



CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT

THIS MEETING WILL BE CONDUCTED PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTION 54953 (AS AMENDED BY AB 361) WHICH AUTHORIZES TELECONFERENCED MEETINGS UNDER THE BROWN ACT DURING CERTAIN PROCLAIMED STATES OF EMERGENCY. THE GOVERNOR OF CALIFORNIA PROCLAIMED A STATE OF EMERGENCY RELATED TO COVID-19 ON MARCH 4, 2020. THIS TELECONFERENCED MEETING IS NECESSARY SO THAT THE CITY CAN CONDUCT ESSENTIAL BUSINESS AND IS PERMITTED UNDER GOVERNMENT CODE 54953 IN ORDER TO PROTECT PUBLIC HEALTH AND SAFETY OF ATTENDEES. MEMBERS OF THE PUBLIC THAT WISH TO ATTEND AND/OR PARTICIPATE IN A MEETING MAY DO BY JOINING THE ZOOM MEETING [HTTPS://FOSTERCITY-ORG.ZOOM.US/J/89133725930](https://FOSTERCITY-ORG.ZOOM.US/J/89133725930) . PUBLIC COMMENTS WILL BE ACCEPTED VIA ZOOM MEETING. ANY EMAILS SENT TO PUBLICCOMMENT@FOSTERCITY.ORG HAVE BEEN PROVIDED TO THE CITY COUNCIL PRIOR TO THE MEETING.

Consistent with Government Code Section 54953, this City/District Meeting will be held via teleconference. City Councilmembers/District Board and staff will attend in person or via teleconference.

To maximize public safety while still maintaining transparency and public access, members of the public can observe the meeting from home. Below is information on how the public may observe and participate in the meeting.

To Observe the Meeting via Teleconference/Video Conference:

- To access the meeting by computer / smartphone, go to: <https://fostercity-org.zoom.us/j/89133725930>
- To dial-in via phone:
1-669-900-6833 or
1-408-638-0968

And enter Webinar ID: 891 3372 5930

To Participate in the Meeting by Providing Public Comment via Teleconference/Video Conference:

- **During the Meeting:** Live verbal public comments may be made by members of the public joining the meeting via Zoom. Zoom access information is provided above. Use the “raise hand” feature (for those joining by phone, press *9 to “raise hand”) during the public comment period for the agenda item you wish to address. The Zoom Host will call on people to speak by name provided or last 4 digits of phone number for dial-in attendees. Please clearly state your full name for the record at the start of your public comment.

Before the Meeting: Written public comments for the record may be submitted in advance by 4:00 p.m. the day of the meeting by email to: publiccomment@fostercity.org and will be made part of the written record but will not be read verbally at the meeting. Written public comments submitted by email should adhere to the following:

- Clearly indicate the Agenda Item No. or specify “Public” in the Subject Line for items not on the agenda
- Include the submitter’s full name (Recommended but not required)

Written public comments received by 4:00 p.m. the day of the meeting will be provided in their entirety to the City Council prior to the meeting and will be made part of the written record but will not be read verbally at the meeting. Written public comments will be posted to the City’s website for review prior to the meeting.

AGENDA

Monday, January 31, 2022 6:30 PM

SPECIAL MEETING

1. CALL TO ORDER

2. ROLL CALL

Councilmembers/ex officio EMID Directors Jon Froomin, Sanjay Gehani, Sam Hindi, Patrick Sullivan, and Mayor/President Richa Awasthi

3. PUBLIC

Pursuant to Government Code Section 54954.3(a), members of the public wishing to address the Council may do so, and the comments shall be limited to the Special Meeting notice topic(s). Speakers may join the Zoom meeting via the meeting link and using the “raise hand” feature and the Zoom host will call on people. ***Speakers may join the Zoom meeting via the meeting link and using the “raise hand” feature and the Zoom host will call on people***

