Use Agreement"; the Town of Hillsborough, the Crystal Springs County Sanitation District, and the County of San Mateo, are referred to as the "Additional Capacity Users").

D. In order to provide a mechanism by which (i) the Jointly Owned Facilities could be jointly financed and each of the City and the District would be solely responsible for its share of the costs, (ii) each of the City and the District could finance the costs of its own collection and

transmission system and (iii) each of the Additional Capacity Users that are members of the Authority could finance a share of the capital costs attributable to its use of the Jointly Owned Facilities and its own collection and transmissions system, the City and the District (together, the “Members”) entered into a Joint Exercise of Powers Agreement dated as of February 29, 2016 (the “Joint Powers Agreement”), under which the Authority has been organized as a joint powers authority which is a public entity separate and apart from the Members.

E. The Members are undertaking capital improvements to the Jointly Owned Facilities (the “Clean Water Program”) in compliance with (i) Cease and Desist Order No. R2-2009-0020, (ii) the National Pollution Discharge Elimination System (“NPDES”) permit for the Jointly Owned Facilities and (iii) the current master plan for the Jointly Owned Facilities (which consists of a draft Integrated Wastewater 20-Year Master Plan dated October 2014 prepared by Carollo Engineers and a 2015 Validation Study Report dated December 2015 prepared by CH2M).

F. The Clients wish to provide for issuance by the Authority of revenue bonds, in one or more series (the “Bonds”), as described in a supplement to this Agreement (each, a “Supplement”). Each Supplement shall be substantially in the form attached hereto as Exhibit A. Each Supplement will be executed by the Authority’s General Counsel and the Treasurer-Auditor-Controller on behalf of the Clients and an authorized representative of Attorneys, and shall describe the scope of services and the nature of Attorneys’ compensation. Unless otherwise set forth in a Supplement, each Supplement shall be deemed to incorporate the terms of this Agreement.

G. In order to issue and sell the Bonds, the Clients require the services of nationally recognized bond counsel.

A G R E E M E N T :

In consideration of the foregoing and the mutual covenants contained in this Agreement, the Clients and Attorneys agree as follows:

Section 1. Attorney-Client Relationship. With respect to any matter described in a Supplement, the Clients will be Attorney’s client and an attorney-client relationship will exist between the Clients and Attorneys. Attorneys assume that all other parties will retain such counsel, as they deem necessary and appropriate to represent their interests in this transaction. Attorneys further assume that all other parties understand that in this transaction Attorneys represent only the Clients, Attorneys are not counsel to any other party, and Attorneys are not acting as an intermediary among the parties. Attorneys’ services as bond counsel are limited to those contracted for in this Agreement; the Clients’ execution of this Agreement will constitute an acknowledgment of those limitations. Attorneys’ representation of the Clients will not affect, however, Attorneys’ responsibility to render an objective Bond Opinion.

Section 2. Scope of Engagement. Unless otherwise described in a Supplement, Attorneys shall perform all of the following services as bond counsel in connection with the issuance and sale of a series of Bonds described in a Supplement:

- a. Consultation and cooperation with Clients and Clients’ staffs to assist in the formulation of a coordinated financial and legal issuance of the Bonds.
- b. Preparation of all legal proceedings for the authorization, issuance and delivery of the Bonds by the Clients; including (a) preparation of resolutions

of the governing boards of the Clients authorizing the issuance and sale of the Bonds and approving related documents and actions, (b) preparation of all financing documents, including an indenture of trust and financing agreements to be executed by the City, the District and the Additional Capacity Users, as applicable, (c) preparation of all documents required for the closing of the issue, (d) supervising the closing, and (e) preparation of all other proceedings incidental to or in connection with the issuance and sale of the Bonds.

- c. Advising the Clients, from the time Attorneys are hired as Bond Counsel until the Bonds are issued or the proposed refinancing terminates, as to compliance with federal tax law as required to ensure that interest on the Bonds that are structured as tax-exempt bonds is exempt from federal income taxation.
- d. Upon completion of proceedings to Attorneys' satisfaction, providing a legal opinion (the "Bond Opinion") approving the validity and enforceability of the proceedings for the authorization, issuance and delivery of the Bonds, and stating that interest on the Bonds is (a) for a tax-exempt series only, excluded from gross income for purposes of federal income taxes and (b) exempt from California personal income taxation. The Bond Opinion will be addressed to the Authority, and may also be addressed to the underwriter of the Bonds and other participants in the financing.
- e. Review those sections of the official statement or other form of offering or disclosure document to be disseminated in connection with the sale of the Bonds involving summary descriptions of the Bonds, the legal proceedings leading to the authorization and sale of the Bonds, the legal documents under which the Bonds will be issued, and federal tax law and securities law provisions applicable to the Bonds, as to completeness and accuracy. The Clients have informed Attorneys that they will engage a separate law firm to act as disclosure counsel for the issuance of the Bonds.
- f. Assist the Clients in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds.
- g. Such other and further services as are normally performed by bond counsel in connection with similar financings.

Attorneys' Bond Opinion will be delivered by Attorneys on the date the Bonds described in a Supplement are exchanged for their purchase price (the "Closing").

The Bond Opinion will be based on facts and law existing as of its date, will cover certain matters not directly addressed by such authorities, and will represent Attorneys' judgment as to the proper treatment of the Bonds for federal income tax purposes. Attorneys' opinion is not binding on the Internal Revenue Service ("IRS") or the courts. Attorneys cannot and will not give any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986 (the "Code"), the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Clients acknowledge that future legislation, if enacted into law, or clarification

of the Code may cause interest on the Bonds that are structured as tax-exempt bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds that are structured as tax-exempt bonds. Attorneys will express no opinion regarding any pending or proposed federal tax legislation.

In rendering the Bond Opinion, Attorneys will rely upon the certified proceedings and other certifications of public officials and other persons furnished to Attorneys without undertaking to verify the same by independent investigation, and Attorneys will assume continuing compliance by the Clients with applicable laws relating to the Bonds.

Section 3. Excluded Services. Unless otherwise set forth in a Supplement or another amendment of this Agreement, Attorneys' duties in this engagement are limited to those expressly set forth above in Section 2. Among other things, our duties do not include:

- a. Except as described above, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- b. Preparing requests for tax rulings from the Internal Revenue Service, or "no-action" letters from the Securities and Exchange Commission.
- c. Preparing blue sky or investment surveys with respect to the Bonds.
- d. Except as described above, drafting state constitutional or legislative amendments.
- e. Pursuing test cases or other litigation, such as contested validation proceedings, except as set forth above.
- f. Making an investigation or expressing any view as to the creditworthiness of the Clients or the Bonds.
- g. Except as described above, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- h. Representing the Clients in Internal Revenue Service examinations, audits or inquiries, or Securities and Exchange Commission investigations.
- i. After Closing, unless specifically requested to do so by Clients, and agreed to by Attorneys, providing continuing advice to the Clients or any other party concerning any actions that need to be taken regarding the Bonds that are structured as tax-exempt bonds; e.g., actions necessary to assure that

interest paid on the Bonds that are structured as tax-exempt bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds that are structured as tax-exempt bonds).

- j. Reviewing or opining on the business terms of, validity, or federal tax consequences of any investment agreement that the Clients may choose as an investment vehicle for the proceeds of the Bonds, unless the Clients and Attorneys agree on the terms of such review and compensation for such review.
- k. Reviewing or opining on the business terms of, validity, or federal tax consequences of any derivative financial products, such as an interest rate swap agreement, that the Clients may choose to enter into in connection with the issuance of the Bonds, unless the Clients and Attorneys agree on the terms of such review and compensation for such review.
- l. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

Section 4. Conflicts; Prospective Consent.

(a) Potential Conflict with Other Parties. Attorneys represent many political subdivisions, investment banking firms and financial advisory firms. It is possible that during the time that Attorneys are representing the Clients, one or more of Attorneys' present or future clients will have transactions with the Clients. It is also possible that Attorneys may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. Attorneys do not believe such representation, if it occurs, will adversely affect Attorneys' ability to represent you as provided in this Agreement, either because such matters will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Execution of this Agreement will signify the Clients' consent to Attorneys' representation of others consistent with the circumstances described in this paragraph.

(b) Potential Conflict Between the City and the Authority.

California Rule of Professional Conduct 3.10(C) provides in relevant part as follows:

A member [of the State Bar] shall not, without the informed written consent of each client:

(1) Accept representation of more than one client in a matter in which the interests of the clients potentially conflict; or

(2) Accept or continue representation of more than one client in a matter in which the interests of the clients actually conflict; or

(3) Represent a client in a matter and at the same time in a separate matter accept as a client a person or entity whose interest in the first matter is adverse to the client in the first matter.

Rule 3-310(E) also provides:

A member shall not, without the informed written consent of the client or former client, accept employment adverse to the client or former client where, by reason of the representation of the client or former client, the member has obtained confidential information material to the employment.

Attorneys hereby request Clients' written consent to waive any and all actual and/or potential conflicts of interest in Attorneys' representation of the Clients in connection with the Bonds. Although we may represent the City, the District or the Authority as bond counsel or disclosure counsel on other public financing transactions, we cannot and will not represent either the City, the District or the Authority in a claim against one or more of the others. Execution of this Agreement will signify the Clients' waiver of any and all actual and/or potential conflicts of interest in our representation of the Clients in connection with the Bonds.

By waiving any conflicts of interest, Clients acknowledge and agree that any confidential communications with respect to these matters that the City, the District or the Authority has made or may make in the future to Attorneys may be shared with the other parties. However, the privilege against disclosure of attorney-client communications will continue to exist with reference to any third parties. We would like to emphasize that the waiver of the attorney-client privilege described in this paragraph must be entirely voluntary on your part. Execution of this Agreement will signify the Clients' waiver of the attorney-client privilege as described in this paragraph.

Section 5. Compensation. Clients and Attorneys will enter into a separate Supplement for each series of Bonds covered by this Agreement, and the compensation to be paid to Attorneys shall be described therein.

Section 6. Responsibilities of the Clients.

(a) General. The Clients will cooperate with Attorneys and furnish Attorneys with certified copies of all proceedings taken by the Clients, or otherwise deemed necessary by Attorneys to render an opinion upon the validity of the proceedings. During the course of this engagement, Attorneys will rely on Clients to provide Attorneys with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. Attorneys are not responsible for costs and expenses incurred incidental to the actual issuance and delivery of the Bonds, including the cost of preparing certified copies of proceedings required by Attorneys in connection with the issuance of the Bonds, and printing and publication costs.

(b) Federal Tax Law-Related Responsibilities. The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds that are structured as tax-exempt bonds. As a condition of Attorneys issuing their opinion, you will be required to make certain representations and covenants to comply with certain restrictions designed to insure that interest on the Bonds that are structured as tax-exempt bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds that are structured as tax-exempt bonds being included in gross income for

federal income tax purposes, possibly from the date of original issuance of the Bonds that are structured as tax-exempt bonds. Attorneys' opinion will assume the accuracy of these representations and compliance with these covenants. Attorneys will not undertake to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds that are structured as tax-exempt bonds may adversely affect the value of, or the tax status of interest on, the Bonds that are structured as tax-exempt bonds. In this regard, Clients agree to familiarize themselves with the relevant requirements and restrictions necessary for the Bonds that are structured as tax-exempt bonds to qualify for exemption from federal income taxation and to exercise due diligence both before and after issuance of the Bonds in complying with these requirements.

Section 7. Independent Contractor. In performing the services required under this Agreement, Attorneys will act as an independent contractor as defined in Labor Code Section 3353 under control of the Clients as to the result of the work but not the means by which the result is accomplished, and under no circumstances shall Attorneys be considered an agent, partner, or employee of the Clients.

Section 8. Assignment. Attorneys may not assign their rights or delegate their obligations under this Agreement, in whole or in part, except with the prior written consent of the Clients.

Section 9. Termination of Agreement.

- a. Termination by Client. This Agreement, or an engagement described in a Supplement, may be terminated at any time by the Clients with or without cause upon written notice to Attorneys.
- b. Termination by Attorneys. This Agreement, or an engagement described in a Supplement, may be terminated by Attorneys upon 15 days' written notice to Clients if Clients fail to follow written legal advice given by Attorneys.
- c. Termination According to a Supplement. The engagement relating to an engagement described in a Supplement shall terminate as set forth in such Supplement.
- d. Consequences of Termination. In the event of termination of an engagement described in a Supplement, all finished and unfinished documents shall at the option of the Client become its property and shall be delivered to the Client by Attorneys. The Clients shall pay Attorneys for all services satisfactorily performed in accordance with a Supplement, up to the date notice is given.

Section 10. Ownership of Documents. All documents prepared by the Attorneys in the performance of this Agreement, although instruments of professional service, are and shall be the property of the Clients, whether the project for which they are made is executed or not.

Section 11. Indemnity. Attorneys shall indemnify and hold harmless Clients from and against any and all losses, claims, demands, damages, liabilities, actions, judgments and awards (collectively, "Claims") sustained by Clients that are determined in a final, binding judgment against Attorneys by a court of competent jurisdiction to have proximately resulted from professional negligence of Attorneys in connection with its performance of legal services under this Agreement. Nothing in this Section 11 shall obligate Attorneys to pay or reimburse Clients for any damages, legal costs or expenses incurred, including attorneys' fees, unless Attorneys are

adjudicated liable for such damages, legal costs or expenses incurred, including attorneys' fees, in such a final judgment.

Section 12. Insurance. Attorneys shall procure and maintain for the duration of the Agreement and three years thereafter (five years for building or major improvements) the insurance specified in Exhibit B to this Agreement.

Section 13. Reliance Upon Professional Skill of Attorneys. It is mutually understood and agreed by and between the parties hereto that Attorneys are skilled in the professional calling necessary to perform the work agreed to be done under this Agreement and that Clients rely upon the skill of Attorneys to do and perform the work in the most skillful manner, and Attorneys agree to thus perform the work. The acceptance of Attorneys' work by Clients does not operate as a release of Attorneys from said obligation.

Section 14. Waivers. The waiver by either party of any breach or violation of any term, covenant, or condition of this Agreement or of any provisions of any ordinance or law shall not be deemed to be a waiver of such term, covenant, condition, ordinance or law or of any subsequent breach or violation of the same or of any other term, covenant, condition, ordinance or law or of any subsequent breach or violation of the same or of any other term, condition, ordinance, or law. The subsequent acceptance by either party of any fee or other money which may become due hereunder shall not be deemed to be a waiver of any preceding breach or violation by the other party of any term, covenant, or condition of this Agreement or of any applicable law or ordinance.

Section 15. Attorneys' Fees. Attorney fees in total amount not exceeding \$50,000 shall be recoverable as costs (by the filing of a cost bill) by the prevailing party in any action or actions to enforce the provisions of this Agreement. The \$50,000 limit is the total of attorney fees recoverable whether in the trial court, appellate court, or otherwise, and regardless of the number of attorneys, trials, appeals, or actions. It is the intent of this Agreement that neither party shall have to pay the other more than \$50,000 for attorney fees arising out of an action, or actions to enforce the provisions of this Agreement.

Section 16. Non-Discrimination. Attorneys warrant that they are an Equal Opportunity Employer and shall comply with applicable regulations governing equal employment opportunity. Neither Attorneys nor any of their subcontractors shall discriminate in the employment of any person because of race, color, national origin, ancestry, physical handicap, medical condition, marital status, sex, or age, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment and Housing Act.

Section 17. Mediation. Should any dispute arise out of this Agreement, any party may request that it be submitted to mediation. The parties shall meet in mediation within 30 days of a request. The mediator shall be agreed to by the mediating parties; in the absence of an agreement, the parties shall each submit one name from mediators listed by either the American Arbitration Association, the State Mediation and Conciliation Service, or other agreed-upon service. The mediator shall be selected by a blind draw.

The cost of mediation shall be borne equally by the parties. Neither party shall be deemed the prevailing party. No party shall be permitted to file a legal action without first meeting in mediation and making a good faith attempt to reach a mediated settlement. The mediation process, once commenced by a meeting with the mediator, shall last until agreement is reached by the parties but not more than 60 days, unless the maximum time is extended by the parties.

Section 18. Testimony. Attorneys shall testify at Clients' request if litigation is brought against Attorneys in connection with providing services to Clients under this Agreement. Unless the action is brought by Attorneys, or is based upon Attorneys' wrongdoing, Clients shall compensate Attorneys for preparation for testimony and travel at Attorneys' standard hourly rates at the time of actual testimony.

Section 19. Notice.

All notices hereunder shall be given in writing and mailed, postage prepaid, addressed as follows:

To City:

City Attorney
City of San Mateo
330 W. 20th Ave.
San Mateo, CA 94403

To District:

City Attorney
City of Foster City
610 Foster City Blvd.
Foster City, CA 94404

To Authority:

General Counsel
Treasurer-Auditor-Controller
San Mateo-Foster City
Public Financing Authority
330 W. 20th Ave.
San Mateo, CA 94403
Attn: Richard Lee

To Attorneys:

Jones Hall, A Professional Law Corporation
Attn: Christopher K. Lynch
475 Sansome Street, Ste. 1700
San Francisco, CA 94111

Section 20. Agreement Contains all Understandings; Amendment. This document, as supplemented from time to time by one or more Supplements, represents the entire and integrated agreement between Attorneys and Clients and supersedes all prior negotiations, representations, and agreements, either written or oral.

This document may be amended only by written instrument, signed by Clients and Attorneys.

Section 21. Severability. If any term or portion of this Agreement is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.

Section 22. Governing Law and Venue. This Agreement shall be governed by the laws of the State of California and, in the event of litigation, venue will be in the County of San Mateo.

Section 23. Counterpart. This Agreement and each Supplement may be executed in several counterparts, each of which shall be original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Clients and Attorneys have executed this Agreement as of the date first above written.

**SAN MATEO-FOSTER CITY PUBLIC
FINANCING AUTHORITY**

By: _____

Its: _____

CITY OF SAN MATEO

By: _____

Its: _____

**ESTERO MUNICIPAL IMPROVEMENT
DISTRICT**

By: _____

Its: _____

**JONES HALL, A PROFESSIONAL LAW
CORPORATION**

Christopher K. Lynch

SUPPLEMENT NO. 1
TO AGREEMENT FOR LEGAL SERVICES
Date: December 1, 2018

Section 1. Effective Date: December 1, 2018

Section 2. Matter Name: San Mateo-Foster City Public Financing Authority 2019 Revenue Bonds (Clean Water Program)

Section 3. Assigned Personnel: Chris Lynch (lead attorney), Temidayo Odusolu (backup attorney), Dave Walton/Earl Carlson (tax matters),

Section 4. Scope of Services.

a. *Scope of Engagement as Bond Counsel*. In connection with the issuance and sale of the bonds described in Section 2 of this Supplement (the "Bonds"), Attorneys shall perform all of the services as bond counsel described in Section 2 of the Agreement for Legal Services dated ____, 2018 (the "Master Agreement"), among the City of San Mateo (the "City"), the Estero Municipal Improvement District (the "District"), the San Mateo-Foster City Public Financing Authority (the "Authority") and Jones Hall, A Professional Law Corporation ("Attorneys"), except as follows:

b. *Excluded Services*. Attorneys' duties in this engagement do not include the excluded services described in Section 3 of the Master Agreement.

Section 5. Compensation.

(a) For the bond counsel services described in Section 4(a), the Client will pay Attorneys a fee equal to \$125,000.

(b) In addition, the Client shall pay to Attorneys all direct out-of-pocket expenses for travel outside the State of California (if any), messenger and delivery service, photocopying, closing costs, legal publication expenses and other costs and expenses incurred by Attorneys in connection with their services hereunder.

(c) Attorneys acknowledge and agree that, as the sole members and primary funding sources for the Authority, the City and the District shall be responsible for payment to Attorneys for all services rendered by Attorneys for this engagement, with the City responsible for payment of sixty percent (60%) of such payments and the District responsible for forty percent (40%) of such payments, and the Authority shall not be responsible for any such payments.

Section 6. Applicability of Master Agreement. Except as set forth in this Supplement, the terms of the Master Agreement shall govern the relationship between Clients and Attorneys described in this Supplement. In the event of any conflict between the Master Agreement and this Supplement, this Supplement shall govern.

Section 7. Termination. The engagement described in this Supplement shall terminate upon the issuance of the Bonds.

IN WITNESS WHEREOF, the General Counsel and the Treasurer-Auditor-Controller of the Authority, on behalf of the Clients, the City Attorney on behalf of the City, the General Counsel on behalf of the District, and Attorneys have executed this Agreement as of the date first above written.

**SAN MATEO-FOSTER CITY PUBLIC
FINANCING AUTHORITY**

By: _____
General Counsel

By: _____
Treasurer-Auditor-Controller

CITY OF SAN MATEO

By: _____
City Attorney

**ESTERO MUNICIPAL IMPROVEMENT
DISTRICT**

By: _____
General Counsel

**JONES HALL, A PROFESSIONAL LAW
CORPORATION**

Christopher K. Lynch

EXHIBIT B
INSURANCE

MINIMUM SCOPE OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an “occurrence” basis, including products-completed operations, personal & advertising injury, with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if CONSULTANT has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers’ Compensation:** as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions):** Insurance appropriate to the CONSULTANT’s profession, with limit no less than **\$1,000,000** per occurrence or claim, **\$2,000,000** aggregate

If Attorneys maintain higher limits than the minimums shown above, the Clients require and shall be entitled to coverage for the higher limits maintained by Attorneys.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

Each of the Clients, its elected and appointed officials, employees, and agents are to be covered as insureds on the auto policy for liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Attorneys; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Attorneys including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Attorneys’ insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, the **Attorneys’ insurance coverage shall be primary** insurance as respects each of the Clients, its elected and appointed officials, employees, and agents. Any insurance or self-insurance maintained by each of the Clients, its elected and appointed officials, employees, or agents shall be excess of the Attorneys’ insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall provide that **coverage shall not be canceled, except after thirty (30) days' prior written notice** (10 days for non-payment) has been given to Clients.

Waiver of Subrogation

Attorneys hereby grant to Clients a waiver of any right to subrogation which any insurer of said Attorneys may acquire against the Clients by virtue of the payment of any loss under such insurance. Attorneys agree to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the Clients have received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by Clients. The Clients may require the Attorneys to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the Clients.

Verification of Coverage

Attorneys shall furnish the Clients with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Clients before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Attorneys' obligation to provide them. The Clients reserve the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

AGREEMENT TO PROVIDE FINANCIAL ADVISORY SERVICES

This Agreement is made and entered into as of January 11, 2019, by and between, on one hand, the San Mateo – Foster City Public Financing Authority, hereinafter called the “AUTHORITY,” the City of San Mateo, hereinafter called the “CITY”, and the Estero Municipal Improvement District, hereinafter called the “DISTRICT” (collectively, the “CLIENTS”), and on the other hand, Kitahata & Company and William Euphrat Municipal Finance, Inc., hereinafter jointly called “CONSULTANT”.

RECITALS

This Agreement is entered into with reference to the following facts and circumstances:

- A. The CITY and the DISTRICT are the sole members of the AUTHORITY, and provide the funding for AUTHORITY activities;
- B. The AUTHORITY desires to engage CONSULTANT to render certain professional services in the AUTHORITY, such services to be funded by the CITY and the DISTRICT;
- C. CONSULTANT is qualified to provide such services to the AUTHORITY; and
- D. The AUTHORITY has elected to engage, and the CITY and the DISTRICT have elected to pay for on behalf of the AUTHORITY, the services of CONSULTANT upon the terms and conditions as hereinafter set forth.

AGREEMENT

1. Services. The services to be performed by CONSULTANT under this Agreement shall include those services set forth in Exhibit A which is, by this reference, incorporated herein and made a part hereof as though it were fully set forth herein.

Performance of the work specified in said Exhibit A is hereby made an obligation of CONSULTANT under this Agreement, subject to any changes that may be made subsequently hereto upon the mutual written agreement of the said parties.

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in Exhibit A.

2. Term; Termination.

- (a) The term of this Agreement shall commence on January 11, 2019 and expire upon completion of performance of services hereunder by CONSULTANT, or on June 20, 2020, whichever occurs first.
- (b) Notwithstanding the provisions of (a) above, either party may terminate this Agreement without cause by giving written notice not less than ten (10) days prior to the effective date of termination, which date shall be included in said notice. In the event of such termination, AUTHORITY shall compensate CONSULTANT for services rendered, and reimburse CONSULTANT for reasonable costs and expenses incurred, to the date of termination, calculated in accordance with the provisions of paragraph 3. In ascertaining the services actually rendered to the date of termination, consideration shall be given both to completed work and work in process of completion. Nothing herein contained shall be deemed a limitation upon the right of AUTHORITY to terminate this Agreement for cause, or otherwise to exercise such rights or pursue such remedies as may accrue to AUTHORITY hereunder.

3. Compensation; Expenses; Payment. On behalf of the AUTHORITY, the CITY and the DISTRICT shall compensate CONSULTANT for all services performed by CONSULTANT hereunder as follows:

First issuance of Revenue Bonds: \$75,000

Subsequent Issuances: \$65,000

WIFIA Loan Closing: \$50,000

CITY shall be responsible for payment of fifty percent (50%) of CONSULTANT's stated compensation, and DISTRICT shall be responsible for payment of fifty percent (50%) of CONSULTANT's stated compensation.

Notwithstanding the foregoing, should the WIFIA loan not be funded, there would be a total municipal advisory fee of \$40,000 paid either through an Authority issuance of revenue bonds or separately. All compensation will be allocated between the two firms jointly called CONSULTANT as determined mutually by those firms.

Notwithstanding the foregoing, the combined total of compensation and reimbursement of costs payable hereunder shall not exceed the sum of One Hundred & Ninety Thousand Dollars (\$190,000.00) unless the performance of services and/or reimbursement of costs and expenses in excess of said amounts have been approved in advance of performing such services or incurring such costs and expenses by AUTHORITY's

Treasurer-Auditor-Controller.

4. Additional Services. In the event AUTHORITY desires the performance of additional services not otherwise included within the services described in Exhibit A, such services shall be authorized in advance of the performance thereof by AUTHORITY's Treasurer-Auditor-Controller
5. Records. CONSULTANT shall keep and maintain accurate records of all pre-approved, reimbursable out of state travel expenses incurred relating to services to be performed by CONSULTANT hereunder. Said records shall be available to AUTHORITY for review and copying during regular business hours at CONSULTANT's place of business or as otherwise agreed upon by the parties.
6. Authorization. This Agreement becomes effective when fully executed by all parties on page 9 below.
7. Reliance on Professional Skill of CONSULTANT. CONSULTANT represents that it has the necessary professional skills to perform the services required and the AUTHORITY shall rely on such skills of the CONSULTANT to do and perform the work. In performing services hereunder CONSULTANT shall adhere to the standards generally prevailing for the performance of expert consulting services similar to those to be performed by CONSULTANT hereunder.
8. Documents. All documents, plans, drawings, renderings, and other papers, or copies thereof, as finally rendered, prepared by CONSULTANT pursuant to the terms of this Agreement, shall, upon preparation and delivery to AUTHORITY, become the property of AUTHORITY.
9. Relationship of Parties. It is understood that the relationship of CONSULTANT to the AUTHORITY is that of an independent contractor and all persons working for or under the direction of CONSULTANT are its agents or employees and not agents or employees of the AUTHORITY.
10. Schedule. CONSULTANT shall adhere to schedules established by AUTHORITY jointly with CONSULTANT; provided, that AUTHORITY shall grant reasonable extensions of time for the performance of such services occasioned by governmental reviews of CONSULTANT's work product or other unavoidable delays; provided, further, that such unavoidable delay shall not include strikes, lockouts, work stoppages, or other labor disturbances conducted by, or on behalf of, CONSULTANT's officers or employees.

CONSULTANT acknowledges the importance to AUTHORITY of AUTHORITY's Project schedule and agrees to put forth its best

professional efforts to perform its services under this Agreement in a manner consistent with that schedule.

11. Indemnity. To the fullest extent allowed by law, CONSULTANT hereby agrees to defend, indemnify, and save harmless the AUTHORITY, the CITY, the DISTRICT, and their Board members, officers, employees and agents, from and against any and all claims, suits, actions liability, loss, damage, expense, cost (including, without limitation, costs and fees of litigation) of every nature, kind or description, which may be brought against, or suffered or sustained by the AUTHORITY, the CITY, the DISTRICT, and their Board members, officers, employees or agents caused by, or alleged to have been caused by, the negligence, intentional tortuous act or omission, or willful misconduct of CONSULTANT, its officers, employees, subcontractors or agents in the performance of any services or work pursuant to this Agreement.

The duty of CONSULTANT to indemnify and save harmless, as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein contained shall be construed to require CONSULTANT to indemnify AUTHORITY, the CITY, the DISTRICT, and their Board members, officers, employees and agents against any responsibility or liability in contravention of Section 2782 of the California Civil Code.

CONSULTANT's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law.

The defense and indemnification obligations of this agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained within this Agreement.

12. Insurance. CONSULTANT shall acquire and maintain Workers' Compensation (subject to the exceptions noted in Section 13 hereof), employer's liability, commercial general liability, non-owned and hired automobile liability, and professional liability insurance coverage relating to CONSULTANT's services to be performed hereunder covering AUTHORITY's risks in form subject to the approval of the City Attorney and/or CITY's Risk Manager. The minimum amounts of coverage corresponding to the aforesaid categories of insurance per insurable event, shall be as follows:

<u>Insurance Category</u>	<u>Minimum Limits</u>
Workers' Compensation	Statutory minimum

Employer's Liability	\$1,000,000 per accident for bodily injury or disease
Commercial General Liability	\$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury, personal injury and property damage
Professional Liability*	\$1,000,000 per claim and aggregate

* Note: Professional liability insurance coverage is not required if the contractor/vendor/consultant is not providing a service regulated by the state. Examples of service providers regulated by the state include insurance agents, professional engineers, doctors, certified public accountants, lawyers, etc. Please check and initial the following if professional liability is **NOT** required for this agreement.

_____ Kitahata & Company

_____ William Euphrat Municipal Finance, Inc.

It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits shall be available to the AUTHORITY as an Additional Insured. Furthermore, the requirements for coverage and limits shall be the greater of either (1) the minimum coverage and limits specified in this Agreement or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named Insured.

CONSULTANT agrees to include with all subcontractors in their subcontracts the same requirements and provisions of this agreement including the indemnity and insurance requirements to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by CONSULTANT shall agree to be bound to CONSULTANT and AUTHORITY in the same manner and to the same extent as CONSULTANT is bound to AUTHORITY under this Agreement and its accompanying documents. Subcontractors shall further agree to include these same provisions with any sub-subcontractors. A copy of the indemnity and insurance provisions of this Agreement will be furnished to the Subcontractor upon request. CONSULTANT shall require all subcontractors to provide a valid certificate of insurance and the required endorsements included in the subcontract agreement and will provide proof of compliance to the AUTHORITY prior to commencement of any work by the subcontractor.

Concurrently with the execution of this Agreement, CONSULTANT shall, on the Insurance Coverage form provided in Exhibit B, furnish

AUTHORITY with certificates and copies of information or declaration pages of the insurance required hereunder and, with respect to evidence of commercial general liability insurance coverage, original endorsements:

- (a) Precluding cancellation or reduction in per occurrence limits before the expiration of thirty (30) days (10 days for nonpayment) after AUTHORITY shall have received written notification of cancellation in coverage or reduction in per occurrence limits by first class mail;
- (b) With respect to commercial liability insurance only, naming the AUTHORITY, its Board members, officers, employees, and agents, as additional insureds; and
- (c) Providing that CONSULTANT's insurance coverage shall be primary insurance with respect to AUTHORITY its Board members, officers, employees, and agents, and any insurance or self-insurance maintained by AUTHORITY for itself, its Board members, officers, employees, or agents shall be in excess of CONSULTANT'S insurance and not contributory with it. CONSULTANT and its insurer may not seek contribution from AUTHORITY's insurance or self-insurance.

The limits of insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of AUTHORITY, to the extent required by this Agreement, before the AUTHORITY's insurance or self-insurance may be called upon to protect AUTHORITY as a named Insured.

All self-insured retentions (SIR) must be disclosed to AUTHORITY for approval and shall not reduce the limits of liability coverage. Policies containing an SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named CONSULTANT/Named Insured or AUTHORITY.

AUTHORITY reserves the right to obtain a full certified copy of any insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

Any and all Subcontractors shall agree to be bound to CONSULTANT and AUTHORITY in the same manner and to the same extent as CONSULTANT is bound to AUTHORITY under this Agreement. Subcontractors shall further agree to include the same requirements

and provisions of this Agreement, including the indemnity and insurance requirements, in any agreement with sub-subcontractors to the extent that they apply to the scope of the sub-subcontractor's work. A copy of the indemnity and insurance provisions of this Agreement shall be furnished to any subcontractor upon request.

13. Workers' Compensation. CONSULTANT certifies that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

William Euphrat Municipal Finance, Inc. certifies that it has only one employee, that such employee is a director of the firm and owns 100% of its stock and that such employee has elected not to be covered by workers' compensation insurance in accordance with an exception to the requirement of workers' compensation insurance coverage, as provided for under Section 3351 (c) of the California Labor Code. William Euphrat Municipal Finance, Inc. agrees to purchase workers' compensation insurance if it retains any additional employees during the term of this agreement.

Kitahata & Company certifies that it is organized as an individual doing business as Kitahata & Company and has no employees, and that it is not subject to California Labor Code requirements relating to workers compensation insurance. Kitahata & Company agrees to purchase workers' compensation insurance if it retains any employees during the term of this agreement.

14. Non-Discrimination. The CONSULTANT will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The CONSULTANT will take affirmative action to insure that applicants are employed and the employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, advancement, demotion, transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The CONSULTANT shall at all times be in compliance with the requirements of the Federal Americans With Disabilities Act (Public Law 101-336) which prohibits discrimination on the basis of disability by public entities. The CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by the AUTHORITY setting forth the provisions of this non-discrimination clause.
15. Notices. All notices required by this Agreement shall be given to the

AUTHORITY and CONSULTANT in writing, by first class mail, postage prepaid, addressed as follows:

AUTHORITY:

San Mateo-Foster City Public Financing Authority
Attention: Treasurer-Auditor-Controller
330 W. 20th Avenue
San Mateo, CA 94403

CITY:

City Attorney
City of San Mateo
330 W. 20th Avenue
San Mateo, CA 94403

DISTRICT:

City Attorney
City of Foster City
610 Foster City Blvd.
Foster City, CA 94404

CONSULTANT:

Kitahata & Company, Principal
137 Joost Avenue
San Francisco, CA 94131
Telephone 415 337-1950
Email: gkitahata@gmail.com

William Euphrat Municipal Finance, Inc.
3100 Clay Street
San Francisco, CA 94115
Telephone 415 929-1564
Email: weuphrat@wemunifinance.com

16. Non-Assignment. This Agreement is not assignable either in whole or in part.
17. Amendments. This Agreement may be amended or modified only by written agreement signed by both parties.

18. Validity. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
19. Governing Law. This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in the County of San Mateo, California. In the event of litigation between the parties hereto to enforce any provision of the Agreement, the unsuccessful party will pay the reasonable attorney's fees and expenses of litigation of the successful party.
20. Mediation. Should any dispute arise out of this Agreement, the parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the parties. If a mediated settlement is reached neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs.
21. Conflict of Interest. CONSULTANT may serve other clients, but none who are active within the City of San Mateo, the City of Foster City or the AUTHORITY who conduct business that would place CONSULTANT in a "conflict of interest" as that term is defined in State law. AUTHORITY acknowledges that CONSULTANT makes certain regulatory disclosures and conflict of interest disclosures in Exhibit B. Such disclosures are required by the Municipal Securities Rulemaking Board to be made by municipal advisors to their clients.
22. Entire Agreement. This Agreement, including Exhibits A and B, comprises the entire Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in that behalf.

<p>Dated: _____</p> <p>Dated: _____</p> <p>Dated: _____</p>	<p>SAN MATEO - FOSTER CITY PUBLIC FINANCING AUTHORITY</p> <p>_____ Richard Lee, Authority Treasurer-Auditor-Controller</p> <p>ATTEST</p> <p>_____ Patrice Olds, Authority-Secretary</p> <p>APPROVED AS TO FORM</p> <p>_____ Daniel P. Doporto, Authority General Counsel</p>
<p>Dated: _____</p> <p>Dated: _____</p> <p>Dated: _____</p>	<p>CITY OF SAN MATEO</p> <p>_____ Drew Corbett, City Manager</p> <p>ATTEST</p> <p>_____ Patrice Olds, City Clerk</p> <p>APPROVED AS TO FORM</p> <p>_____ Shawn Mason, City Attorney</p>
<p>Dated: _____</p> <p>Dated: _____</p>	<p>ESTERO MUNICIPAL IMPROVEMENT DISTRICT</p> <p>_____ Sam Hindi, President</p> <p>ATTEST</p> <p>_____ Priscilla Tam, District Secretary</p>

Dated: _____	<p>APPROVED AS TO FORM</p> _____ Jean Savaree, General Counsel
Dated: _____	<p>CONSULTANT</p> _____ Gary Kitahata, Principal Kitahata & Company
Dated: _____	<p>CONSULTANT</p> _____ William F. Euphrat, President William Euphrat Municipal Finance, Inc.

EXHIBIT A

Scope of Work and Schedule For Municipal Financial Advisory Services

In connection with the development of financing alternatives, CONSULTANT shall:

1. Provide independent financial advice on possible financing alternatives;
2. Manage the funding process and negotiate key business points to accomplish AUTHORITY's objectives;
3. Develop a plan of financing and prepare financing schedules, taking into account existing debt commitments and long-term financing goals;
4. Propose financing methods to be considered for accomplishing AUTHORITY's objectives and evaluate legal approaches for various financing structures. This will be completed with AUTHORITY staff and legal counsel;
5. Analyze the advantages and disadvantages of each proposed financing;
6. Evaluate the projected cash flows from any revenue source that may constitute security for any obligation incurred;

In connection with a negotiated sale of bonds (or a private placement), the firms will:

7. Meet and confer with AUTHORITY staff, bond counsel and disclosure counsel to ascertain the scope of the (financing) project and the financial objectives of AUTHORITY;
8. Recommend a plan of finance that will, in our opinion, best achieve the CITY's objectives and provide financial analyses in support of our recommendations;
9. Recommend a security structure and relevant marketing features that will achieve the AUTHORITY's objectives and which will, in our opinion, result in the highest compatible rating and associated lowest feasible interest rates;
10. Assist in the selection of the financing team (e.g., bond counsel, disclosure counsel, underwriter, and other necessary financing professionals);

11. Prepare a schedule of events for accomplishing the proposed financing, assign duties to the appropriate parties and manage all details of the financing to assure a successful closing;
12. Prepare and distribute an underwriting Request for Proposals (or lending RFP, if applicable), evaluate the proposals received, assist with the evaluation of proposals, prepare questions for interviewees, and attend underwriter interviews (this is an alternative to a negotiated selection of underwriters or lenders);
13. Evaluate all recommendations and proposed financing structures suggested by the underwriter (or lender) and assist in the negotiation of underwriter (or lender) fees;
14. Provide suggestions regarding the best financing structure and the best marketing structure and provide advice regarding the suitability of underwriter (or lender) proposals;
15. Clarify the consequences of any financial decisions requested of staff so that decisions may be made on a fully informed basis;
16. Recommend revisions in the structure or security of the financing proposed by the underwriter (or lender) that may be in the AUTHORITY's best interests;
17. Review all numerical analyses provided by the underwriter (or lender) for accuracy, reasonableness of assumptions and consistency with AUTHORITY's financial objectives;
18. Prior to a public negotiated sale, provide weekly market new-issue activity analyses during the month prior to the anticipated sale date;
19. Prepare memoranda and reports as is necessary on behalf of staff in connection with the financing;
20. Review the credit profile of the financing to assess the credit strength of the issue and determine the marketability of bonds and the suitability of the credit for a bond insurance submission (if applicable);
21. Attend public meeting and participate in meetings and other negotiations which may bear upon the approval of the financing and the sale of the securities;

22. Arrange for all services incidental to the financing, such as, for a public sale, trustee, rating services, official statement electronic posting and distribution, etc.;
23. Meet and confer with bond counsel, disclosure counsel, the underwriter (or lender), AUTHORITY staff and other members of the financing team to assure appropriate and timely preparation of all financing documentation;
24. Review all documents pertaining to the financing and provide comments as necessary;
25. Assist disclosure counsel prepare AUTHORITY's credit profile and the credit profile of the security underlying the issue for inclusion in disclosure documents (for a public sale – an official statement would not be necessary for a private placement);
26. Research AUTHORITY compliance with its continuing disclosure responsibilities over the past 5 years and provide a certificate of compliance noting compliance therewith and any irregularities and non-compliance;
27. Assist AUTHORITY with correcting continuing disclosure non-compliance, if applicable;
28. Recommend continuing disclosure that will place the least burden on AUTHORITY staff and still comply with applicable regulations;
29. Prepare staff reports for AUTHORITY board bond approval;
30. For a public sale, in conjunction with the managing underwriter, coordinate the preparation of rating agency presentations and meet and confer with rating agency representatives as is necessary to explain the credit underlying the issue (no rating would be necessary for a private placement);
31. For a public sale, prior to the sale, provide estimates of interest rates, prepare bond sizing analyses, interest rate savings and tax levy analyses and debt amortization schedules;
32. Advise staff regarding matters relating to AUTHORITY's financial interests during the structuring of the transaction and during the initial offering and subsequent sale of securities;
33. Prior to the execution of the purchase contract, evaluate and review with representatives of AUTHORITY and representatives of the underwriter the underwriter's pricing proposals, and compare the pricing of the bonds to concurrently marketed issues in order to confirm that the pricing is as efficient as is possible vis-à-vis the market and that the proposed

underwriting discount is commensurate with issues of similar term to maturity and credit quality;

34. For a public sale, advise the AUTHORITY staff regarding the underwriter's final pricing proposal;
35. For a private placement, advise AUTHORITY regarding the cost advantage (or disadvantage) of the lender's pricing proposal as compared to a public sale;
36. Coordinate with bond counsel the timely closing of the bond issue;
37. Perform such other duties as are customarily performed by municipal bond financial advisors in connection with the structuring and sale of municipal bonds and which we are competent to perform.

If bonds are sold competitively, CONSULTANT will take responsibility for managing and implementing all aspects of the sale without participation of a managing underwriter or a lender, and will additionally:

38. Recommend sale terms to be included in the official notice of sale and arrange for its distribution to underwriters;
39. Prepare rating agency presentations and meet and confer with rating agency representatives as is necessary to explain the credit underlying the issue;
40. Conduct an electronic auction for the sale of the bonds;
41. When bids are submitted, verify the winning and cover bids, restructure maturities to produce the desired debt structure (level, sloping, etc.), and recommend award of the securities to the highest bidder if such award will permit the financing to proceed within acceptable interest rate levels;
42. Prepare a closing flow of funds memorandum for the financing team and the purchaser in order to coordinate the delivery of funds among the successful purchaser, bond trustee; and,
43. Perform such other duties as are customarily performed by municipal bond financial advisors in connection with the competitive structuring and sale of municipal bonds and which we are competent to perform.

Regardless of the method of sale, upon completion of the issuance of a security or obligation, CONSULTANT will prepare a post-sale summary report in which it will:

44. Provide:

- a. a summary of the AUTHORITY's major duties and responsibilities;
- b. a summary of the transaction that describes material features so individuals unfamiliar with the issue can become knowledgeable without reading extensive legal documents;
- c. a review of the sale, showing the range of bids (if sold competitively), discuss market conditions at the time of the sale, and provide information on comparable issues in the market at and around the time of sale;
- d. final bond sizing analyses, savings reports and final debt service schedules; and,
- e. a review of continuing disclosure requirements.

EXHIBIT B

Regulatory Disclosures Required of Municipal Advisors Pursuant to MSRB Rule G-42

1. The only compensation to be received by CONSULTANT in connection with this engagement shall be that specified in Section 3 of this Agreement. No compensation, either direct or indirect, shall be charged by CONSULTANT to any other party in connection with this financing.
2. A statement of conflicts of interest is incorporated in Paragraph 9 below. **Yes**
3. The SEC requires that that registered municipal advisors disclose legal and disciplinary events on forms MA and MA-I and files such forms with the SEC. These forms include information regarding any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation in which a registered municipal advisor (form MA) or municipal advisor representative (form MA-I) employed by such municipal advisor has been involved. To access the forms MA and MA-I filed by CONSULTANT visit <https://www.sec.gov/edgar/searchedgar/companysearch.html> (the SEC webpage) and search the names, William Euphrat Municipal Finance and Kitahata & Company.
4. There have been no changes or additions to the legal or disciplinary event disclosures on the forms MA and MA-I on file with the SEC.
5. The scope of advisory services to be performed under this agreement are included as Exhibit "A" to this Agreement.
6. The term of this agreement is specified in Section 2 of this Agreement. This Agreement shall remain in effect until upon completion of performance of services hereunder by CONSULTANT, or until such time as AUTHORITY notifies CONSULTANT in writing that the agreement is terminated, whichever shall first occur.
7. The MSRB has prepared a brochure for municipal advisory clients that is posted on the MSRB website and which describes the protections that may be provided by MSRB rules and how to file a complaint with an appropriate regulatory authority. The brochure may be accessed at this web address: <http://www.msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-10-10-13-2017.aspx?tab=oi>.
8. The MSRB web address is <http://www.msrb.org/>.