4. ORDINANCES FOR INTRODUCTION

- 4.1. An Ordinance of the City of Foster City Adding Chapter 5.73 (Minimum Wage) to the Foster City Municipal Code
 - a) Staff Report
 - b) Action
 - i. Introduce Ordinance by Title, by Motion Waive Further Reading
 - ii. By Motion Pass Ordinance to Second Reading

5. STUDY SESSION

- 5.1. 2022 City Council Vision & Policy Summit - Common Themes and Key Policy Takeaways
 - a) Staff Report
 - b) Action - By Minute Order, Receive and Accept Report
- 5.2. Recreation Center Project Update – Community Survey, Design Options, and Funding Options
 - a) Staff Report
 - b) Action - By Minute Order, Provide Policy Direction

6. 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)



DATE: January 31, 2022

TO: Mayor and Members of the City Council

VIA: Kevin Miller, Interim City Manager

FROM: Jennifer Phan, Interim Deputy City Manager
Sabina Mora, Economic Development Manager
Leslie Parks, Economic Development Manager

SUBJECT: PROPOSED ORDINANCE ADDING CHAPTER XX, MINIMUM
WAGE TO THE FOSTER CITY MUNICIPAL CODE

RECOMMENDATION

It is recommended that the City Council introduce by title only and waive further reading of “An Ordinance of the City of Foster City Adding Chapter 5.73 (Minimum Wage) to the Foster City Municipal Code.”

EXECUTIVE SUMMARY

At the October 18, 2021 City Council meeting, staff presented research and analysis for a local minimum wage ordinance that included community outreach and input. After consideration and discussion of the report’s information, the City Council directed staff to prepare a local minimum wage ordinance requiring all employers located and doing business in Foster City to pay \$15.50 an hour to any employee who works more than two hours a week starting January 1, 2022. The minimum wage would then increase to \$16.00 an hour starting January 1, 2023 and will be adjusted annually on January 1 based on the Regional Consumer Price Index.

Due to pending considerations from the Fair Political Practices Commission (FPPC), this item is now being brought to City Council (after the original

January 1, 2022 intended effective date). The draft ordinance attached for City Council review accomplishes this by introducing Chapter 5.73 to the Foster City Municipal Code (Attachment 1). If the City Council wishes to establish a local minimum wage within the City of Foster City, this ordinance should be introduced and set for second reading. The ordinance will take effect and will be enforced thirty (30) days after its adoption at the second reading.

BACKGROUND

Discussion of a local minimum wage ordinance initially began at the November 18, 2019 City Council meeting after which City Council directed staff by Minute Order No. 1626 to complete further analysis on the impacts a minimum wage policy would have on Foster City. Due to the COVID-19 pandemic, the Economic Development/Sustainability Subcommittee decided to suspend further study of minimum wage.

On May 25, 2021, staff presented the City Council with an update on additional tasks, research, and analysis that would need to be completed before a local minimum wage ordinance could be adopted as well as a cost estimate for staff time needed to prepare sufficient information and analysis. Staff was directed via Minute Order No. 1777 to complete an analysis for a local minimum wage ordinance (including community outreach and input), that would lead to a City ordinance on a phased timeline starting at \$16.00 an hour and increasing annually based on the consumer price index.

At the October 18, 2021 City Council meeting, City Council formally provided direction by Minute Order No. 1813 (Attachment 3) for staff to prepare an ordinance establishing a local minimum wage that:

1. Starting January 1, 2022, all employers located in and doing business in Foster City shall pay \$15.50 an hour; and
2. Starting January 1, 2023, all employers located in and doing business in Foster City shall pay \$16.00 an hour.

Due to pending considerations from the Fair Political Practices Commission (FPPC), this item is now being brought to City Council (after the original January 1, 2022 intended effective date). The proposed ordinance would be applicable to any employee who works more than two hours a week and would also increase annually on January 1. The increase that would occur on January 1, 2024 and thereafter would be based on the Regional Consumer

Price Index. Furthermore, City Council also confirmed that outside sources be sought for enforcement of the local minimum wage ordinance (should it be adopted). The staff report for the October 18, 2021 City Council meeting provides a detailed chronology and analysis of establishing a local minimum wage ordinance as such in the City of Foster City (Attachment 2).