9. A municipal advisor must, at or prior to the inception of a municipal advisory relationship, provide the client with a document making full and fair disclosure of all material conflicts of interest, including disclosure of:
- (i) any actual or potential conflicts of interest of which it is aware after reasonable inquiry that might impair its ability either to render unbiased and competent advice to or on behalf of the client or to fulfill its fiduciary duty to the client, as applicable;
 - **CONSULTANT is not aware of any such conflict of interest.**
 - (ii) any affiliate of the municipal advisor that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by the disclosing municipal advisor;
 - **CONSULTANT does not have any affiliates.**
 - (iii) any payments made by the municipal advisor directly or indirectly to obtain or retain the client's advisory business;
 - **CONSULTANT has not made any payments to retain the AUTHORITY's business.**
 - (iv) any payments received by the municipal advisor from third parties to enlist the municipal advisor's recommendation to the client of its services, any municipal securities transaction or any municipal financial product;
 - **The only payments to be received by CONSULTANT relating to this engagement are the fees to be paid by AUTHORITY.**
 - (v) any fee-splitting arrangements involving the municipal advisor and any provider of investments or services to the client;
 - **CONSULTANT will not participate in fees earned by other parties on any work related to this engagement.**
 - (vi) any conflicts of interest that may arise from the use of the form of compensation under consideration or selected by the client for the municipal advisory activities to be performed;
 - **CONSULTANT has proposed compensation contingent on the sale of debt. This provides CONSULTANT with a financial incentive to recommend the sale of debt. CONSULTANT will receive more with from a public offering than it will from a private placement. This form of compensation provides CONSULTANT with a financial incentive in favor of a public offering. [is this contingent fee arrangement consistent with**
 - (vii) any other engagements or relationships of the municipal advisor or any affiliate of the municipal advisor that might impair the advisor's ability either to render unbiased and competent advice to or on behalf of the client or to fulfill its fiduciary duty to the client, as applicable;
 - **CONSULTANT is engaged with the City of San Mateo to assist it finance improvements to the WWTP owned jointly with the Estero Municipal**

Improvement District (“EMID”). CONSULTANT has suggested joint financings for improvements to the WWTP. CONSULTANT could be construed to have a conflict of interest in any negotiations relating to the WWTP operating agreement between EMID and the City of San Mateo. CONSULTANT shall refrain from participating in any such negotiations. Any joint financing for WWTP improvements will benefit both EMID and the City of San Mateo. CONSULTANT does not believe that representing both EMID and the City of San Mateo in any such joint financing will impair its ability either to render unbiased and competent advice to or on behalf of EMID or the City of San Mateo, to fulfill its fiduciary duties to EMID and the City of San Mateo.

- (viii) the amount and scope of coverage of professional liability insurance that the municipal advisor carries (e.g., coverage for errors and omissions, improper judgments, or negligence), deductible amounts, and any material limitations on such coverage, or a statement that the advisor does not carry any such coverage; and
 - **William Euphrat Municipal Finance, Inc. carries claims made and reported professional liability insurance. The policy has a \$10,000 deductible and coverage of \$1 million for each wrongful act with a \$2 million policy aggregate. A bond consultant endorsement to the policy contains specific exclusions and is attached to this Agreement. Kitahata & Company carries claims made and reported professional liability insurance. The policy has a \$50,000 deductible and coverage of \$1 million for each wrongful act with a \$2 million policy aggregate. A bond consultant endorsement to the policy contains specific exclusions and is attached to this Agreement.**
- (ix) any legal or disciplinary event that is (a) material to the client’s evaluation of the municipal advisor or the integrity of its management or advisory personnel; (b) disclosed by the municipal advisor on the most recent Form MA filed with the Commission; or (c) disclosed by the municipal advisor on the most recent Form MA-I filed with the Commission regarding any individual actually engaging in or reasonably expected to engage in municipal advisory activities in the course of the engagement. If a municipal advisor has disclosed a legal or disciplinary event on any form referenced in section (b) or (c) of this rule, the advisor must provide the client with a copy of the relevant sections of the form or forms. If a municipal advisor concludes that it has no material conflicts of interest, the municipal advisor must provide written documentation to the client to that effect.
 - **CONSULTANT has not been subject to any legal or disciplinary events.**

January 22, 2019

Jacquelynne M. Jennings
(415) 901.8759
jjennings@schiffhardin.com

Daniel P. Doporto
General Counsel
San Mateo-Foster City Public Financing Authority
330 West 20th Avenue
San Mateo, California 94403

Dear Mr. Doporto:

Thank you for selecting Schiff Hardin LLP as legal counsel for the matter described below.

The purpose of this letter is to confirm our agreement concerning the engagement. If you approve, please sign the enclosed copy in the space provided and return it to us or reply to the email forwarding this letter that you agree to its terms. If you have any questions, or if you would like to discuss possible modifications, do not hesitate to call.

Client and Scope of Representation

Our clients will be San Mateo-Foster City Public Financing Authority (the "Authority"), the City of San Mateo (the "City"), and the Estero Municipal Improvement District (the "District") (collectively, the "Clients"). We will not have a lawyer-client relationship with any affiliates of the Clients. Our engagement is limited to acting as Disclosure Counsel on the Authority's Series 2018 Revenue Bonds (Clean Water Program) transaction, and our representation of the Clients in this matter will not be regarded as a conflict by the Clients.

I will be principally in charge of our services, assisted by Carly Weiss and William Lofton, and possibly other lawyers as appropriate. If you wish, we will discuss with you any substantial changes in staffing that may become necessary or that you may desire.

Communication and Related Obligations

We agree that we will keep you informed about material developments with respect to this representation, respond promptly to any inquiries, and consult with you about the means by which your objectives are to be pursued. Any discussion with the Authority of possible outcomes or results is intended to illustrate various strategic alternatives, and does not constitute a guarantee of any particular outcome or result.

To enable us to represent you effectively, you agree to cooperate fully with us in all matters relating to the engagement, and to disclose to us fully and accurately all information that may be relevant to the matter or that we may otherwise request.

Daniel P. Doporto
January 22, 2019
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Term of Engagement

Our representation will end in the ordinary course upon completion of our work on the engagement described above, unless the Authority asks us to perform further services and we agree to do so. If we agree to perform further services, the terms of this letter will apply except as we may mutually agree. However, either of us may terminate the engagement earlier for any reason by written notice, subject on our part to applicable rules of professional conduct including our obligation to take such steps as may be reasonably practicable to protect the Authority interests in the matter for which we were engaged. In addition, if we perform no services with respect to this engagement for a period of 12 consecutive months, we may treat the engagement as concluded without further notice to you, subject to our obligations under applicable rules of professional conduct.

Following termination of our representation, if the Authority wishes to have any of its property or documents delivered to it, please advise us. We will transfer to you materials in the files including the Authority's documents and property, but excluding firm administrative records, time and expense reports, personnel and staffing materials, credit and accounting records, and our lawyers' internal work product such as drafts, notes, internal memoranda, and legal and factual research, including investigative reports, prepared by or for the internal use of our lawyers. We will maintain our files in accordance with the terms of our records retention program, which provides for destruction of files at designated periods, typically after 10 years. After that, we may destroy those records without further notice to you.

Our engagement is for a specific matter. After completion of the engagement, changes may occur in applicable laws or regulations that could have an impact upon the Authority's future rights and liabilities. Unless the Authority specifically asks us to provide additional services concerning such future occurrences and we agree to do so, we have no obligation to advise the Authority with respect to future legal developments.

Our engagement is for the benefit and at the direction of the Authority, we shall perform the following, collectively referred to as, the "Services:"

- (i) Prepare the Preliminary and final Official Statements, and a Continuing Disclosure Agreement for use in connection with the sale of Bonds.
- (ii) Conduct due diligence, including a limited review of other outstanding securities issued by the Authority and its members for past compliance with covenants; assist the Authority in preparing any necessary secondary market disclosure; review financial statements and audits, adopted policies, rates and charges; review filings made on EMMA electronic database for the last five years to confirm compliance with past continuing disclosure obligations; and assist the Authority in identifying and preparing information to be included in the Preliminary and final Official Statements, but excluding those portions of such documents typically prepared by bond counsel.
- (iii) Provide advice and counsel to the Authority as to the responsibilities to be undertaken by the Authority in order to assist the underwriter retained by the Authority of the Bonds to comply with Rule 15c2-12 of the Securities and Exchange Commission.

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- (iv) Make ourselves available for consultation and conference with officials, staff members and counsel to the Authority, at times and places mutually agreed upon, such personnel of Schiff Hardin being qualified to advise the Authority on all matters relating to the Bonds.
- (v) Render to the Authority and the underwriter retained by the Authority to sell the Bonds a legal opinion in form and substance and addressing such matters as are satisfactory to the Authority and the underwriter.
- (vi) Any other services in connection with the Bonds requested by Authority staff or counsel to the Authority, but only within the scope of the services customarily provided by Schiff Hardin in acting as disclosure counsel in bond issues similar to the Bonds.

Fees and Expenses

We propose a fee of not to exceed \$65,000.00 for the Services, including out-of-pocket expenses paid to third-party providers (such as experts, consultants, and other service providers) that are requested by the Authority and that we advance on your behalf. We understand that the City of San Mateo and the Estero Municipal Improvement District, as the sole members of the Authority and its primary sources of funding, will be responsible for paying for our services in equal shares, fifty percent (50%) by the City and fifty percent (50%) by the District, and the Authority will not be responsible for paying for our Services.

We expect to invoice the City and the District upon completion of the transaction. Our statement is due and payable upon receipt.

Firm Privilege

Our lawyers sometimes have questions about legal and ethical matters relating to representation of our clients. When such questions arise, we encourage the lawyers to consult our internal General Counsel, other lawyers assisting the General Counsel and sometimes outside counsel retained by the Firm. We believe such consultation benefits both our clients and our Firm. For this consultation to be most effective, our lawyers must be completely open and candid in their communications with the Firm's counsel. It is therefore important for these communications to be privileged and confidential and unavailable to third parties, including the client whose representation may be the subject of the communications. To avoid any question in this regard, the Clients each consent and agree, by signing this letter, that our lawyers involved in the representation may consult with the Firm's internal General Counsel, Firm lawyers assisting the General Counsel or its outside counsel in connection with the representation, and that any such communications, even while we continue to represent the Clients, will be treated as confidential in this way and subject to the Firm's attorney-client privilege.

Conflicts

Schiff Hardin is a large firm with many areas of practice, many clients, and offices in a number of cities across the country. Therefore, it is possible that, while we are representing the Client certain types of conflicts may arise in matters unrelated to the present engagement for which we request the consent and

Daniel P. Doporto
January 22, 2019
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waiver of each Client now. Other present or future clients, including clients who rely upon us for general representation, may ask the Firm to represent them in transactions or litigation adverse to the Clients.

There are important limitations on the consent and waiver we are requesting. We would decline the other representation if we believed there was a risk of misuse of the confidential information of the Clients. We carefully protect our clients' nonpublic proprietary and other confidential information, and we would not represent another party in a matter that would involve disclosure of such information or use of such information to our clients' material disadvantage. We would also decline the other representation if we believed that it would adversely affect our representation of the Clients. Finally, we would not represent a party adverse to the Clients in a matter substantially related to a matter in which we have represented the Clients without their further specific consent.

Subject to the limitations just described, however, we request that the Clients consent and agree, by signing this letter, that in other circumstances we may represent other clients in *unrelated* matters adverse to the Clients and/or any affiliates of the Clients, including litigation, and that the Clients waive any claim of conflict of interest arising from such a representation. Please consult with counsel other than us with respect to the consent and waiver we are requesting if you wish to do so.

References on Website and Similar Materials

We take pride in the fact that you have expressed confidence in us by engaging us, and would like to be able to inform others that we represent you. By signing this letter, you agree that we may disclose the fact that we represent or have represented you on our website, in response to requests for proposals, in capability statements and in similar materials, including in our disclosure the general type of matter. We would not disclose any other non-public information about the specific matter or matters we have handled for you without your further specific permission.

* * * * *



Daniel P. Doporto
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Please sign and return this letter to me by pdf or mail, or reply to the email transmitting it to you to the effect that you agree to the terms of this letter. If we do not receive anything from you, but you continue to work with us on the matter described, the terms of this letter will govern our lawyer-client relationship.

We appreciate the opportunity to work with you. If you have any questions or comments during the course of our representation, please call me.

Sincerely,

Jacquelynne M. Jennings

Agreed to and accepted:

Daniel P. Doporto, General Counsel
San Mateo-Foster City Public Financing Authority

Shawn Mason, City Attorney
City of San Mateo

Jean Savaree, General Counsel
Estero Municipal Improvement District

Dated: January 22, 2019

SF322101204.1



DATE: January 22, 2019

TO: Mayor and Members of the City Council
President and Members of the Estero Municipal Improvement District
(EMID) Board of Directors

VIA: Jeff Moneda, City/District Manager

FROM: Edmund Suen, Finance Director

SUBJECT: RATIFYING AND APPROVING THE AUDITED FISCAL YEAR 2017-
2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND
THE FISCAL YEAR 2017-2018 WARRANT REGISTER IN THE FORM
OF THAT CAFR

RECOMMENDATION

It is recommended that the City Council/EMID Board of Directors adopt the attached resolutions ratifying and approving the Fiscal Year 2017-2018 Comprehensive Annual Financial Report (CAFR) and the Warrant Register in the Form of that CAFR in accordance with California Government Code Section 37208(c).

EXECUTIVE SUMMARY

Overall, the City/District had a solid year fueled by a strong local and regional economy that lead to strong revenue gains, primarily in General Fund property taxes and building permits and fees. The results are consistent with the fourth quarter financial update that was presented by staff to the City Council on November 5, 2018.

As indicated in the CAFR, as of June 30, 2018, the City/District General Fund had \$53.4 million in Total Fund Balances, of which \$51 million were categorized as Unassigned (essentially General Fund reserves). On June 30, 2017, Unassigned General Fund Balance was \$43.4 million, which represents 99.5% of the \$43.6 million of budgeted FY 2018-2019 General Fund operating expenditures. After adding \$7.6 million (rounded) in operating surplus, Unassigned General Fund Balance finished the

FY 2017-2018 year at \$51 million. With already healthy reserves, the \$7.6 million operating surplus may be viewed as “rollover” reserves for the use of one-time expenditures and/or program in FY 2018-2019. \$2 million can be transferred to a Pension Sustainability Fund based on City Council’s direction in the adoption of the FY 2018-2019 General Fund budget. This was the City Council’s initial action to address the City’s unfunded pension liability of \$78 million, of which \$67.5 million is for the General Fund. The remaining rollover is shown as follows:

Unassigned General Fund Balance, 6/30/18	
Unassigned General Fund Balance (Reserves), 6/30/18	50,980,152
Unassigned General Fund Balance (Reserves), 6/30/17	43,397,590
Increase in Reserves, FY 17/18 (Available Rollover)	7,582,562
Pension Stabilization Fund	(2,000,000)
Remaining Available Rollover	5,582,562

Potential uses of the remaining Rollover of \$5,582,562 are as follows:

Potential Uses of Remaining Rollover	
Building Maintenance Internal Service Fund deficiency (\$2,649,400 from the General Fund and \$294,300 from the enterprise funds for a total of \$2,943,700)	2,649,400
Balance Remaining Available for One-Time uses (e.g. Unfunded Pension Liability, City CIP such as Recreation Center)	2,933,162

There is a separate staff report at this evening's City Council regular meeting on pension liability strategies and recommendations by the Pension Liability Subcommittee on the use of the remaining rollover.

The CAFR also includes an Independent Auditor’s Report from the City/District's external independent auditors, Maze & Associates. They have provided an unqualified (clean) opinion on the FY 2017-2018 City/District financial statements.

In accordance with California Government Code Section 37208(c) and City Council Minute Order No. 1041, the CAFR is submitted for approval by resolution which will satisfy the State requirements for the approval of budgeted payroll and demands paid by warrants or checks.

BACKGROUND AND ANALYSIS

Financial Condition

In addition to the CAFR, the auditors also prepared the following reports as part of their audit engagement with the City/District:

- Report on compliance with the Agreement for Distribution of San Mateo County

Measure A Funds for Local Transportation Purposes for fiscal year ended June 30, 2018

- Report on Agreed Upon Procedures for Compliance with Proposition 111 (Appropriation Limit) for the year ending June 30, 2019
- Memorandum on Internal Control and Required Communications for the fiscal year ended June 30, 2018
- Report on Agreed Upon Procedures for City of Foster City Transient Occupancy Tax for the fiscal year ended June 30, 2018

These reports are all available for public inspection in the Financial Services Department at City Hall during normal business hours.

As part of the City's annual financial reports preparation process, the Audit Committee has also reviewed the CAFR and each of the above reports.

Warrant of Demands / CA Government Code Section 37208(c)

The California Government Code requires that all warrant of demands either be approved at the time of issuance by City Council resolution, or by “ratification and approval in the form of an audited comprehensive annual financial report.” The City Council adopted Minute Order No. 1041 in 2007, determining that it was in the best interest of the City/District’s financial operations to accept the latter form of approval through the ratification of the annual CAFR. The attached resolutions, upon approval by the City Council and EMID Board of Directors, will satisfy the requirements of California Government Code Section 37208(c).

FISCAL IMPACT

There is no fiscal impact associated with the City Council/EMID Board of Directors’ decision to adopt the attached resolutions approving the CAFR and the expenditures in the CAFR in accordance with California Government Code Section 37208(c).

Attachments:

- Attachment 1 - City Resolution
- Attachment 2 - EMID Resolution
- Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ending June 30, 2018*

*Available for Review in the City Council Office at 610 Foster City Boulevard, Foster City, CA 94404

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY RATIFYING AND APPROVING THE AUDITED FISCAL YEAR 2017-2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND THE FISCAL YEAR 2017-2018 WARRANT REGISTERS IN THE FORM OF THAT CAFR

CITY OF FOSTER CITY

WHEREAS, the City has determined that California Government Code Section 37208(c) provides an alternative process for the approval of warrant registers; and

WHEREAS, California Government Code Section 37208(c) states “notwithstanding subdivisions (a) and (b), budgeted payrolls and demands paid by warrants or checks may be presented to the legislative body for ratification and approval in the form of an audited comprehensive annual financial report”; and

WHEREAS, the City has prepared a Comprehensive Annual Financial Report (CAFR) for FY 2017-2018 that received an unqualified opinion by its independent auditors, Maze & Associates.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Foster City that the audited Comprehensive Annual Financial Report for FY 2017-2018 is hereby ratified and approved, and that the warrant registers for FY 2017-2018 are approved in the form of that Report.

PASSED AND ADOPTED as a resolution of the City Council of the City of Foster City at the Regular Meeting held on the 22nd day of January 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SAM HINDI, MAYOR

ATTEST:

PRISCILLA TAM, CITY CLERK

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESTERO MUNICIPAL IMPROVEMENT DISTRICT RATIFYING AND APPROVING THE AUDITED FISCAL YEAR 2017-2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND THE FISCAL YEAR 2017-2018 WARRANT REGISTERS IN THE FORM OF THAT CAFR

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

WHEREAS, the District has determined that California Government Code Section 37208(c) provides an alternative process for the approval of warrant registers; and

WHEREAS, California Government Code Section 37208(c) states “notwithstanding subdivisions (a) and (b), budgeted payrolls and demands paid by warrants or checks may be presented to the legislative body for ratification and approval in the form of an audited comprehensive annual financial report”; and

WHEREAS, the District has prepared a Comprehensive Annual Financial Report (CAFR) for FY 2017-2018 that received an unqualified opinion by its independent auditors, Maze & Associates.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Estero Municipal Improvement District that the audited Comprehensive Annual Financial Report for FY 2017-2018 is hereby ratified and approved, and that the warrant registers for FY 2017-2018 are approved in the form of that Report.

PASSED AND ADOPTED as a resolution of the Board of Directors of the Estero Municipal Improvement District at the Regular Meeting held on the 22nd day of January 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SAM HINDI, PRESIDENT

ATTEST:

PRISCILLA TAM, DISTRICT SECRETARY



DATE: January 22, 2019

TO: Mayor and Members of the City Council

VIA: Jeff Moneda, City Manager

FROM: Marlene Subhashini, Interim Community Development Director
Monica Ly, Assistant Planner

SUBJECT: APPEAL OF THE PLANNING COMMISSION'S DECISION DENYING A
USE PERMIT MODIFICATION REQUEST TO REMOVE AN EXISTING
TRELLIS LOCATED AT 979-A EDGEWATER BOULEVARD IN THE
EDGEWATER SHOPPING CENTER

RECOMMENDATION

It is recommended that the City Council adopt a resolution denying an appeal filed by Edgewater Holding Corporation; the owner of the Edgewater Shopping Center. If denied, the Council would be affirming the Planning Commission's decision denying a Use Permit Modification to remove and not replace an existing trellis located at 979-A Edgewater Boulevard in the Edgewater Shopping Center.

EXECUTIVE SUMMARY

Over the last year, City staff and the City Attorney have been actively engaged with Edgewater Holding Corporation ("Appellant") regarding outstanding maintenance issues at the Edgewater Shopping Center. A trellis located on the north elevation above the patio area was identified as one of the items needing attention. Appellant confirmed that the trellis has extensive deterioration and dry-rot. The trellis is slated for removal as part of the extensive boardwalk repair project currently underway at the Center. Rather than rebuild the trellis, the Appellant proposed to remove the trellis and metal fence and not replace the trellis. Since the trellis was approved by the Planning Commission through a Use Permit, its elimination required Planning Commission review.

On October 17, 2018, the Appellant's representative submitted plans for a Use Permit

Modification to remove and not replace the existing trellis and metal fence surrounding a patio area adjacent to Warehouse Buffet. On November 15, 2018, the Planning Commission voted 5-0 denying the Use Permit Modification request to eliminate the trellis, but granted the request to eliminate the metal fence. See Attachment 3, Planning Commission Resolution No. P-25-18. On November 26, 2018, the Appellant submitted an appeal of the Planning Commission's decision.

That appeal is now before the City Council for hearing.

BACKGROUND

On September 7, 1989, the Planning Commission approved a Use Permit Modification allowing three trellises to be added to the exterior elevation of the Center's Building G (Warehouse Buffet). One of the trellises on the north elevation is located above the existing outdoor patio dining area. The second trellis on the north elevation is located near the entrance and the third trellis is located above the outdoor patio dining area on the south elevation (See Attachment 8 - Plans and Photographs).

These improvements, along with others in the Center, had not been maintained as called for by the Center's Use Permit which contained specific maintenance schedules. As a result of the lack of maintenance, on December 11, 2017, the City of Foster City filed a complaint for injunctive relief and abatement of a public nuisance against Appellant. The complaint asked that the court order Appellant to immediately address all of the deferred maintenance items at the Center.

Since filing the complaint, the Appellant and its management company have worked cooperatively with the City to resolve the outstanding maintenance issues. The Center has been power washed and painting has been completed on some of the Center's buildings. New landscaping has been installed in the planters around the buildings, deteriorated wooden furniture has been removed, sign board repaired, and siding repair and painting completed on the rear of the Lucky Supermarket Building. Appellant and the City recently entered into a settlement agreement to resolve the remaining maintenance issues by completion of the boardwalk repair, repair of the Center's docks, and replacement of the Center's perimeter landscaping by the end of April 2019.

One of the items identified by staff to be in need of repair was the trellis located on the north elevation above a patio area adjacent to Warehouse Buffet. The Appellant confirmed that the trellis had extensive deterioration and dry-rot. Appellant proposed to remove the trellis and surrounding metal fence as part of the boardwalk repair and not to replace them. Since the trellis was approved by the Planning Commission as part of a Use Permit, elimination of the trellis and fence requires Planning Commission approval. On October 17, 2018, the Appellant submitted plans for a Use Permit Modification to remove the trellis and metal fencing which is currently erected around the patio area.

On November 15, 2018, the Planning Commission approved removal of the fencing but denied Appellant's request to eliminate the trellis. This appeal followed.

ANALYSIS

As noted above, on November 15, 2018, the Planning Commission held a public hearing on this item. The Appellant's representatives made a presentation in support of the application. Two public speakers opposed the application. (See Planning Commission meeting minutes, Attachment 4.) After the public hearing, the Planning Commission voted 5-0 to adopt a resolution granting the request to remove the metal fence, but requiring that the trellis be replaced once removed as part of the boardwalk repair process. (Attachment 3, Planning Commission Resolution No. P-25-18) The Resolution made the following findings:

A. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, would be consistent with Chapter 17.24 and 17.36 C-1/PD (Neighborhood Business/Planned Development Combining District), Chapter 2.28 (Planning) of Title 2 (Administration and Personnel) and Chapter 17.58 (Architectural Control and Supervision) of Title 17 (Zoning) of the Foster City Municipal Code, because: 1) the trellis creates visual interest and adds variety to the existing design of the Shopping Center by maintaining a desirable architectural feature to Building G which provide articulation to the overall appearance of the site; 2) the trellis is well designed with respect to its architectural style, color, and material and is compatible with the architectural details of buildings and in the immediate vicinity creating a harmonious design relationship with the adjacent properties and the overall neighborhood in which the subject property is located; and 3) removing the metal fence would encourage more use of the area by removing a barrier and making the space more accessible to Edgewater patrons since this area is not being utilized by the restaurant for outdoor seating.

B. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, will "Promote Proper Site Planning, Architectural Design and Property Maintenance" and "Provide for Economic Development" as stated in the Land Use and Circulation Goals (LUC-B and LUC-I) contained in the Land Use and Circulation Element of the Foster City General Plan because: 1) replacing the deteriorating trellis with a new trellis ensures high quality site planning and architectural design through property maintenance which will maintain the long-term health, safety, appearance and welfare of the community; 2) replacing the trellis and removing the metal fence will improve the appearance of the site by replacing the deteriorating trellis with a new trellis and creating a more open and inviting and accessible area for patrons of the Center; and 3) replacing the trellis and removing the metal fence will provide an economic benefit and help maintain the success of the Shopping Center by inviting activity to the space, drawing in

more foot traffic, and encouraging the use of the site.

C. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, would not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use nor will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city (consistent with Chapter 17.06 Administration, Construction and Enforcement of the Foster City Municipal Code) because: 1) replacing the trellis would promote and protect the health and safety of the Edgewater shoppers by providing a safe structure in the patio area where patrons can sit and enjoy the views of the lagoon; 2) replacing the trellis and metal fence will require procurement of a building permit to ensure safe construction and removal; and 3) replacing the trellis and removing the metal fence would not generate excess emission of odor, dust, smoke, excessive noise, vibrations, electrical or other disturbances.

Minutes from the Planning Commission meeting are attached for the City Council's review. (See Attachment 4.)

On November 26, 2018, the Appellant submitted an appeal and a written statement in support of the appeal (See Attachment 6 & 7 - Appeal Statement & Letter from Thomas Tin, General Manager).

Foster City's Ordinance Regarding Use Permit Appeals

Decisions of the Planning Commission may be appealed pursuant to the procedure found in Foster City Municipal Code Section 17.06.150.B which provides:

B. Decisions of the Planning Commission.

1. In case the applicant, or any other person is not satisfied with any decision of the planning commission, they may, within ten calendar days after the decision of the planning commission, appeal in writing to the city council, accompanied by a fee as set by resolution of the city council. The appeal letter or completed appeal form shall contain the same information as required above for appeals of decisions of the planning director¹.

¹As indicated above, the Foster City Municipal Code Section 17.06.150.A requires that appellants must, in their appeal, provide the following information:

- The person making the appeal;
- The specific item of appeal, and all supporting documentation, written in clear and concise language;
- The basis for such appeal; and
- The relief of action sought.

Per Section 17.06.150.B.2, the City Council, during its hearing of the appeal, is required to review the written findings of the Planning Commission and consider the written and oral arguments of the Appellant in order to determine whether to grant or deny the appeal. New matters may not be introduced by either party during the City Council's hearing.

ANALYSIS OF APPEALS

Per Foster City Municipal Code Section 17.06.070, when reviewing an application for a Use Permit Modification, the Planning Commission must "determine whether or not the establishment, maintenance or cooperation of the use applied for will, under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, or whether it will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city. If the planning commission finds that the aforementioned conditions will not result from the particular use applied for, it may grant the use permit."

In granting the request to remove the metal fence but denying the request to eliminate the trellis, the Planning Commission made the three (3) findings shown above.

Appellant has now challenged the Planning Commission's decision. Per Foster City Municipal Code Section 17.06.150.B.2, the Council must now review the appeal and determine whether the Planning Commission's findings are supported by substantial evidence and the findings in turn support the decision to deny the Use Permit Modification. If so, the appeal should be denied. If, on the other hand, the City Council determines that the Planning Commission's findings are not supported by substantial evidence, the appeal should be granted and the Planning Commission's denial of the Use Permit Modification overturned.

Arguments on Appeal

Appellant makes eleven (11) arguments in support of its appeal:

1. The staff recommendation in support of denying the application cited FC Municipal Code 9.52.010 in support, which deals with health, safety and nuisance regulation. The staff recommendation, however, is based solely on one subjective aesthetic opinion-"articulation, visual interest and variety to the existing design". That is an arbitrary personal opinion which is not a proper basis for denial of the application, and it is unrelated to the code provision which is cited as the legal ground for denial.

The ordinances cited in the Resolution denying the application do not support

replacement of the trellis as opposed to removing it. The arguments against the application are highly subjective and debatable. The design standards for new developments should not be applied to removal of this small trellis, a post-development addition solely for dining use by a former tenant (not for architectural improvement). Removal of the trellis is equally compatible with all the ordinances cited. Removal of the trellis doesn't have a negative effect on zoning, site planning or economic development.

2. Aesthetic opinions are inherently personal, highly subjective and debatable; the views of the planning department staff as to what is more or less attractive should not override the owner's right to decide what is best for its property, especially given the equally-credible opinions to the contrary.
3. The trellis is at the rear side corner of the center. Any "aesthetic" judgments, even if considered, should be based on the interior of the center which is where the public and tenants view architectural and aesthetic features. People walking on the boardwalk are focused on the lagoon, not whether or not the back wall has articulation. And if articulation is of serious concern, it is provided by the design of the walls and door alcoves at the rear of the buildings.

There are two other trellises in Building G which meet the "aesthetic" considerations.

4. The back side of the center is articulated as seen on the map. There is no viewing angle where articulation is reduced, and the effect on visual interest and variety is conjecture at best. The trellis blocks the view of the lagoon from in front of Building H, and the reduced size of the opening between buildings F and G make the passages looked cramped. Given the absence of trellis, pergolas or similar features generally, it looks like a bad afterthought rather than part of a unified design.
5. The trellises were added by permit dated 9/7/1989, as explained below. The trellises were not deemed necessary to the original design. The back wall of the shopping center wasn't deemed deficient because of lack of "articulation, visual interest and variety to the existing design".
6. The trellis was added because Chevy's negotiated a lease with outdoor seating, no other reason. The present tenant, Warehouse Buffet, doesn't have that use. The reason for the trellis no longer exists. It is a relic which the owner has the right remove for the current use of the adjacent premises.
7. The shopping center has incurred substantial added security costs, numerous repairs have been made and are ongoing in response to the city's lawsuit last

year, and pending boardwalk repairs expected to far exceed what was budgeted. Most of this cost is borne by tenants as "common area expenses". The tenants of this center are not national chains but are small, independently owned businesses. The landlord has the right (and obligation) to manage the center in a commercially reasonable manner, and that includes reducing expenses that are not necessary and don't benefit all tenants. That is part of the reason the trellis is not needed and is too expensive to replace in consideration of the costs and speculative benefits. To the extent any ordinance is relevant, the cost of replacing and maintaining the trellis is detrimental to property and people working in the center, most importantly the tenants who will bear the costs.

8. As staff recognizes, Warehouse Buffet doesn't offer an outdoor dining experience. That function of the trellis is obsolete. It is speculative and onerous to require the owner to replace and maintain a minor aesthetic feature in the possibility that a tenant far in the future may have a use for a trellis.
9. The input from a single neighbor should not carry any weight. If anything, it should be assumed that everyone else approves the application or, more likely, doesn't care at all. One citizen's opinion doesn't supersede the owner's right to deal with its property.
10. The "opportunity to offer benches and seating" is speculative and vague. The city never thought they were essential before, either in the original plans or when the trellis was added. Those amenities are the prerogative of the owner and affected tenants, and if they decide not to install seating, the trellis is useless except to collect bird droppings and incur maintenance expense. In any event, benches and seating can be provided without a trellis. In fact there are benches, seating and umbrellas in place along the boardwalk already. They address the aesthetic basis of the staff recommendation.
11. Applicant reserves the right to offer additional evidence and arguments in support of its appeal at the hearing, including in response to the staff report and evidence from others.

Planning Commission's Findings

As noted in the November 15, 2018 Planning Commission staff report, the Edgewater Shopping Center comprises of mostly single-story buildings and one two-story building (Building J), consist of restaurants and other neighborhood-serving businesses. Since the Shopping Center was built, much of its appearance has remained the same such as the horizontal wood siding, the clock towers, the canvas awnings and a mix of sloped roof forms and flat roof with parapets. Additionally, the Shopping Center features a boardwalk which extends the entire length of the lot facing the lagoon. Building G,

where the Warehouse Buffet is currently located, is one of the Major Credit Tenants. Major Credit Tenants as identified by the Edgewater Place Shopping Center Management are tenants that occupy major square footage at a minimum of 3,500 square feet. The original design of the Shopping Center provided little articulation, especially on the east elevation as seen from across the lagoon. Given the size of the tenant space of Building G, the three trellises located on the north and south elevations adds needed articulation, visual interest and variety to the existing design of the Shopping Center. Although the Warehouse Buffet does not offer an outdoor restaurant dining experience like the former Chevy's Restaurant, this space can be a valuable amenity to the patrons visiting the center as well as possible future tenants. Retaining the trellis would provide an opportunity to offer benches or general seating with views of the lagoon as well as activate the space. The proposal to remove the trellis would deactivate the space along the boardwalk by converting this large space on the north side of Building G into dead space. Removing the trellis may also potentially discourage a future tenant who desires a shaded outdoor dining space.

After considering the staff report and comments from the Appellant's representatives and public, the Planning Commission determined that removal of the metal fence was appropriate. Appellant does not contest this portion of the Planning Commission's decision. As shown in the three (3) findings in support of its decision, the Planning Commission found that the trellis should be retained because it creates visual interest and variety in the overall design of the Center. Its architectural style, color and material are compatible with and create a harmonious design relationship with the adjacent properties. Finally, it provides an open and inviting place for patrons of the Center to enjoy views of the lagoon. (See Planning Commission Resolution, Attachment 3.)

CONCLUSION

Chapter 17.58 Architectural and Control and Supervision *Subsection 17.58.010(A)*, *Intent and purpose* was enacted "to protect the health, safety, and general welfare of the city by maintaining the high standards of architectural design that have distinguished Foster City as the first successful planned community created in California." The proposal to eliminate the trellis is inconsistent with maintaining high standards of architectural design because the trellis is an attractive architectural feature that provides architectural value by adding articulation to an otherwise nondescript building.

Foster City Municipal Code Section 2.28.110(C), *Architectural and site plan review*, states the purposes of architectural and site plan review is to: "assure the existence of sufficient variety in the design of structures and grounds in keeping with the general character and diversity of design of other structures in the vicinity, insofar as the character can be ascertained and found to be architecturally desirable." Elimination of the trellis would not "assure the existence of sufficient variety in the design of structures" at the Center as it will eliminate one of few elements that add variety to the overall

design and appearance of the Center.

Based upon the language in these code sections and the design of the Center, staff contends that the Planning Commission's findings and decision are supported by substantial evidence. A resolution denying the appeal is attached for the City Council's review (Attachment 1). If the City Council determines that the Planning Commission's decision should be overturned, staff will prepare a resolution granting the appeal based upon the reasoning stated by the maker of the motion.

FISCAL IMPACT

There is no fiscal impact associated with this item.

Attachments:

- Attachment 1 – Resolution Denying Appeal
- Attachment 2 – Resolution Approving Appeal
- Attachment 3 – Planning Commission Resolution No. P-25-18
- Attachment 4 – November 15, 2018 Planning Commission Meeting Minutes
- Attachment 5 – November 15, 2018 Planning Commission Staff Report
- Attachment 6 – Appeal Statement from Thomas Tin, General Manager
- Attachment 7 – Letter from Thomas Tin, General Manager
- Attachment 8 – Plans & Photographs
- Attachment 9 – Site Map

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY DENYING THE APPEAL OF THE PLANNING COMMISSION'S DECISION DENYING A USE PERMIT MODIFICATION REQUEST TO REMOVE AN EXISTING TRELLIS LOCATED AT 979-A EDGEWATER BOULEVARD IN THE EDGEWATER SHOPPING CENTER

CITY OF FOSTER CITY

WHEREAS, on September 7, 1989, the Planning Commission adopted a resolution approving a Use Permit Modification to add three trellises to the exterior of Building G (Warehouse Buffet); and

WHEREAS, the Edgewater Shopping Center has had ongoing maintenance problems since at least 1997; and

WHEREAS, City staff has attempted to work with the shopping center owner, Edgewater Holding Corporation, on numerous occasions over the course of several years to obtain compliance with City maintenance standards; and

WHEREAS, on December 11, 2017, a complaint for injunctive relief and abatement of a public nuisance was filed by the City of Foster City, a municipal corporation; and

WHEREAS, during a site walkthrough to evaluate work required by the Shopping Center to comply with City maintenance standards, one of the items identified by City staff was that the trellis was in disrepair and that later the applicant discovered that the trellis suffers from extensive deterioration and dry-rot and must be completely rebuilt; and

WHEREAS, on October 17, 2018, the applicant submitted a Use Permit request for Planning Commission approval to remove one of the three trellises and metal fence located on the north east elevation at 979-A Edgewater Boulevard; and

WHEREAS, the proposal has been determined by the Community Development Director to be categorically exempt from the California Environmental Quality Act of 1970; and

WHEREAS, a Notice of Public Hearing was duly posted, published, and mailed for consideration of the Use Permit Modification request at the Planning Commission meeting of November 15, 2018; and

WHEREAS, the Planning Commission did duly consider the proposal at a public meeting on November 15, 2018; and

WHEREAS, on November 26, 2018, the applicant filed an appeal of the Planning Commission's decision denying a Use Permit Modification request to remove an existing trellis located at 979-A Edgewater Boulevard; and

WHEREAS, the City Council of the City of Foster City did duly consider the appeal at a public meeting on January 7, 2019.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Foster City, based on the facts and analysis in the Staff Report, written and oral testimony, and exhibits presented finds:

- A. Removing the trellis without replacement, would not be consistent with Chapter 17.24 and 17.36 C-1/PD (Neighborhood Business/Planned Development Combining District), Chapter 2.28 (Planning) of Title 2 (Administration and Personnel) and Chapter 17.58 (Architectural Control and Supervision) of Title 17 (Zoning) of the Foster City Municipal Code, because: 1) the trellis is an architectural feature and creates visual interest to the existing design of the Shopping Center and 2) the trellis is well designed with respect to its architectural style, color, and material and is compatible with the architectural details of the building and in the immediate vicinity creating a harmonious design relationship with the adjacent properties and the overall neighborhood in which the subject property is located.
- B. Removing the trellis without replacement, will not "Promote Proper Site Planning, Architectural Design and Property Maintenance" and "Provide for Economic Development" as stated in the Land Use and Circulation Goals (LUC-B and LUC-I) contained in the Land Use and Circulation Element of the Foster City General Plan because: 1) the trellis is well integrated into the existing building and site and is compatible with the buildings within the shopping center in which it is located; 2) removing and replacing the trellis would ensure that an architectural feature remain on Building G adding articulation to the building; and 3) rebuilding a new trellis to replace one that is deteriorating would ensure that property maintenance standards are upheld, which will maintain the long-term health, safety, appearance and welfare of the community.
- C. Replacing the trellis would not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use nor will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city (consistent with Chapter 17.06 Administration, Construction and Enforcement of the Foster City Municipal Code) because: 1) replacing the deteriorating trellis would promote and protect the health and safety of the Edgewater shoppers by providing a safe structure in the patio area where patrons can sit and enjoy the views of the lagoon; 2) replacing the trellis will require procurement of a building permit to ensure safe removal and construction; and 3) replacing the trellis would not generate excess emission of odor, dust, smoke, excessive noise, vibrations, electrical or other disturbances.

BE IT FURTHER RESOLVED that the City Council of Foster City denies the removal of the trellis without replacement.

PASSED AND ADOPTED by the City Council of the City of Foster City at the regular meeting held on the 7th day of January, 2019, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

SAM HINDI, MAYOR

ATTEST:

PRISCILLA TAM, CITY CLERK

STAFF WILL PREPARE THE LEGAL LANGUAGE FOR THE FINDINGS AFTER THE COMMISSION STATES ITS CONCERNS OR POSITION REGARDING THE APPLICATION AND THE FINDINGS IT WISHES TO MAKE

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY APPROVING THE APPEAL OF THE PLANNING COMMISSION'S DECISION DENYING A USE PERMIT MODIFICATION REQUEST TO REMOVE AN EXISTING TRELLIS LOCATED AT 979-A EDGEWATER BOULEVARD IN THE EDGEWATER SHOPPING CENTER

CITY OF FOSTER CITY

WHEREAS, on September 7, 1989, the Planning Commission adopted a resolution approving a Use Permit Modification to add three trellises to the exterior of Building G (Warehouse Buffet); and

WHEREAS, the Edgewater Shopping Center has had ongoing maintenance problems since at least 1997; and

WHEREAS, City staff has attempted to work with the shopping center owner, Edgewater Holding Corporation, on numerous occasions over the course of several years to obtain compliance with City maintenance standards; and

WHEREAS, on December 11, 2017, a complaint for injunctive relief and abatement of a public nuisance was filed by the City of Foster City, a municipal corporation; and

WHEREAS, during a site walkthrough to evaluate work required by the Shopping Center to comply with City maintenance standards, one of the items identified by City staff was that the trellis was in disrepair and that later the applicant discovered that the trellis suffers from extensive deterioration and dry-rot and must be completely rebuilt; and

WHEREAS, on October 17, 2018, the applicant submitted a Use Permit request for Planning Commission approval to remove one of the three trellises and metal fence located on the north east elevation at 979-A Edgewater Boulevard; and

WHEREAS, the proposal has been determined by the Community Development Director to be categorically exempt from the California Environmental Quality Act of 1970; and

WHEREAS, a Notice of Public Hearing was duly posted, published, and mailed for consideration of the Use Permit Modification request at the Planning Commission meeting of November 15, 2018; and

WHEREAS, the Planning Commission did duly consider the proposal at a public meeting on November 15, 2018; and

WHEREAS, on November 26, 2018, the applicant filed an appeal of the Planning Commission's decision denying a Use Permit Modification request to remove an existing trellis located at 979-A Edgewater Boulevard; and

WHEREAS, the City Council of the City of Foster City did duly consider the appeal at a public meeting on January 7, 2019.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Foster City, based on the facts and analysis in the Staff Report, written and oral testimony, and exhibits presented finds:

1. The request would be consistent with Chapter 17.24 and 17.36 C-1/PD (Neighborhood Business/Planned Development Combining District) and Chapter 2.28 (Planning) of Title 2 (Administration and Personnel) of Title 17 (Zoning) of the Foster City Municipal Code, because:

2. The request will "Promote Proper Site Planning, Architectural Design and Property Maintenance" and Provide for Economic Development as stated in the Land Use and Circulation Goals (LUC-B and LUC-I) contained in the Land Use and Circulation Element of the Foster City General Plan because:

3. The request would not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use nor will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city (consistent with Chapter 17.06 Administration, Construction and Enforcement of the Foster City Municipal Code) because:

RESOLUTION NO. _____

BE IT FURTHER RESOLVED that the City Council of Foster City denies the removal of the trellis without replacement.

PASSED AND ADOPTED by the City Council of the City of Foster City at a Regular Meeting thereof held on January 7, 2019 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

SAM HINDI, MAYOR

ATTEST:

PRISCILLA TAM, CITY CLERK

RESOLUTION NO. P- 25 -18

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF FOSTER CITY DENYING A USE PERMIT MODIFICATION REQUEST TO REMOVE ONE OF THE THREE PREVIOUSLY APPROVED TRELLISES AND APPROVING THE REQUEST TO REMOVE THE METAL FENCE LOCATED AT 979-A EDGEWATER BOULEVARD (WAREHOUSE BUFFET) IN THE EDGEWATER SHOPPING CENTER-EDGEWATER HOLDING CORPORATION - APN: 094-541-070 - NEIGHBORHOOD 8 - UP2018-0053

CITY OF FOSTER CITY PLANNING COMMISSION

WHEREAS, on September 7, 1989, the Planning Commission adopted a resolution approving a Use Permit Modification to add three trellises to the exterior of Building G (Warehouse Buffet); and

WHEREAS, the Edgewater Shopping Center has had ongoing maintenance problems since at least 1997; and

WHEREAS, City staff has attempted to work with the shopping center owner, Edgewater Holding Corporation, on numerous occasions over the course of several years to obtain compliance with City maintenance standards; and

WHEREAS, on December 11, 2017, a complaint for injunctive relief and abatement of a public nuisance was filed by the City of Foster City, a municipal corporation; and

WHEREAS, during a site walkthrough to evaluate work required by the Shopping Center to comply with City maintenance standards, one of the items identified by City staff was that the trellis was in disrepair and that later the applicant discovered that the trellis suffers from extensive deterioration and dry-rot and must be completely rebuilt; and

WHEREAS, on October 17, 2018, the applicant submitted a Use Permit request for Planning Commission approval to remove one of the three trellises and metal fence located on the north east elevation at 979-A Edgewater Boulevard; and

WHEREAS, the proposal has been determined by the Community Development Director to be categorically exempt from the California Environmental Quality Act of 1970; and

WHEREAS, a Notice of Public Hearing was duly posted, published, and mailed for consideration of the Use Permit Modification request at the Planning Commission meeting of November 15, 2018; and

WHEREAS, the Planning Commission did duly consider the proposal at a public meeting on November 15, 2018.

NOW, THEREFORE, BE IT RESOLVED that the Planning Commission, based on the facts and analysis in the Staff Report, written and oral testimony, and exhibits presented finds:

- A. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, would be consistent with Chapter 17.24 and 17.36 C-1/PD (Neighborhood Business/Planned Development Combining District), Chapter 2.28 (Planning) of Title 2 (Administration and Personnel) and Chapter 17.58 (Architectural Control and Supervision) of Title 17 (Zoning) of the Foster City Municipal Code, because: 1) the trellis creates visual interest and adds variety to the existing design of the Shopping Center by maintaining a desirable architectural feature to Building G which provide articulation to the overall appearance of

the site; 2) the trellis is well designed with respect to its architectural style, color, and material and is compatible with the architectural details of buildings and in the immediate vicinity creating a harmonious design relationship with the adjacent properties and the overall neighborhood in which the subject property is located; and 3) removing the metal fence would encourage more use of the area by removing a barrier and making the space more accessible to Edgewater patrons since this area is not being utilized by the restaurant for outdoor seating.

- B. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, will "Promote Proper Site Planning, Architectural Design and Property Maintenance" and "Provide for Economic Development" as stated in the Land Use and Circulation Goals (LUC-B and LUC-I) contained in the Land Use and Circulation Element of the Foster City General Plan because: 1) replacing the deteriorating trellis with a new trellis ensures high quality site planning and architectural design through property maintenance which will maintain the long-term health, safety, appearance and welfare of the community; 2) replacing the trellis and removing the metal fence will improve the appearance of the site by replacing the deteriorating trellis with a new trellis and creating a more open and inviting and accessible area for patrons of the Center; and 3) replacing the trellis and removing the metal fence will provide an economic benefit and help maintain the success of the Shopping Center by inviting activity to the space, drawing in more foot traffic, and encouraging the use of the site.
- C. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, would not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use nor will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city (consistent with Chapter 17.06 Administration, Construction and Enforcement of the Foster City Municipal Code) because: 1) replacing the trellis would promote and protect the health and safety of the Edgewater shoppers by providing a safe structure in the patio area where patrons can sit and enjoy the views of the lagoon; 2) replacing the trellis and metal fence will require procurement of a building permit to ensure safe construction and removal; and 3) replacing the trellis and removing the metal fence would not generate excess emission of odor, dust, smoke, excessive noise, vibrations, electrical or other disturbances.

BE IT FURTHER RESOLVED that the Planning Commission denies the removal of the trellis and approves the removal of the fence, subject to the conditions in Exhibit A of UP2018-0053, attached hereto and incorporated herein.

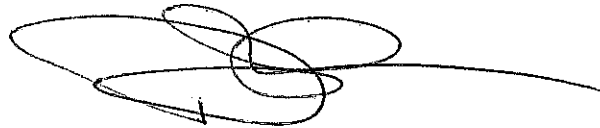
PASSED AND ADOPTED by the Planning Commission of the City of Foster City at a Regular Meeting thereof held on November 15, 2018 by the following vote:

AYES, COMMISSIONERS: Avram, Williams, Wykoff and Chair Dyckman

NOES, COMMISSIONERS:

ABSTAIN, COMMISSIONERS: Pattum

ABSENT, COMMISSIONERS:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

DAN DYCKMAN, CHAIRMAN

ATTEST:

A handwritten signature in black ink, featuring a large, stylized 'C' and 'B'.

CURTIS BANKS, SECRETARY

EXHIBIT A

(Conditions attached to approval of UP2018-0053 by
Planning Commission on November 15, 2018)

1. Prior to commencement of work, a building permit shall be obtained from the Building Inspection Division. Four (4) sets of final construction drawings shall be submitted with the building permit application and the Conditions of Approval in this Exhibit shall be copied on the first sheet of the plan set.
2. **All improvements shall be designed, constructed, installed and maintained in a professional manner and appearance.**
3. No modifications or alterations to the approved plans, during initial use or construction or any time thereafter, shall be permitted without prior approval by the Community Development Director.
4. All materials and colors shall be as approved. Once constructed or installed, all improvements shall be maintained in accordance with the approved plans. Any changes which affect the exterior character of the work shall be resubmitted for approval. The construction or placement of unapproved features or unapproved changes to buildings or structures will result in the issuance of a "Stop Work Order" by the City, the need to revise plans and obtain City approval for all changes prior to recommencing work, and the possibility of penalty fees being assessed for unauthorized work.
5. All vents, gutters, downspouts, flashings, etc. shall be painted to match the color of adjacent surfaces. No electrical conduits or similar piping shall be allowed on the exterior of the building unless approved prior to installation by the Community Development Director.
6. All architectural elements such as soffits, screens, etc., not shown or detailed on the plans shall be finished in a material and color in harmony with the exterior of the building.
7. Exterior lighting of the building and site shall not be directed onto adjacent properties, and the light source shall be shielded from direct off-site view.
8. All mechanical equipment, including electrical and gas meters, shall be architecturally screened from view.
9. Standard residential security requirements as established by Chapter 15.28 of the Foster City Municipal Code shall be provided.
10. Prior to any final building inspection approval, any imposed conditions and all improvements shall be completed in accordance with the approved plans and to the satisfaction of the City.
11. The placement of materials disposal or trash bins within public rights-of-way, including on public streets and on public sidewalks, shall not be allowed until such time as an Encroachment Permit has been issued by the Engineering Division of the Public Works Department.
12. In order to assure public safety and minimize the unattractive short term aspects of construction on the neighborhood, prior to issuance of a building permit, building plans shall include site control information which, at a minimum: 1) Provides that a 6 (six) foot tall chain-link fence (no portion of which contains barbed wire) with a dark green (or other color approved by the Community Development Director) vinyl or canvas liner placed on the exterior of the fence shall be placed around any yard or any portion of a yard which the Chief Building Official shall identify as requiring such.

13. All required fencing shall be in place prior to the commencement of any work on site, shall remain in place for such time as required by the Chief Building Official and shall be removed prior to the issuance of an Occupancy Permit. The gate to the fence shall be locked at all times that the fenced area is left unattended by either the owner or resident, the contractor or subcontractors. All construction materials and equipment, including temporary or portable equipment, such as generators, storage containers or facilities, shall be stored within the interior of the fenced area when construction activities are not occurring. If placed anywhere on site, portable toilets shall be placed within the interior of the fenced area at all times.
14. Building materials, construction equipment and tools, or other items related to the construction or demolition work to be performed shall be stored behind and below required fencing/screening unless special approval to place or store the materials or items is granted by the Community Development Director.
15. If the value of the project exceeds \$100,000, then prior to issuance of a building permit, the applicant shall submit a Waste Management Plan with estimated quantities of debris expected to be generated by the project, how it will be recycled/disposed of, and an accompanying deposit in accordance with Chapter 15.44 of the Foster City Municipal Code.
16. Once a building permit is issued, it is the permit holder's responsibility to ensure that the project receives a final inspection before the building permit expires (180 days after the last inspection). Failure to receive and/or pass a final inspection will result in the expiration of the building permit which will require additional fees to reactivate.
17. All flashings shall be painted to match the color of the adjacent surfaces. No electrical conduits or similar piping shall be allowed on the exterior of the building unless approved by the Community Development Director prior to installation.
18. **Construction activities shall be limited to the hours of 8 a.m. to 5 p.m. on weekdays Monday through Friday. No construction shall take place on Saturdays, Sundays or legal holidays. All construction related activities including but not limited to noise, vibration, dust etc. shall be in accordance with Chapter 17.68, General Performance Standards, of Title 17, of the Foster City Municipal Code.**
19. **All areas being repaired shall be finished, painted, and treated in a manner to form a seamless transition between the existing and the adjacent surfaces.**
20. **The trellis shall be replaced immediately upon completion of the boardwalk repairs.**
21. **The trellis shall be replaced in kind and match the other two trellises with respect to location, size, style, material, and design. Any proposed change(s) shall be reviewed and approved by Planning Division staff prior to Building permit submittal.**
22. **The trellis shall be painted and maintained in a professional manner to the satisfaction of the Community Development Director. At any time the trellises show signs of discoloration and/or deterioration, it shall be repainted and repaired in a timely manner as determined by the Community Development Director.**
23. **Outdoor seating shall be provided beneath the trellis in the patio area on the north elevation.**

Bold Text Indicates Site Specific Condition

REGULAR MEETING OF THE FOSTER CITY PLANNING COMMISSION

Council Chambers – 620 Foster City Boulevard – Foster City

MINUTES

NOVEMBER 15, 2018

1. **CALL TO ORDER**

At 7:00 p.m. by Dyckman

2. **ROLL CALL**

Present: Commissioners Avram, Pattum, Williams, Wykoff and Chair Dyckman

Staff Present: Curtis Banks, Community Development Director; Jean Savaree, City Attorney; Monica Ly, Assistant Planner; Timothy Maier, Associate Planner

3. **COMMUNICATIONS FROM THE PUBLIC**

1. None

4. **CONSENT CALENDAR**

1. MINUTES OF NOVEMBER 1, 2018 REGULAR MEETING

ACTION: Motion by Commissioner Avram, seconded by Commissioner Pattum to approve the Minutes of November 15, 2018 Regular Meeting, passed 5-0-0-0

5. **CONTINUED PUBLIC HEARING**

1. None

6. **NEW PUBLIC HEARING**

1. USE PERMIT MODIFICATION REQUEST TO REMOVE THE PREVIOUSLY APPROVED TRELLIS AND FENCE LOCATED AT 979-A EDGEWATER BOULEVARD IN THE EDGEWATER SHOPPING CENTER – EDGEWATER HOLDING CORPORATION – APN: 094-541-070 – NEIGHBORHOOD 8 – UP2018-0053

Commissioner Pattum recused himself due to living within 500 feet of the subject property.

ACTION: Motion by Commissioner Williams, seconded by Commissioner Avram to close public hearing, passed 4-0-1-0 (Pattum)

ACTION: Motion by Commissioner Williams, seconded by Commissioner Avram, to Adopt Resolution No. P-25-18, denying removal of the trellis and approving removal of the fence UP2018-0053, passed 4-0-1-0 (Pattum)

Commissioner Pattum returns.

2. USE PERMIT REQUEST TO CONSTRUCT AN APPROXIMATELY 907 SQUARE-FOOT ADDITION TO THE FIRST STORY AND AN APPROXIMATELY 1,770 SQUARE-FOOT ADDITION TO THE SECOND STORY OF AN EXISTING APPROXIMATELY 2,690 SQUARE FOOT, TWO-STORY, SINGLE-FAMILY WATERFRONT HOME LOCATED AT 926 ARUBA LANE IN NEIGHBORHOOD 7 (PLUM ISLAND) – APN: 094-850-520 – AWASTHI – AR2018-0040

- Continue to a date uncertain to address comments from the Planning Commissioners.

7. OLD BUSINESS

1. None

8. NEW BUSINESS

1. None

9. STUDY SESSION

1. None

10. COMMUNITY DIRECTOR REPORT

1. None

11. STATEMENTS AND REQUESTS FROM THE COMMISSIONERS

1. Commissioner Williams, Pattum, Wykoff and Avram had comments.

12. ADJOURNMENT

Adjourned at 8:18 PM to a December 6, 2018 Regular Meeting, Council Chambers, 620 Foster City Boulevard, Foster City, California.

PASSED AND ADOPTED by the Planning Commission of the City of Foster City at a Regular Meeting thereof held on December 6, 2018 by the following vote:

AYES, COMMISSIONERS: Pattum, Williams, Wykoff and Chair Dyckman

NOES, COMMISSIONERS:

ABSTAIN, COMMISSIONERS:

ABSENT, COMMISSIONERS: Avram



DAN DYCKMAN, CHAIRMAN

ATTEST:



CURTIS BANKS, SECRETARY

DATE: NOVEMBER 15, 2018

STAFF REPORT

AGENDA ITEM NO. 6.1

TO: FOSTER CITY PLANNING COMMISSION

PREPARED BY: MONICA LY, ASSISTANT PLANNER

CASE NO.: UP2018-0053

OWNER: EDGEWATER HOLDING CORPORATION

PROJECT LOCATION: 979-A EDGEWATER BOULEVARD/WAREHOUSE BUFFET
(NEIGHBORHOOD 8)

REQUESTED ACTION/PURPOSE

Use Permit Modification request to remove one of the three trellises and metal fence previously approved for 979-A Edgewater Boulevard in the Edgewater Shopping Center.

RECOMMENDATION

That the Planning Commission adopt the attached resolution denying the removal of the trellis and approving the removal of the metal fence subject to the conditions of the approval in Exhibit A.

GENERAL INFORMATION

GENERAL PLAN DESIGNATION: NC (Neighborhood Commercial)

ZONING DISTRICT: C-1/PD (Neighborhood Business/Planned Development Combining) District

ZONING HISTORY: On March 4, 1976, the Planning Commission approved a Use Permit for the Edgewater Place Shopping Center (UP-76-001).

On December 6, 1979, the Planning Commission adopted a resolution approving the modification to UP-76-001 to allow architectural modifications – Customs House (Building G) (P-120-79)

On September 7, 1989, the Planning Commission adopted a resolution approving the modification to UP-76-001 to add three trellises to the exterior of Building G (P-116-89).

On March 20, 2000, the City Council adopted a resolution approving an amendment to UP-76-001 to address maintenance issues (UP-76-001W), (P-2000-35).

On May 1, 2000, the City Council adopted a resolution approving an amendment to UP-76-001 to address maintenance issues related to garbage handling (UP-76-001W), (P-2000-49).

SURROUNDING LAND USE: North: Beach Park Boulevard/Residential Condominiums
South: Port Royal Avenue/Single Family Homes
East: Lagoon/Single Family Homes
West: Edgewater Boulevard/Single Family Homes

LOT SIZE: 8.9 acres

KEY PLANNING OR DESIGN ISSUES

- Building Articulation

BACKGROUND

On March 4, 1976, the Planning Commission approved a Use Permit to construct the Edgewater Place Shopping Center (UP-76-001). The Shopping Center is comprised of mostly single-story buildings and a two-story building facing Edgewater Boulevard. The Shopping Center consists of 42 suites total, 6 of which are currently vacant. The suites are occupied by neighborhood serving businesses including a large grocery store, restaurants, cafés, salons, tutoring center, etc. Under the approved Use Permit, Condition No. 1.1 stated: "That all construction shall be completed and maintained in a professional manner and appearance."

Since at least 1997, there has been a history of ongoing property maintenance issues and on March 20, 2000, the City Council adopted a Resolution to address the maintenance issues. Some progress have been made however several maintenance issues were still outstanding and after receiving numerous residential complaints, the City of Foster City filed a complaint for injunctive relief and abatement of a public nuisance on December 11, 2017. Since then, city staff and the city attorney has been actively engaged with the Edgewater Place Property Management in addressing the outstanding issues in order to bring the Center into Compliance with City Codes for property maintenance. See *Section 9.52.010 of Chapter 9.52, Property Maintenance of the Foster City Municipal Code below.*

During one of the site walkthroughs with the property manager, city staff, and the city attorney, it was discovered that the trellis located on the north elevation above a patio area was in disrepair and needed to be repainted. Later, the applicant indicated the trellis suffers from extensive deterioration, contains dry-rot, and must completely be rebuilt. Rather than repair or replace the trellis, the applicant proposed to remove the trellis along with the existing metal fence surrounding the patio area. However, since the trellises and metal fencing were approved by the Planning Commission as part of a Use Permit, removal of the trellis and metal fencing requires Planning Commission approval.

On September 7, 1989, the Planning Commission approved a Use Permit Modification request to allow three trellises to be added to the exterior elevation of Building G, located on the south east end of the Center. The building is currently occupied by the Warehouse Buffet. One of the trellises on the north elevation is located above the existing outdoor patio dining area and is approximately 32'-0" long by 32'-0" long by 32'-3" wide and 10'-0" high. The second trellis on the north elevation is located near the entrance and is approximately 62'-0" long by 11'-3" wide and 9'-0" high and extends the length of the building from the entrance. The third trellis is

located above the outdoor patio dining area on the south elevation and is approximately 66'-0" long by 10'-3" wide and 9'-6" high. All of the existing trellises are constructed out of pressure-treated Douglas fir. Underneath the trellis on the north elevation surrounding the patio dining area is an existing metal fence. The dimensions are approximately 32'-0" by 32'-0" by 10'-0" by 12'-0" by 20'-0" and 3'-0" high. See *attached plans*.

When the Commission approved the exterior modifications to the Use Permit adding the trellises, one of the Conditions of Approval was that the work be completed and *maintained in a professional manner and appearance* (Condition No. 88 of Planning Commission Resolution P-116-89). However, due to the lack of maintenance and upkeep, the trellises appeared to be in poor condition and became a part of ongoing code enforcement related to property maintenance at the Center. During a recent property inspection, the Property Management observed that one of the trellises located on the north east elevation above outdoor patio area was deteriorating, showed signs of rotted wood and determined it to be a safety hazard. Instead of repairing or replacing the trellis, the Property Management proposes to removal the trellis. The applicant has also requested removal of the metal fence enclosing the outdoor patio area. See *attached letter from Edgewater Holding Corporation requesting removal of the trellis and fence*. Also, see *attached aerial map showing the location of the trellis and fence and photographs*.

Section 9.52.010 of Chapter 9.52, Property Maintenance of the Foster City Municipal Code:

It is a public nuisance for any person owning, leasing, occupying, or having charge of any premises in this city to maintain or permit such property to be maintained in such manner that any of the following conditions which constitute a hazard to public health, safety or welfare and are deemed to be an offense against property are found to exist thereon:

A. Buildings or structures which are structurally unsafe or which constitute a fire hazard, or which are otherwise dangerous to human life, or which, in relation to existing use constitute a hazard to safety or health or public welfare by reasons of inadequate maintenance, dilapidation, obsolescence or abandonment;

D. Buildings, fences, or other structures which are or have been abandoned, boarded up, partially destroyed, in need of repair or maintenance or permitted to remain in a state of partial construction;

E. Unpainted, unstained, partially chipped or peeling exteriors of buildings, fences and structures causing or tending to cause dry rot, warping or termite infestation, or buildings, fences and structures left partially unpainted for unreasonable periods of time;

N. Maintenance of premises in such condition as to be detrimental to the public health, safety or general welfare or in such manner as to constitute a public nuisance;

Public Noticing

In order to inform the most immediately-affected property owners, the neighborhood and the general public, the Public Hearing was noticed in the following ways:

- Published in the Islander on October 25, 2018
- Displayed on FCTV/Channel 27 on October 25, 2018
- Displayed on the marquee at Leo J. Ryan Park from November 8, 2018 through November 15, 2018
- Sent via email through the Planning Listserv on October 25, 2018
- A Public Notice was mailed to neighbors within 500 feet of the subject site on October 30, 2018
- Posted on the Foster City website at www.fostercity.org on October 25, 2018

- Posted on-site and at all of the City's official posting locations on October 29, 2018

ANALYSIS

The Edgewater Shopping Center comprises of mostly single-story buildings and one two-story building (Building J), consist of restaurants and other neighborhood-serving businesses. Since the Shopping Center was built, much of its appearance has remained the same such as the horizontal wood siding, the clock towers, the canvas awnings and a mix of sloped roof forms and flat roof with parapets. Additionally, the Shopping Center features a boardwalk which extends the entire length of the lot facing the lagoon.

Building G, where the Warehouse Buffet is currently located, is one of the Major Credit Tenants. Major Credit Tenants as identified by the Edgewater Place Shopping Center Management are tenants that occupy major square footage at a minimum of 3,500 square feet. The original design of the Shopping Center provides little articulation, especially on the east elevation as seen from across the lagoon. Given the size of the tenant space of Building G, the three trellises located on the north and south elevations adds needed articulation, visual interest and variety to the existing design of the Shopping Center. Although the Warehouse Buffet does not offer an outdoor restaurant dining experience like the former Chevy's Restaurant, this space can be a valuable amenity to the patrons visiting the center as well as possible future tenants. Retaining the trellis would provide an opportunity to offer benches or general seating with views of the lagoon as well as activate the space. The proposal to remove the trellis would deactivate the space along the boardwalk by converting this large space on the north side of Building G into dead space. Removing the trellis may also potentially discourage a future tenant who desires a shaded outdoor dining space. Given that it was the responsibility of the Property Management to maintain the trellises and perform timely repairs, removal of the trellis without replacement cannot be justified. In response to the Public Hearing noticing, staff received a phone call from the adjacent property owner from across the lagoon who expressed that the trellis should be retained as it provides architectural interest and that removing the trellis would make the buildings appear plain as seen from across the water. The property owner also expressed concerns regarding the removal of the metal fence.

As noted previously, the applicant also proposes to remove the existing low metal fence around the outdoor patio located on the north elevation. While the seating area serves Building G (Warehouse Buffet) customers, the tenant is not given exclusive use of the outdoor patio and therefore the existing metal railing currently acts as a barrier preventing limited access to Edgewater patrons for use of the space. Therefore, staff supports the removal of the metal fence.

STAFF COMMENTS/RECOMMENDATION

Staff cannot make the findings to justify the removal of a desirable architectural feature and amenity of the site and therefore, Staff recommends denial of the Use Permit Modification request to remove the trellis and approval of the request to remove the metal fence with the added condition that some outdoor seating be provided.

SUMMARY

The following table outlines the unresolved project issues where the applicant and staff disagree and which require a decision by the Planning Commission.

Table 1: Summary of Unresolved Issues

Planning Issue	Proposed By Applicant	Staff Recommendation
Trellis above outdoor patio area	Removal	Replacement and retaining some outdoor seating

NEXT STEPS

The Planning Commission's action on the proposal is final unless appealed to the City Council. There is an appeal period of ten (10) calendar days following any action of the Planning Commission.

INDIVIDUALS, ORGANIZATIONS, AND DOCUMENTS CONSULTED

Johanne Vaillau, Assistant Property Manager
File UP-1-76 F6 A
UP-76-001W File #1-3
UP-1-76 General File #10
UP-1-76 September 7, 1989 Approved Plans
Planning Commission Resolution P-116-89
City Council Resolutions P-2000-35 and P-2000-49

FINDINGS

Refer to attached Resolution.

CONDITIONS

Refer to Exhibit A attached to Resolution.

ATTACHMENTS

Resolutions (2)
Letter from Thomas Tin, General Manager, dated October 12, 2018
Vicinity Map
Plans and Photographs

APPEAL FORM

You may complete this form if you wish to appeal a decision of the Community Development Director or Planning Commission or you may submit a letter containing information in accordance with Section 17.06.150 of the Foster City Municipal Code.

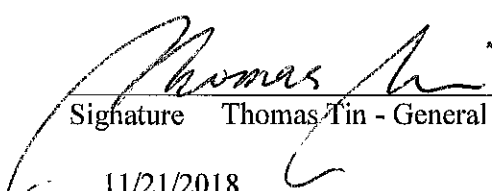
Please note: All appeals must be filed within ten (calendar) days after the decision of the Community Development Director or Planning Commission. The appeal must be in writing and must provide information addressing all of the items below to be considered complete. The required appeal fee as adopted by the City Council must accompany an appeal to the Planning Commission of a decision of the Community Development Director (Planning Director) or an appeal to the City Council of a decision of the Planning Commission or it will be considered incomplete. Prior to submitting your appeal, please check with staff regarding the amount of the appeal fee due.

1. Appellant Edgewater Holding Corporation
(Your name, phone # Thomas Tin - General Manager
and address) 100 Bush Suite 218, SF CA 94104
2. Address of project 979-A Edgewater Blvd., Foster City CA
3. Brief project description Use Permit Modification request to remove/demo trellis and fence.
(Improvement requested by property owner) Planning Commission Resolution p.25-18 denying user permit application in Case No.UP2018-0053 (Edgewater Holding
4. Brief description of decision being appealed Corporation.
5. Relief or action sought Reversal of decision and granting of application to remove a trellis.
(Reversal of decision or change in conditions of approval, etc.)
6. Basis for the appeal. (A) List all findings made by the Planning Director or Planning Commission in the decision you are appealing. (B) Provide a written statement indicating which findings you contend were made in error and why. You may attach other sheets. Please attach all documentation supporting your request.

See attached.

Attachment to Appeal of Planning Commission Denial of Use Permit Modification

(Resolution No.p.25-18, Case no. PU2018-0053, Nov.15,2018)


Signature Thomas Tin - General Manager

11/21/2018
Date

**FOSTER CITY
RECEIVED**

NOV 27 2018

**PLANNING/
CODE ENFORCEMENT**

Attachment: Section 17.06.150 of the Foster City Municipal Code
C:\Users\etolentino\Desktop\Appeal Form.doc

Attachment to Appeal of Planning Commission Denial of Use Permit Modification
(Resolution No. p. 25-18, Case no. UP2018-0053, Nov. 15, 2018)

1. The staff recommendation in support of denying the application cited FC Municipal Code 9.52.010 in support, which deals with health, safety and nuisance regulation. The staff recommendation, however, is based solely on one subjective aesthetic opinion—"articulation, visual interest and variety to the existing design". That is an arbitrary personal opinion which is not a proper basis for denial of the application, and it is unrelated to the code provision which is cited as the legal ground for denial.

The ordinances cited in the Resolution denying the application do not support replacement of the trellis as opposed to removing it. The arguments against the application are highly subjective and debatable. The design standards for new developments should not be applied to removal of this small trellis, a post-development addition solely for dining use by a former tenant (not for architectural improvement). Removal of the trellis is equally compatible with all the ordinances cited. Removal of the trellis doesn't have a negative effect on zoning, site planning or economic development.

2. Aesthetic opinions are inherently personal, highly subjective and debatable; the views of the planning department staff as to what is more or less attractive should not override the owner's right to decide what is best for its property, especially given the equally-credible opinions to the contrary.

3. The trellis is at the rear side corner of the center. Any "aesthetic" judgments, even if considered, should be based on the interior of the center which is where the public and tenants view architectural and aesthetic features. People walking on the boardwalk are focused on the lagoon, not whether or not the back wall has articulation. And if articulation is of serious concern, it is provided by the design of the walls and door alcoves at the rear of the buildings.

There are two other trellises in Building G which meet the "aesthetic" considerations.

4. The back side of the center is articulated as seen on the map. There is no viewing angle where articulation is reduced, and the effect on visual interest and variety is conjecture at best. The trellis blocks the view of the lagoon from in front of Building H, and the reduced size of the opening between Buildings F and G make the passages looked cramped. Given the absence of trellis, pergolas or similar features generally, it looks like a bad afterthought rather than part of a unified design.

5. The trellises were added by permit dated 9/7/1989, as explained below. The trellises were not deemed necessary to the original design. The back wall of the shopping center wasn't

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deemed deficient because of lack of “articulation, visual interest and variety to the existing design”.

6. The trellis was added because Chevy’s negotiated a lease with outdoor seating, no other reason. The present tenant, Warehouse Buffet, doesn’t have that use. The reason for the trellis no longer exists. It is a relic which the owner has the right remove for the current use of the adjacent premises.

7. The shopping center has incurred substantial added security costs, numerous repairs have been made and are ongoing in response to the city’s lawsuit last year, and pending boardwalk repairs expected to far exceed what was budgeted. Most of this cost is borne by tenants as “common area expenses”. The tenants of this center are not national chains but are small, independently owned businesses. The landlord has the right (and obligation) to manage the center in a commercially reasonable manner, and that includes reducing expenses that are not necessary and don’t benefit all tenants. That is part of the reason the trellis is not needed and is too expensive to replace in consideration of the costs and speculative benefits. To the extent any ordinance is relevant, the cost of replacing and maintaining the trellis is detrimental to property and people working in the center, most importantly the tenants who will bear the costs.

8. As staff recognizes, Warehouse Buffet doesn’t offer an outdoor dining experience. That function of the trellis is obsolete. It is speculative and onerous to require the owner to replace and maintain a minor aesthetic feature in the possibility that a tenant far in the future may have a use for a trellis.

9. The input from a single neighbor should not carry any weight. If anything, it should be assumed that everyone else approves the application or, more likely, doesn’t care at all. One citizen’s opinion doesn’t supersede the owner’s right to deal with its property.

10. The “opportunity to offer benches and seating” is speculative and vague. The city never thought they were essential before, either in the original plans or when the trellis was added. Those amenities are the prerogative of the owner and affected tenants, and if they decide not to install seating, the trellis is useless except to collect bird droppings and incur maintenance expense. In any event, benches and seating can be provided without a trellis. In fact there are benches, seating and umbrellas in place along the boardwalk already. They address the aesthetic basis of the staff recommendation.

11. Applicant reserves the right to offer additional evidence and arguments in support of its appeal at the hearing, including in response to the staff report and evidence from others.

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EDGEWATER HOLDING CORPORATION

100 BUSH STREET, SUITE 218
SAN FRANCISCO, CA 94104

TEL: (415) 986-8880

FAX: (415) 986-2697

October 12, 2018

City of Foster City
610 Foster City Blvd.
Foster City, CA 94404-2222

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**RE: REMOVAL OF TRELLIS & FENCE: WAREHOUSE BUFFET LOCATED AT 979
EDGEWATER BLVD., FOSTER CITY, CA 94404**

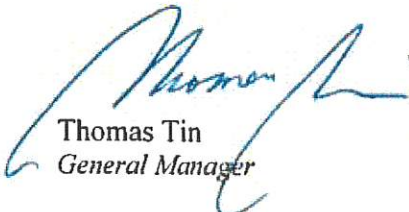
To Whom It May Concern:

The Owning Entity, Edgewater Holdings Corporation, being the General Manager of the property where the premises described above (the "Property") is located, hereby consents to the removal of the exterior trellis and fence. During a property inspection, it was noticed that the trellis positioned above Warehouse Buffet's outdoor seating area has suffered extensive deterioration and contains rotted wood which can become a safety hazard if ignored. Additionally, we are in the beginning stages of Phase-1 to the boardwalk repairs where the trellis and fence are also located. Removing both items would be both advantageous and beneficial as it would be incorporated into the repairs. While seating area serves Warehouse Buffet's customers, tenant is given non-exclusive permission to use per the Lease, therefore maintenance and repairs of trellis, as deemed necessary, is the Landlord's responsibility. Alongside the Use Permit Modification application, please accept site plan/aerial showing the location of the trellis and fence, photographs, drawings and pricing for removal of said items with detailed scope of work from our licensed General Contractor.

Based on what we have provided, we are requesting your approval to the Use Permit Modification.

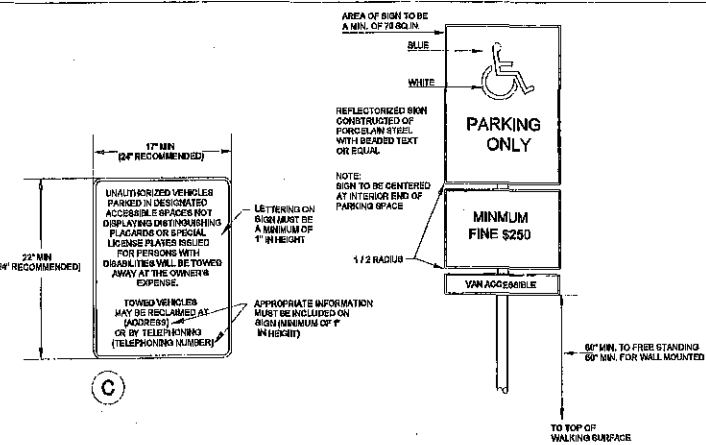
Sincerely,

EDGEWATER HOLDINGS CORPORATION

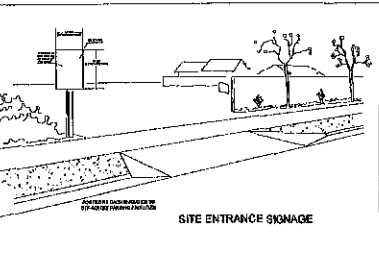

Thomas Tin
General Manager

ACCESSIBLE PARKING & ACCESSIBLE ENTRY:

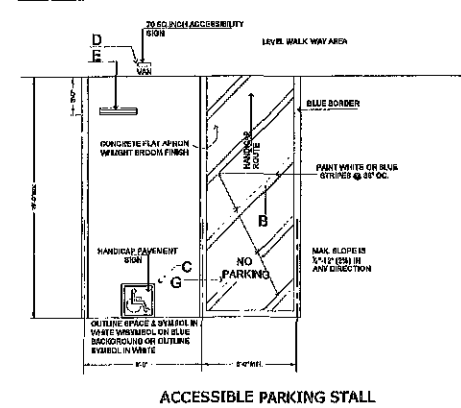
- THE ACCESSIBLE PARKING SPACES ARE EXISTING AND IT IS TO BE VERIFIED TO MEET THE FOLLOWING REQUIREMENTS.
- 1). ACCESSIBLE PARKING REQUIRED:
- A). ALL ACCESSIBLE PARKING SPACES ARE TO BE 9' WIDE X 18' IN LENGTH.
- B). FOR SINGLE PARKING SPACE: A 5' SIDE STRIPED PASSENGER LOADING/UNLOADING SPACE IS REQUIRED ON THE PASSENGER SIDE.
- C). FOR VAN PARKING: A 8' WIDE LOADING/UNLOADING ACCESS AISLE IS REQUIRED ON THE PASSENGER SIDE.
- D). VAN ACCESSIBLE PARKING SPACES: AN 8' WIDE MIN. LOADING/UNLOADING ACCESS AISLE IS REQUIRED IN THE MIDDLE BETWEEN THE TWO SPACES.
- 2). THE CURB RAMP: THE CURB RAMP SLOPE SHALL BE LESS THAN 1/12 SLOPE WITH MIN. OF 48" WIDE & THE SIDE SLOPES TO BE LESS THAN 1/10 RATIO.
- 3). ENTRY ACCESS ROUTE: THE ACCESSIBLE PATH OF TRAVEL SHALL HAVE 48" MIN. WIDTH WITH MAX. 1/2" CHANGES IN ELEVATION, SLOPE DO NOT EXCEED 5% (1/20 RATIO).
- 4). IDENTIFICATION OF PARKING SPACES FOR OFF-STREET PARKING FACILITIES: FOR PARKING SIGN (70 SQ. IN.) MOUNTED 60" ABOVE THE PAVING AT THE PARKING SPACE.
- 5). DRIVEWAY ENTRY SIGN: THE SIGN FOR "AUTHORIZED VEHICLES" IS PROVIDED AT ALL THE DRIVEWAY ENTRANCES.
- 6). INTERNATIONAL ACCESSIBILITY SIGN: INSTALL ACCESSIBILITY SIGN OR SYMBOL AT THE STRIKE SIDE AT 60" ABOUT FLOOR.



PARKING SPACE SIGNAGE

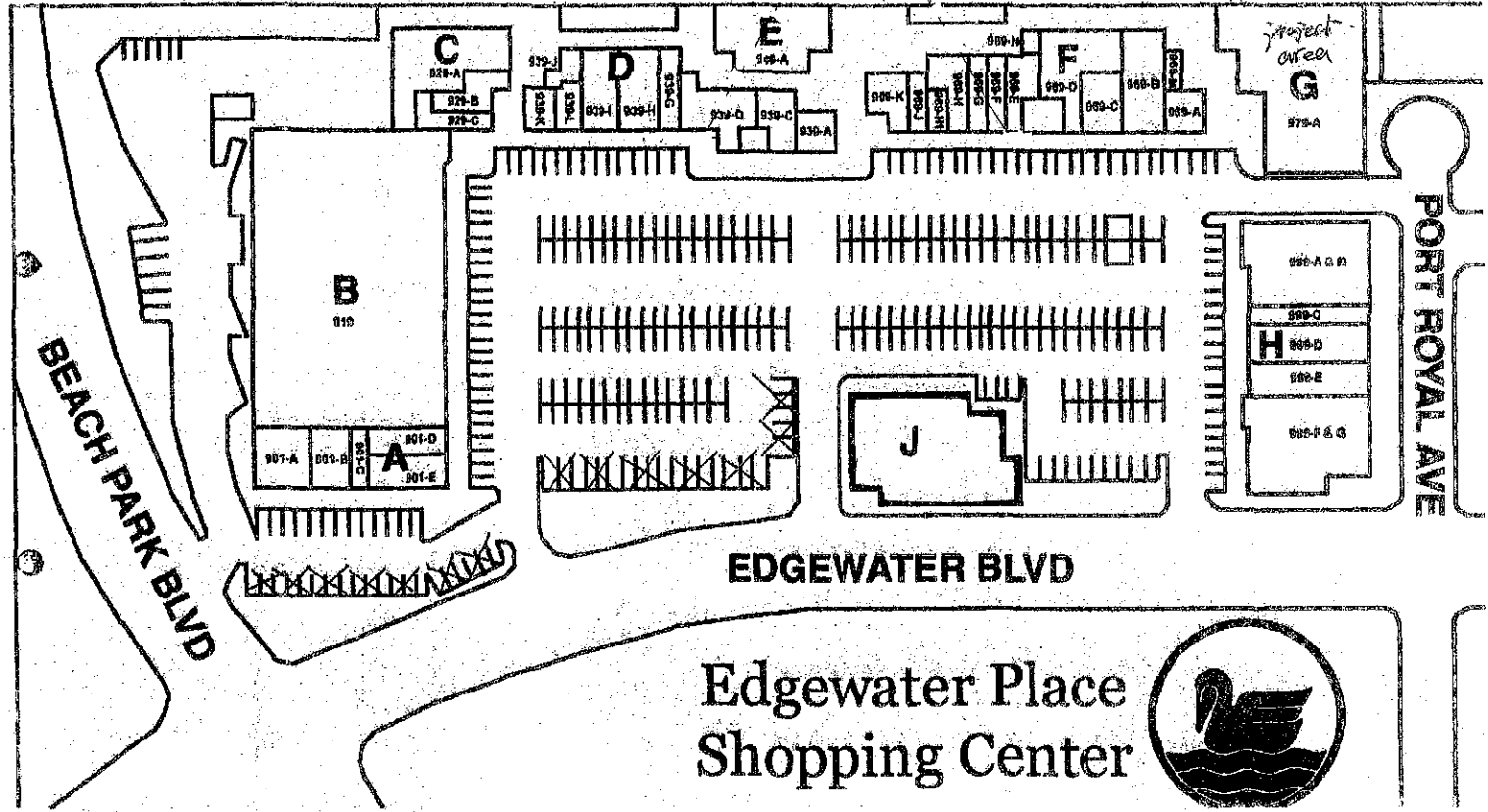


SITE ENTRANCE SIGNAGE

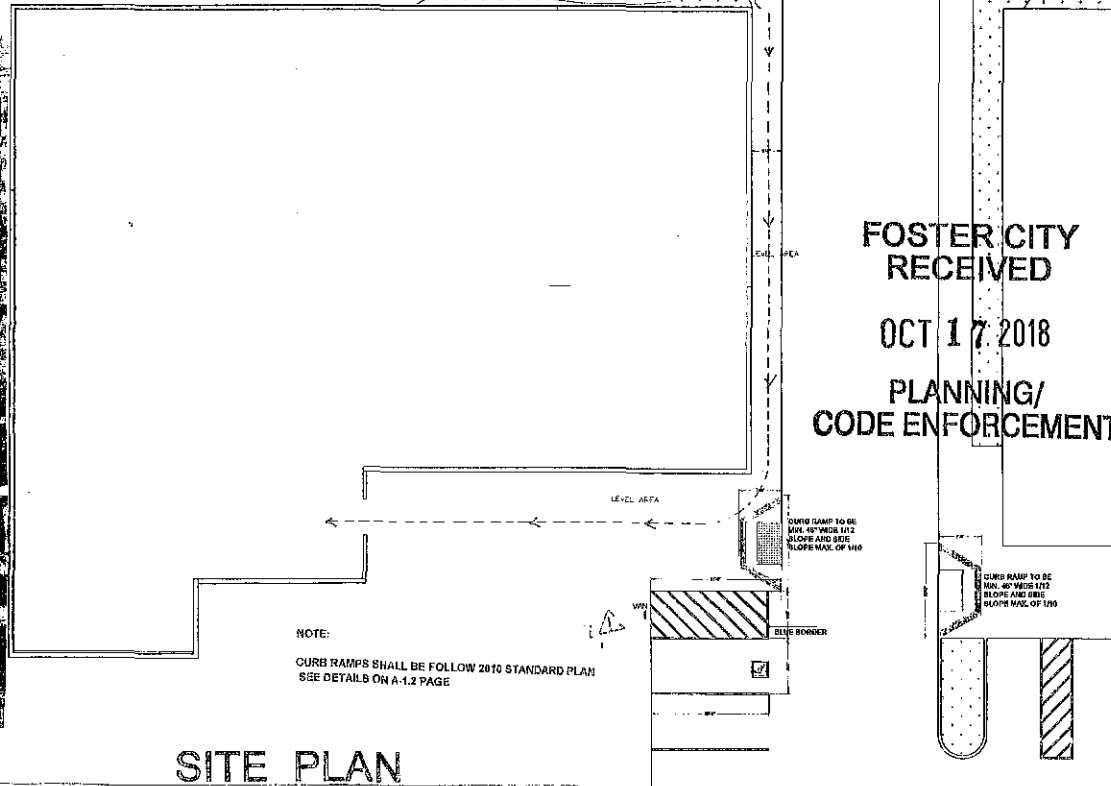
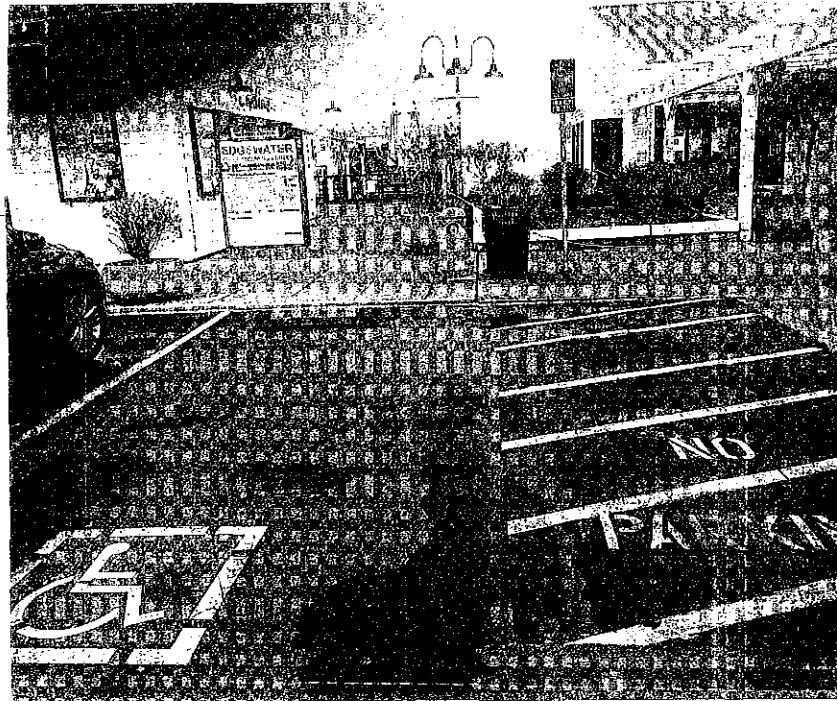


ACCESSIBLE PARKING STALL

- NOTES:
- A) 6" MIN. AT TYPICAL STALL.
- B) STRIPES 3" FOR CENTER LINES.
- C) TYPICAL PARKING SIGNAGE.
- D) PARKING SIGNAGE, 70 SQ. INCHES.
- E) WHEEL STOP STOP 2' FROM 8" WIDE OR GREATER.
- F) "NO PARKING" IN MIN. 12" WHITE PAINT SIGN LETTERS.



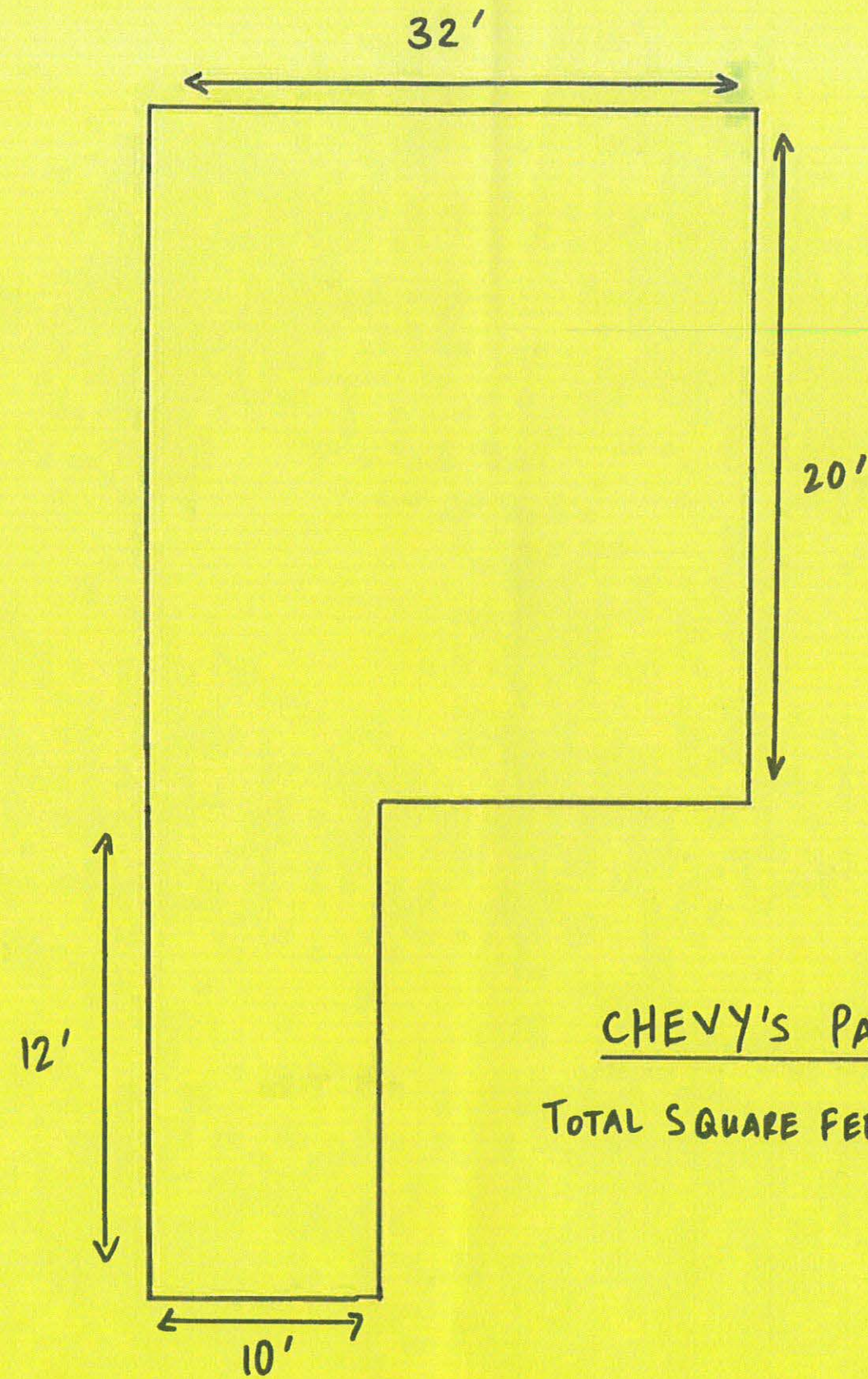
SITE PLAN



SITE PLAN

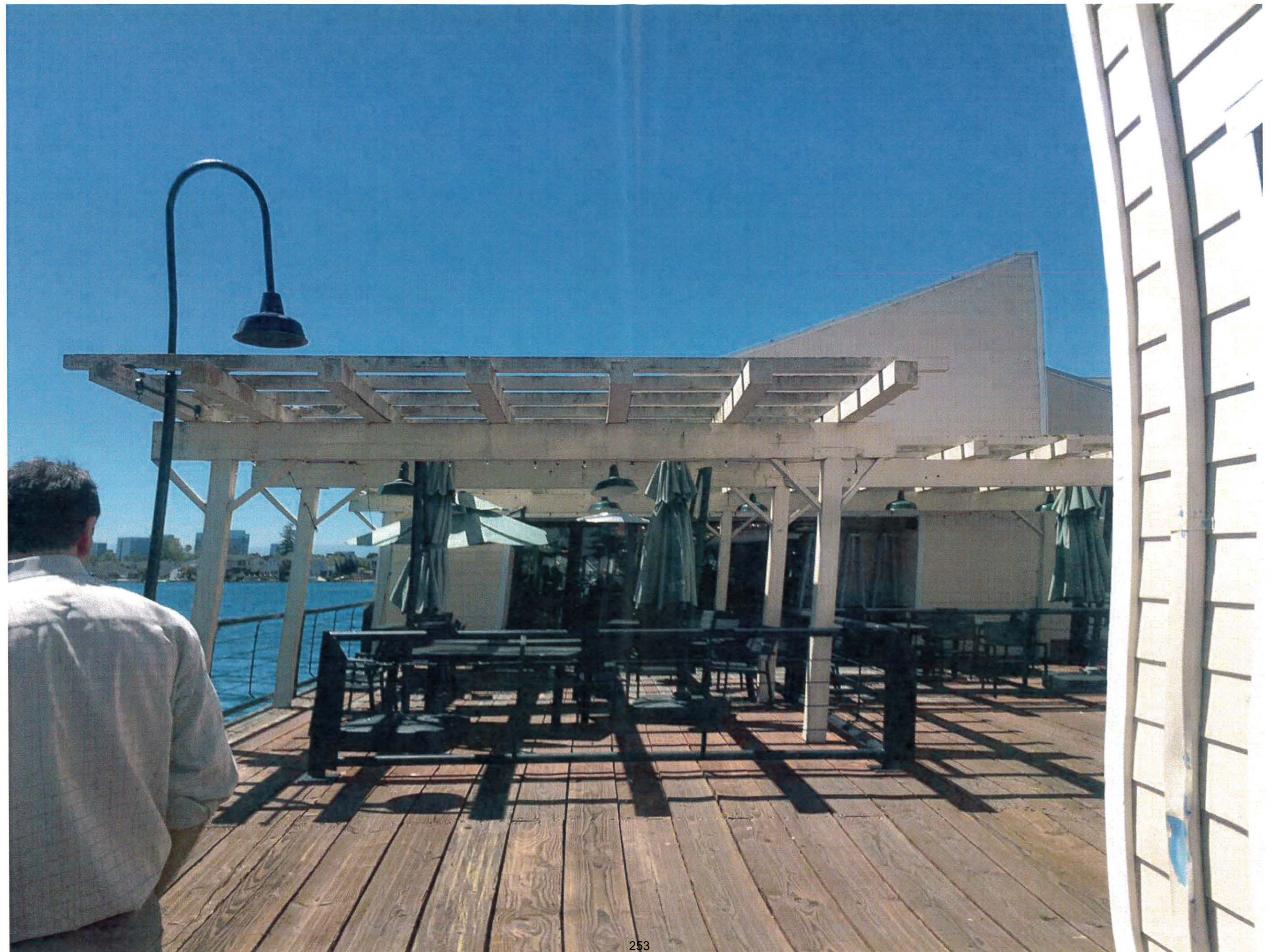
REVISIONS		By	Date
1	Initial	10/17/2018	
PROJECT TITLE:		THE WAREHOUSE BUFFET	
PROJECT ADDRESS:		970 EDgewater BLVD FOSTER CITY, CA	
DESIGNED BY:		T.W.	
DATE:		JAN 16, 2016	
SCALE:		AS SHOWN	
DRAWN BY:		W.P.D.	
JOB:			
SHEET		A1.1	
OF SHEETS		1	





CHEVY'S PATIO
TOTAL SQUARE FEET = 760 SQ FT

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EDGEWATER PLACE
SHOPPING CENTER
IS A SMOKE-FREE
ENVIRONMENT
NO SMOKING
F.C.C. § 28
Fines \$250-\$1000

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North Side of Building

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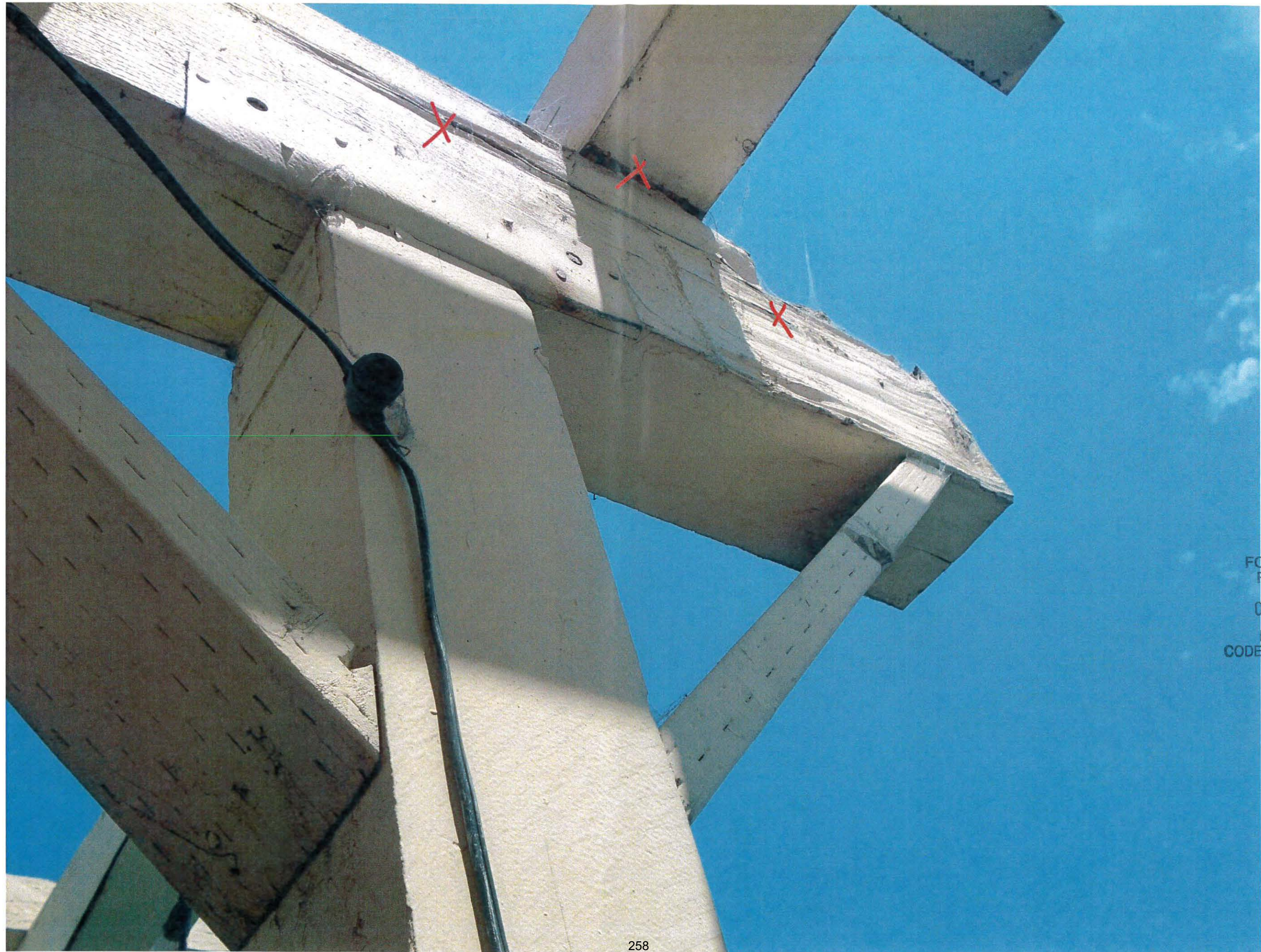
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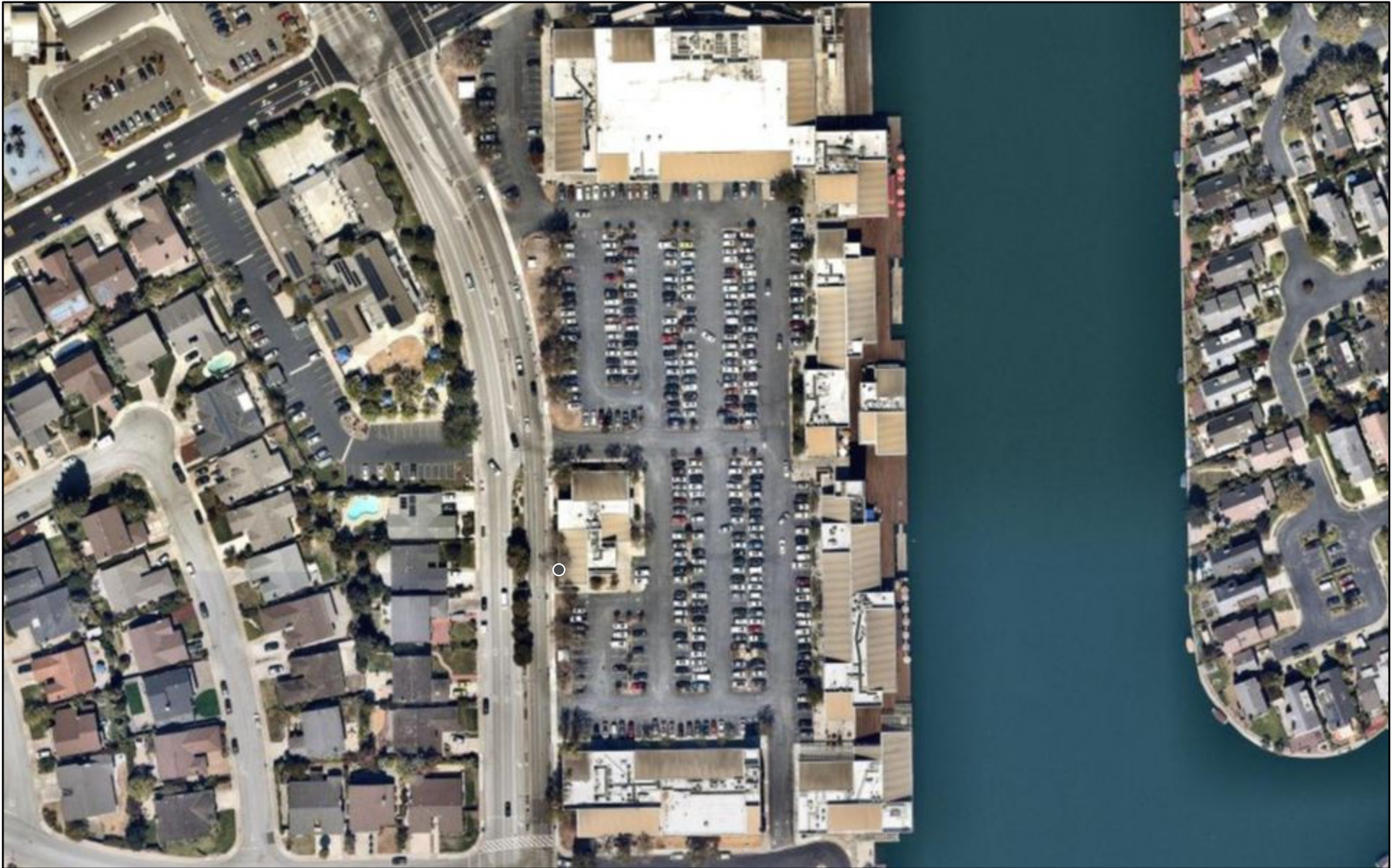


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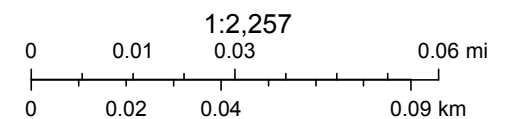


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979-A EDGEWATER BLVD. SITE MAP



11/7/2018, 6:35:19 PM



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Web AppBuilder for ArcGIS

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DATE: January 22, 2019

TO: Mayor and Members of the City Council
President and Members of the Estero Municipal Improvement District
(EMID) Board of Directors

VIA: Jeff Moneda, City/District Manager

FROM: Jean Savaree, City Attorney

SUBJECT: APPROVING SECOND AMENDMENT TO CITY/DISTRICT MANAGER
JEFF C. MONEDA'S EMPLOYMENT AGREEMENT

RECOMMENDATION

It is recommended that the City Council/EMID Board adopt the attached resolutions, approving the Second Amendment to the City/District Manager's Employment Agreement, revising paragraph 2(A) to reflect a new base salary of \$243,960 (\$20,300 per month).

BACKGROUND/ANALYSIS

On May 21, 2018, an Employment Agreement was entered into with Jeff C. Moneda, appointing Mr. Moneda as City/District Manager effective July 1, 2018.

The Agreement at Paragraphs 6(A), (B), and (C) provides:

A. **CITY COUNCIL/EMID BOARD** agrees to meet with **MONEDA** six (6) months from the effective date of this Agreement to evaluate **MONEDA'S** performance.

B. Thereafter, the **CITY COUNCIL/EMID BOARD** shall review and evaluate the performance of **MONEDA** annually. Said review and evaluation shall be in accordance with specific criteria developed jointly by **CITY COUNCIL/EMID BOARD** and **MONEDA**. Said criteria may be added to or deleted from as the **CITY COUNCIL/EMID BOARD** may from time to time determine, in consultation

with **MONEDA**. The **CITY COUNCIL/EMID BOARD** shall provide **MONEDA** with a summary written or oral evaluation of the **CITY COUNCIL/EMID BOARD** and provide an adequate opportunity for **MONEDA** to discuss his evaluation with the CITY COUNCIL/EMID BOARD in closed session.

C. Annually, the **CITY COUNCIL/EMID BOARD** and **MONEDA** shall define goals and performance objectives as they determine necessary for the proper operation of CITY/DISTRICT and in the attainment of the **CITY COUNCIL/EMID BOARD'S** policy objectives. The **CITY COUNCIL/EMID BOARD** and **MONEDA** shall establish a relative priority among those various goals and objectives, or if not done in consultation with the **CITY COUNCIL/EMID BOARD**, **MONEDA** shall establish same and submit it to the **CITY COUNCIL/EMID BOARD**, and said goals and objectives will be reduced to writing. The goals and objectives shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided.

On January 7, 2019, the City Council/District Board conducted the City Manager's initial 6-month evaluation. Based upon that review, the City Council/District Board instructed that a contract amendment be prepared to adjust the City/District Manager's base compensation by 7%. Attached for the City Council/District Board's review is the contract amendment and resolutions amending Section 2(A) of the City/District Manager's Employment Agreement, adjusting the City/District Manager's base annual compensation by 7%. If approved, this would increase the City/District Manager's base salary from \$228,000 to \$243,960 (\$20,330 per month).

This adjustment brings the City/District Manager's base salary from 4% below to 3% above the median salary of City Managers in San Mateo County (i.e. \$19,725 per month).

No other provisions in the City/District Manager's contract would be changed if this amendment is approved. If adopted, then both the Mayor/President and City/District Manager would execute the contract amendment attached to this report.

FISCAL IMPACT

This amendment, effective January 1, 2019, would result in a \$10,732 increase in the City/District Manager's total compensation for Fiscal Year 2018-2019. This reflects the increased base salary, deferred compensation, and PERS contributions for that time period.

Attachments:

- Attachment 1 - City Resolution
- Attachment 2 - EMID Resolution
- Attachment 3 - Second Amendment to the Employment Agreement
- Attachment 4 - Employment Agreement

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY
APPROVING THE SECOND AMENDMENT TO CITY MANAGER JEFF C. MONEDA'S
EMPLOYMENT AGREEMENT

CITY OF FOSTER CITY

WHEREAS, the City of Foster City and Jeff C. Moneda entered into an Employment Agreement on May 21, 2018, which appointed Jeff C. Moneda as City Manager for the City of Foster City effective July 1, 2018; and

WHEREAS, pursuant to the Employment Agreement, the City Council is required to evaluate the City Manager's performance within six months of appointment; and

WHEREAS, the City Council undertook the six month review of the City Manager's performance on January 7, 2019; and

WHEREAS, based on its review, the City Council has determined that the City Manager's base compensation should be adjusted; and

WHEREAS, the City Manager's Employment Agreement requires that adjustments to compensation be approved by resolution.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Foster City, that the City Manager's Employment Agreement is hereby amended, as outlined in the Second Amendment to reflect that his base annual compensation, effective January 1, 2019, shall be adjusted from \$228,000 to \$243,960.

PASSED AND ADOPTED as a resolution of the City Council of the City of Foster City at the regular meeting held on the 22nd day of January, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SAM HINDI, MAYOR

ATTEST:

PRISCILLA TAM, CITY CLERK

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESTERO MUNICIPAL
IMPROVEMENT DISTRICT APPROVING THE SECOND AMENDMENT TO CITY
MANAGER JEFF C. MONEDA'S EMPLOYMENT AGREEMENT

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

WHEREAS, the Estero Municipal Improvement District and Jeff C. Moneda entered into an Employment Agreement on May 21, 2018, which appointed Jeff C. Moneda as District Manager for the Estero Municipal Improvement District effective July 1, 2018; and

WHEREAS, pursuant to the Employment Agreement, the Board of Directors is required to evaluate the District Manager's performance within six months of appointment; and

WHEREAS, the Board of Directors undertook the six month review of the District Manager's performance on January 7, 2019; and

WHEREAS, based on its review, the Board of Directors has determined that the District Manager's base compensation should be adjusted; and

WHEREAS, the District Manager's Employment Agreement requires that adjustments to compensation be approved by resolution.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Estero Municipal Improvement District, that the District Manager's Employment Agreement is hereby amended, as outlined in the Second Amendment to reflect that his base annual compensation, effective January 1, 2019, shall be adjusted from \$228,000 to \$243,960.

PASSED AND ADOPTED as a resolution of the Board of Directors of the Estero Municipal Improvement District at the regular meeting held on the 22nd day of January, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SAM HINDI, PRESIDENT

ATTEST:

PRISCILLA TAM, DISTRICT SECRETARY

**SECOND AMENDMENT TO THE EMPLOYMENT AGREEMENT BETWEEN
THE CITY OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT AND
JEFF C. MONEDA**

This document constitutes the Second Amendment to the Employment Agreement entered into as of the 21st day of May, 2018 by and between the City of Foster City/Estero Municipal Improvement District, hereinafter called "CITY/DISTRICT" and Jeff C. Moneda, hereinafter called "MONEDA".

RECITALS

This Second Amendment is entered into with reference to the following facts and circumstances:

- A. The City Council/EMID Board and MONEDA desire to amend Paragraph 2(A) of the Employment Agreement.
- B. Paragraph 2(A) of the Employment Agreement shall be amended to read as follows:

3. COMPENSATION.

- A. **MONEDA'S** base salary shall be Two Hundred Forty-Three Thousand Nine Hundred Sixty Dollars (\$243,960.00) per year, effective January 1, 2019.
- C. All other terms and conditions of the Employment Agreement, dated May 21, 2018, and First Amendment, dated July 17, 2018, shall remain in force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed on the date written below by their respective officers duly authorized in that behalf.

DATED: _____

CITY OF FOSTER CITY/ESTERO
MUNICIPAL IMPROVEMENT DISTRICT

By: Sam Hindi, Mayor/President

ATTEST:

By: Priscilla Tam, City Clerk/District
Secretary

APPROVED AS TO FORM

By: Jean B. Savaree, City Attorney/
District Legal Counsel

DATED: _____

CITY/DISTRICT MANAGER

Jeff M. Moneda

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into this 21st day of May, 2018, by and between the **City of Foster City/Estero Municipal Improvement District**, a municipal corporation authorized and existing under the laws of the State of California (hereinafter "**CITY/DISTRICT**"), and Jeff C. Moneda, an individual (hereinafter "**MONEDA**"). In consideration of the mutual covenants and conditions contained herein and the faithful performance of the terms as set forth below, the parties agree as follows:

1. **EMPLOYMENT – TERM.**

- A. Pursuant to the terms of this Agreement, **MONEDA** agrees to serve as **CITY/DISTRICT MANAGER**, as an at-will, exempt/management employee appointed and directed by the collective action of the City Council/EMID Board of Directors (hereinafter "**CITY COUNCIL/EMID BOARD**") acting on behalf of **CITY/DISTRICT**. **MONEDA** agrees to serve as **CITY/DISTRICT MANAGER** in compliance with **CITY COUNCIL/EMID BOARD** policies and directives, and to perform those duties and responsibilities as more particularly set forth in the Foster City Municipal Code and Estero Municipal Improvement District Code, as currently adopted and as may be changed or added to, under and pursuant to the general direction of the **CITY COUNCIL/EMID BOARD**.
- B. The term of this Agreement shall commence on July 1, 2018. This Agreement shall remain in full force and effect until terminated as set forth in Section 8.
- C. **MONEDA** agrees to remain in the exclusive employ of **CITY/DISTRICT** throughout the life of this Agreement and, except as described in Section 8 below, to neither accept other employment nor to become employed by any other employer.
- D. During the period of his employment hereunder **MONEDA** shall devote his best efforts, attention, and skills to the business and affairs of **CITY/DISTRICT** as such business and affairs now exist and as they may be hereafter changed or added to, under and pursuant to the general direction of the **CITY COUNCIL/EMID BOARD**.
- E. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the **CITY COUNCIL/EMID BOARD** to terminate the services of **MONEDA** at any time, subject only to the provisions set forth in Section 8 of this Agreement.

- F. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the **MONEDA** to resign at any time from his position with **CITY/DISTRICT**, subject only to the provisions set forth in Section 8 of this Agreement.

2. **COMPENSATION.**

- A. **MONEDA'S** base salary shall be Two Hundred Twenty Eight Thousand Dollars (\$228,000.00) per year.
- B. **MONEDA** is a salaried employee and is exempt from the Fair Labor Standards Act (FLSA).
- C. **MONEDA** shall receive the same percentage salary adjustments as the **CITY/DISTRICT** may from time to time confer upon the class of employees covered by the Compensation and Benefits Plan for the City of Foster City and Estero Municipal Improvement District Management employees.
- D. The **CITY COUNCIL/EMID BOARD** may also from time to time, at its sole discretion, grant merit increases to **MONEDA**.

3. **BENEFITS.**

- A. Unless provided otherwise in this Agreement, **MONEDA** shall receive all management benefits provided to **CITY/DISTRICT** employees pursuant to the approved Compensation and Benefits Plan for the City of Foster City and Estero Municipal Improvement District Management employees. Any benefits **MONEDA** earned or accrued as a **CITY/DISTRICT** employee prior to entering into this Agreement, including vacation, shall not be affected by this Agreement, and subject to any changes to benefits that may, from time to time, be authorized by the **CITY COUNCIL/EMID BOARD**.
- B. **CITY/DISTRICT** shall also pay the premiums for **MONEDA** and his spouse for all insurance plans offered by the **CITY/DISTRICT**, including but not limited to medical, dental, vision, long term disability and a Five Hundred Thousand Dollar (\$500,000.00) group life insurance policy for **MONEDA** with the beneficiary to be designated by **MONEDA** under a program selected and administered by the **CITY/DISTRICT**.

4. **AUTOMOBILE.**

CITY/DISTRICT shall provide **MONEDA** full-time use of a vehicle owned by the **CITY/DISTRICT**, with all costs of operation paid for by the **CITY/DISTRICT**, including maintenance, repair and insurance. All costs

associated with an automobile shall be included in **MONEDA'S** annual budget which is approved by the **CITY COUNCIL/EMID BOARD**. **MONEDA** may use the vehicle for all business and personal purposes as **MONEDA** may choose, but in no event shall persons not employed by the **CITY/DISTRICT** be permitted habitual use of such vehicle.

5. **EXPENSE REIMBURSEMENT.**

The **CITY/DISTRICT** acknowledges its interest in the continuing professional development of **MONEDA** and agrees to allow and pay all expenses associated with attendance at annual conferences of the International City Management Association, League of California Cities and City Manager's Department of the League of California Cities. Further, the **CITY/DISTRICT** agrees to pay the membership dues for **MONEDA** in the International City Management Association, California City Management Foundation and the San Mateo County City Managers' Association. With the prior consent of the **CITY COUNCIL/EMID BOARD**, the **CITY/DISTRICT** agrees to allow **MONEDA** to attend and participate in such other professional associations and conferences as may be mutually agreeable to both parties. The **CITY/DISTRICT** acknowledges the right of **MONEDA** to engage in other professional activities as long as they do not interfere or conflict with **MONEDA'S** duties as **CITY/DISTRICT** Manager. Such professional activities may include teaching, writing and speaking.

6. **PERFORMANCE EVALUATION**

- A. **CITY COUNCIL/EMID BOARD** agrees to meet with **MONEDA** six (6) months from the effective date of this Agreement to evaluate **MONEDA'S** performance.
- B. Thereafter, the **CITY COUNCIL/EMID BOARD** shall review and evaluate the performance of **MONEDA** annually. Said review and evaluation shall be in accordance with specific criteria developed jointly by **CITY COUNCIL/EMID BOARD** and **MONEDA**. Said criteria may be added to or deleted from as the **CITY COUNCIL/EMID BOARD** may from time to time determine, in consultation with **MONEDA**. The **CITY COUNCIL/EMID BOARD** shall provide **MONEDA** with a summary written or oral evaluation of the **CITY COUNCIL/EMID BOARD** and provide an adequate opportunity for **MONEDA** to discuss his evaluation with the **CITY COUNCIL/EMID BOARD** in closed session.
- C. Annually, the **CITY COUNCIL/EMID BOARD** and **MONEDA** shall define goals and performance objectives as they determine necessary for the proper operation of **CITY/DISTRICT**

and in the attainment of the **CITY COUNCIL/EMID BOARD'S** policy objectives. The **CITY COUNCIL/EMID BOARD** and **MONEDA** shall establish a relative priority among those various goals and objectives, or if not done in consultation with the **CITY COUNCIL/EMID BOARD**, **MONEDA** shall establish same and submit it to the **CITY COUNCIL/EMID BOARD**, and said goals and objectives will be reduced to writing. The goals and objectives shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided.

- D. The **CITY COUNCIL/EMID BOARD** and **MONEDA** are committed to developing a productive working relationship. Therefore, **CITY COUNCIL/EMID BOARD** or **MONEDA** may periodically request review sessions to address issues affecting said working relationship in addition to the annual evaluation process.

7. **SUSPENSION.**

The **CITY COUNCIL/EMID BOARD** may suspend **MONEDA** with full pay and benefits at any time during the term of this Agreement. The sixty (60) day notice provisions in Section 8 shall not apply during any suspension. Notwithstanding any provision to the contrary, **MONEDA** shall reimburse the **CITY/EMID** any and all leave salary which may be paid to **MONEDA** pending any investigation of the employment related conduct of **MONEDA** if **MONEDA** is convicted of a crime involving abuse of his office or position as defined in Government Code Section 53243.4. In addition, if the Agreement is terminated and **MONEDA** is later convicted of a crime involving an abuse of his office or position, any cash settlement related to termination of the Agreement shall be fully reimbursed by **MONEDA**.

8. **TERMINATION OF EMPLOYMENT/SEVERANCE.**

This Agreement may be terminated in the following manner:

- A. Resignation – **MONEDA** may voluntarily resign by delivering a letter of resignation to the **CITY COUNCIL/EMID BOARD** not less than sixty (60) days prior to the effective date of resignation. Upon the effective date of such voluntary resignation, **CITY/DISTRICT** shall pay to **MONEDA** all monthly compensation and benefits accrued and owing to **MONEDA** at that time. During the sixty (60) day notice period, **MONEDA** may accept other employment, provided that the start date of that other employment does not commence before **MONEDA'S** date of resignation.

- B. Termination Without Cause – **MONEDA** acknowledges that he is an at-will employee who serves at the pleasure of the **CITY COUNCIL/EMID BOARD**. As such, his employment may be terminated by the **CITY COUNCIL/EMID BOARD** without cause, but a termination without cause is not authorized for six (6) months after each City Council election. The **CITY COUNCIL/EMID BOARD** retains the right to terminate **MONEDA** for cause during that time period.
- C. Termination For Cause – In the event **MONEDA** is terminated by **CITY COUNCIL/EMID BOARD** for cause, **MONEDA** shall be given written notice setting forth the reasons for such termination and shall be afforded a hearing, if requested by **MONEDA**, within ten (10) days of receipt of the notice. At the sole discretion of **MONEDA** said hearing may be held in public. Following the hearing the **CITY COUNCIL/EMID BOARD** shall determine by majority vote whether or not **MONEDA** shall be terminated. No severance or termination pay shall be awarded to **MONEDA** if **CITY COUNCIL/EMID BOARD** terminates **MONEDA** for cause. In this Agreement "for cause" means:
1. Dishonesty, willful misconduct or gross neglect by **MONEDA** in the performance of his obligations under this Agreement;
 2. Theft, embezzlement or other similar misappropriation of funds or property of **CITY/DISTRICT** by **MONEDA**;
 3. Intentional damage to any property of **CITY/DISTRICT** that results in a significant liability to **CITY/DISTRICT**;
 4. The failure of **MONEDA** to follow the reasonable and lawful instructions and policy of **CITY/DISTRICT** with respect to **MONEDA'S** duties hereunder;
 5. Conviction of a felony;
 6. Loss of mental capacity for a period of six consecutive months;
 7. Habitual intoxication on duty, whether by alcohol or drugs;
 8. Inexcusable absences without leave;
 9. Willful violation of Federal/State law;
 10. Willful violation of any conflict of interest law;

11. Performance of material outside business activity that conflicts with his duties as the **CITY/DISTRICT** Manager.

D. Severance – If the **CITY COUNCIL/EMID BOARD** terminates **MONEDA** without cause under Subsection 8B, then **MONEDA** shall, upon execution of an agreement releasing all claims which could be made against **CITY/DISTRICT**, be entitled to severance pay equal to twelve (12) months if the termination occurs within the first year after the effective date of this Agreement, nine (9) months if the termination occurs within the second year after the effective date of this Agreement, and six (6) months if the termination occurs at any point thereafter.

E. The decision to terminate **MONEDA** per Subsections B, C or D of this Section shall be made in closed session and reported out of closed session as required by the California Government Code.

9. **NOTICES.**

Notices to **MONEDA** pursuant to this Agreement shall be given by deposit in the United States mail, postage prepaid, addressed as follows:

Jeff C. Moneda, 610 Foster City Boulevard, Foster City, CA 94404 or such other address as **MONEDA** may list with **CITY/DISTRICT** from time to time. Alternatively, notices to **MONEDA** required pursuant to this Agreement may be personally served. Notice shall be deemed given as of the date of personal service or two days after the date of deposit of such written notice in the United States mail.

Notices to **CITY/DISTRICT** shall be personally delivered to the **CITY CLERK** or **ACTING CITY CLERK** and to the **CITY COUNCIL/EMID BOARD**, 610 Foster City Boulevard, Foster City, CA 94404. Alternatively, notices shall be hand delivered to each member of the **CITY COUNCIL/EMID BOARD**.

10. **NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.**

MONEDA shall not, during the term of this Agreement, or any time thereafter, impart to anyone any confidential information which he may acquire in the performance of his duties as **CITY/DISTRICT MANAGER** under this Agreement, except as permitted by **CITY/DISTRICT** or under compulsion of law.

11. **BINDING AGREEMENT.**

This Agreement shall be binding on the heirs, successors and assigns of the parties.

12. **ENTIRE AGREEMENT.**

This Agreement contains the entire agreement between the parties. No promise, representation, warranty or covenant not included in this Agreement has been or is relied upon by either party to this Agreement.

13. **AMENDMENT OF AGREEMENT.**

This Agreement may be amended in writing by mutual agreement of the parties.

14. **GOVERNING LAW.**

This Agreement has been executed in Foster City, California, and shall be governed in accordance with the laws of the State of California in every respect.

15. **MEDIATION.**

Neither **MONEDA** nor **CITY/DISTRICT** shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution which mediation shall be conducted within thirty (30) days of the request to initiate mediation by either party to this Agreement. The parties may, by mutual consent, agree to a longer period of time for mediation. The costs of the mediator, if any, shall be paid equally by the parties. If a mediated settlement is reached neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs.

16. **LEGAL FEES.**

In the event of litigation regarding **MONEDA'S** employment, reasonable attorney's fees shall be awarded to the prevailing party.

17. **SEVERABILITY.**

Should any section, subsection, sentence, clause, phrase or word included in this Agreement be found invalid by a court of competent jurisdiction, the balance of the Agreement shall remain in full force and effect.

18. **RIGHT TO COUNSEL.**

The parties acknowledge that they have been or have had a right to be represented by counsel of their own choice with regard to this

Employment Agreement; that they have executed this Agreement with the consent and upon the advice of their own counsel, if such advice has been sought; and they have fully read and fully understood and voluntarily accepted the terms of this Agreement.

19. **COUNTERPARTS.**

This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall be considered one and the same instrument.

20. **WAIVER.**

Waiver by either party of any term or condition of this Agreement, or any breach, shall not constitute a waiver of any other term or condition or breach of the Agreement.

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


CITY OF FOSTER CITY/ESTERO
MUNICIPAL IMPROVEMENT DISTRICT

JEFF C. MONEDA

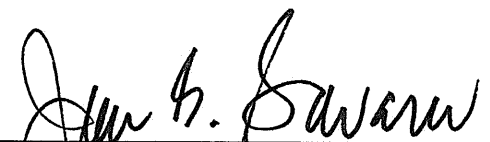
By 
Sam Hindi, Mayor/President


JEFF C. MONEDA

ATTEST:

By 
Priscilla Tam, City Clerk/District Secretary

APPROVED AS TO FORM

By 
Jean B. Savaree, City Attorney/District
Legal Counsel

City of Foster City, CA
Accounts Payable Check Register

Check Date	Check Number	Vendor Name	Description	Check Amount
1/2/2019	134942	ALISON PROCTOR	CLASS REFUND - BASEBALL CAMP	100.00
1/2/2019	134943	STEVEN ARCHER	LONGEVITY - 12/16/2018 -1/15/2019	140.00
1/2/2019	134944	BAY AREA WATER SUPPLY	WATERWISE EDUCATION KITS	9,204.30
1/2/2019	134945	WILLIAM CLARK	LONGEVITY - 12/16/2018 -1/15/2019	210.00
1/2/2019	134946	CONTRACT SWEEPING SERVICES INC.	STREET CLEANING SERVICES	16,453.12
1/2/2019	134947	EARL'S PEST CONTROL	PEST CONTROL SERVICES	630.00
1/2/2019	134948	LEWIS ERIC EGAN	LONGEVITY - 12/16/2018 -1/15/2019	210.00
1/2/2019	134949	DOUGLAS ESTILL	LONGEVITY - 12/16/2018 -1/15/2019	350.00
1/2/2019	134950	HOME DEPOT CREDIT SERVICES	MISCELLANEOUS SUPPLIES STREET PROGRAM	420.30
1/2/2019	134951	MOSHE JOSHUA	LONGEVITY - 12/16/2018 -1/15/2019	275.00
1/2/2019	134952	JULIET EVENS	CLASS REFUND - LIFE'S WORK	95.00
1/2/2019	134953	KNUTSON ARCHITECTURE	PLANNING DEPOSIT REFUND	2,547.50
1/2/2019	134954	LAURA GIVENS	CLASS REFUND - PAINTING	135.00
1/2/2019	134955	MCMASTER-CARR	MISCELLANEOUS SUPPLIES SEWER PROGRAM	443.31
1/2/2019	134956	MIDWEST SIGN & SCREEN	MISCELLANEOUS SUPPLIES STREET PROGRAM	391.59
1/2/2019	134957	PETTY CASH/JACQUELYN TIFFANY	PETTY CASH - PUBLIC WORKS	232.81
1/2/2019	134958	PITNEY BOWES INC.	POSTAGE METER RENTAL	216.00
1/2/2019	134959	SAN MATEO COUNTY EMS AGENCY	RECERTIFICATION FEE	1,131.00
1/2/2019	134960	SAN MATEO COUNTY	MOSQUITO ABATEMENT SERVICES	3,297.36
1/2/2019	134961	STATE WATER RESOURCE CONTROL BOARD	ANNUAL PERMIT FEE	14,230.00
1/2/2019	134962	T.H.E. OFFICE CITY	OFFICE SUPPLIES	155.99
1/2/2019	134963	WINZER CORPORATION	MISCELLANEOUS SUPPLIES SEWER PROGRAM	214.93
1/2/2019	134964	WORKERS.COM	PUBLIC WORKS TEMPORARY MAINTENANCE WORKERS	9,204.08
1/2/2019	134965	YUNG-HUI CHIEN	CLASS REFUND - TENNIS	168.00
				60,455.29

Prepared Date 1/2/2019

City of Foster City, CA
Accounts Payable Check Register

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Accounting Period 2019/7
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Check Date	Check Number	Vendor Name	Description	Check Amount
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Submitted for Information:

Edmund Suen, City Treasurer

CHECKS ON THIS REGISTER PROCESSED AND MAILED ON RUSH REGISTER CYCLE OF JANUARY 2, 2019

City of Foster City, CA
Accounts Payable Check Register

Check Date	Check Number	Vendor Name	Description	Check Amount
1/7/2019	134966	AARONSON, DICKERSON, COHN & LANZONE	PROFESSIONAL SERVICES - DECEMBER 2018	6,737.50
1/7/2019	134967	ADDUCI STUDIOS, INC.	CAMPAIGN LOGO DESIGN	4,050.00
1/7/2019	134968	ALL CLEAN HAZARDOUS WASTE REMOVAL	HAZARDOUS WASTE REMOVAL	3,737.01
1/7/2019	134969	BIOMED REALTY	CONSTRUCTION AND DEMOLITION REFUND	30,000.00
1/7/2019	134970	BURR PLUMBING & PUMPING INC.	GREASE TRAP MAINTENANCE	320.00
1/7/2019	134971	CAL-WEST LIGHTING & SIGNAL	STREET LIGHTS REPAIR	10,570.93
1/7/2019	134972	CHEMSEARCH	ECOFLOW BIOAMP PROGRAM	1,414.84
1/7/2019	134973	SAN MATEO COUNTY PUBLIC SAFETY	PAGER PASS-THROUGH COSTS	435.55
1/7/2019	134974	CSAC EXCESS INSURANCE AUTHORITY	INSURANCE AUTHORITY JANUARY - MARCH 2019	2,847.15
1/7/2019	134975	CSG CONSULTANTS INC.	PROFESSIONAL SERVICES - NOVEMBER 2018	8,467.50
1/7/2019	134976	DAVID NG	VISION REIMBURSEMENT - DAVID NG	175.00
1/7/2019	134977	DEVON BUTLER	EMPLOYEE REIMBURSEMENT - DEVON BUTLER	111.98
1/7/2019	134978	EWING IRRIGATION PRODUCTS	MISCELLANEOUS SUPPLIES PARKS PROGRAM	394.27
1/7/2019	134979	GRAINGER	MISCELLANEOUS SUPPLIES SEWER PROGRAM	183.39
1/7/2019	134980	HOME DEPOT CREDIT SERVICES	MISCELLANEOUS SUPPLIES PARKS PROGRAM	517.94
1/7/2019	134981	HOUSE OF COFFEE	COFFEE SUPPLIES	146.25
1/7/2019	134982	HYDROSCIENCE ENGINEERS	CIP661 - SEWER REHABILITATION PROJECT	2,860.00
1/7/2019	134983	JOHNSTONE MOYER, INC.	CONSTRUCTION AND DEMOLITION REFUND	60,000.00
1/7/2019	134984	J.W. ENTERPRISES - NORTH	PORTABLE TOILET RENTAL	76.50
1/7/2019	134985	KAUSHIK BUDDHADEV	TOILET REBATE	150.00
1/7/2019	134986	KRISTINA ARROYO	EDUCATION REIMBURSEMENT - KRISTINA ARROYO	527.88
1/7/2019	134987	L.N. CURTIS & SONS	STATION BOOTS - FIRE DEPARTMENT	8,634.75
1/7/2019	134988	LI YI	CONSTRUCTION AND DEMOLITION REFUND	1,050.00
1/7/2019	134989	LORAL LANDSCAPING INC.	STREET MEDIAN MAINTENANCE - DECEMBER 2018	13,820.00
1/7/2019	134990	LYNGSO GARDEN MATERIALS	LANDSCAPE MATERIALS	2,610.00
1/7/2019	134991	MUNICIPAL EMERGENCY SERVICE	MISCELLANEOUS SUPPLIES - FIRE DEPARTMENT	834.78

City of Foster City, CA
Accounts Payable Check Register

Check Date	Check Number	Vendor Name	Description	Check Amount
1/7/2019	134992	MUNICIPAL MAINTENANCE EQUIPMENT	SEWER JET MAINTENANCE	5,459.20
1/7/2019	134993	MUSCO SPORTS LIGHTING, INC.	CONTROL LINK SERVICE FEE	450.00
1/7/2019	134994	NETSENTIAL.COM INC.	WEB HOSTING	1,500.00
1/7/2019	134995	PACIFIC GAS & ELECTRIC COMPANY	ELECTRICITY AND GAS	14,734.54
1/7/2019	134996	PETTY CASH/FINANCIAL SERVICES	PETTY CASH - FINANCE	341.10
1/7/2019	134997	PHYSIO-CONTROL, INC.	ROLLING STOCK ANNUAL MAINTENANCE	2,462.40
1/7/2019	134998	PRISCILLA TAM	EMPLOYEE REIMBURSEMENT - PRISCILLA TAM	69.37
1/7/2019	134999	PRUDENTIAL OVERALL SUPPLY	TOWEL/UNIFORM LAUNDRY SERVICE	64.31
1/7/2019	135000	QIAO YANG	TOILET REBATE	75.00
1/7/2019	135001	R&B COMPANY	MISCELLANEOUS SUPPLIES WATER PROGRAM	1,624.73
1/7/2019	135002	SAN MATEO REGIONAL NETWORK, INC.	FIRE STATION ALERT SYSTEM	201.35
1/7/2019	135003	SCHAAF & WHEELER CONSULTING	CIP657 - LEVEEL PLAN & IMPROVEMENT	56,590.95
1/7/2019	135004	SERVICE PRESS INC.	BUSINESS CARDS - KEVIN/ MARLENE/ FARIDA	68.52
1/7/2019	135005	SHARPS SOLUTIONS, LLC	BIOHAZARD WASTE DISPOSAL	48.00
1/7/2019	135006	SMCPCSA	2019 ASSOCIATION MEMBERSHIP DUE	400.00
1/7/2019	135007	SUPPLYWORKS	BUILDING JANITORIAL SUPPLIES	428.05
1/7/2019	135008	SUZIE WAN	TOILET REBATE	225.00
1/7/2019	135009	T.H.E. OFFICE CITY	OFFICE SUPPLIES	343.76
1/7/2019	135010	TARGET SPECIALTY PRODUCTS	AGRICULTURAL SUPPLIES	158.89
1/7/2019	135011	TOM LEE ROOFING INC.	CONSTRUCTION AND DEMOLITION REFUND	500.00
1/7/2019	135012	TOWNE FORD SALES	AUTO PARTS	1,240.81
1/7/2019	135013	URBAN PLANNING PARTNERS INC.	GENERAL PLANNING REVIEW	6,151.25
1/7/2019	135014	VERDE DESIGN	CIP659 - SEA CLOUD PARK CONSTRUCTION SERVICE	790.00
1/7/2019	135015	WECO INDUSTRIES LLC	MOUNTED CRANE FOR CCTV VAN	7,019.67
1/7/2019	135016	WEST MARINE PRODUCTS, INC.	MISCELLANEOUS SUPPLIES LAGOON PROGRAM	51.16
1/7/2019	135017	WILLIAM ONG	TOILET REBATE	75.00

Prepared Date 1/7/2019

City of Foster City, CA
Accounts Payable Check Register

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Accounting Period 2019/7
Report Number 40

Check Date	Check Number	Vendor Name	Description	Check Amount
				<u>261,746.28</u>

Submitted for Information:

Edmund Suen, City Treasurer
CHECKS ON THIS REGISTER PROCESSED AND MAILED ON JANUARY 7, 2019