ANALYSIS

Since the proposed ordinance sets the minimum wage starting at \$15.50 an hour, staff had prepared a projected cost to the City for one year beginning January 1, 2022.

The proposed ordinance is modeled after minimum wage ordinances adopted by ten cities in San Mateo County and includes the following key provisions:

- Applies to all employers located in and doing business in Foster City;
- Applies to all employees who perform at least two hours of work for an employer located and doing business in Foster City;
- An Employee who is a Learner, as defined by California Industrial Welfare Commission Order No. 4-2001, shall be paid no less than 85 percent of the applicable Minimum Wage for the first 160 hours of employment. Thereafter, the Employee shall be paid the applicable Minimum Wage rate;
- Retaliation including discharge or reduction in pay by an employer after an employee files a complaint is prohibited unless the employer has clear and convincing evidence or just cause for such discharge;
- Each employer shall maintain payroll records for each employee for at least three years and provide copies of records upon the employee's request;
- Provisions of the ordinance may be waived in whole or in part with respect to employees covered under a written collective bargaining agreement under the specific circumstances;
- The ordinance shall not be applied to the extent it will cause the loss of federal or state funding of City activities.

Today's meeting is the introduction and first reading of the proposed ordinance. If passed onto second reading at the February 7, 2022 City Council meeting, the ordinance will take effect and will be enforced thirty (30) days after its adoption at the second reading – which would be March 9, 2022.

FISCAL IMPACT

Should the City Council choose to enact a local minimum wage ordinance, there will be costs associated with noticing employers about the new wage rate and other public outreach efforts to follow (which would be done in-house).

Starting March 9, 2022, the minimum wage paid by employers shall be \$15.50 per hour and starting January 1, 2023, the minimum wage paid by employers shall be \$16.00 per hour. Starting January 1, 2024, the rate will be adjusted annually based on the regional consumer price index. Table 2 of Attachment 4 shows the projected cost to the City. The original projected additional cost for the City starting January 1, 2022 would be approximately \$21,500 for the upcoming year (based on the current number of City employees and hours). This amount would decrease, if approved, as the implementation date would be March 9, 2022. This estimated cost is the increase from what the City is paying currently, not accounting for the required increase the City will have to pay starting January 1, 2022 to be in compliance with State law. Any costs to the City for adjusting hourly wages for part-time or full-time employees in the current fiscal year will need to be covered by City reserve funds and require a budget appropriation. Fiscal impacts in subsequent fiscal years for the total cost of the higher wages will be captured as part of the annual budget process.

Lastly, outsourcing enforcement of a minimum wage ordinance for three years with the City of San Jose is estimated to cost \$45,000¹. An agreement for services will be pursued once the minimum wage ordinance is adopted and similar to the personnel associated costs, this will need to be covered by City reserve funds and require a budget appropriation.

ENVIRONMENTAL REVIEW

This activity is not a project under CEQA as defined in CEQA Guidelines, Section 15378, because it has no potential for resulting in either a direct or a foreseeable physical change in the environment.

¹City of San Jose OEA indicated it would be interested in providing services for administration of the City's minimum wage ordinance.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREAS

As part of the City Council's Vision and Mission, it desires to take actions that deliver equity and foster a vibrant economy. This item is in alignment with the "Public Safety and Social Equity" Value/Priority Area in that it serves to support a thriving economy while also seeking to allow community members to enhance their quality of life through economic security.

Attachments:

- Attachment 1 - Draft Foster City Minimum Wage Ordinance
- Attachment 2 - Staff Report, dated October 18, 2021 (Not Including Attachments)
- Attachment 3 - Minute Order No. 1813
- Attachment 4 - Estimated City Impacts (Detailed by Existing Positions)

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF FOSTER CITY ADDING CHAPTER 5.73 (MINIMUM WAGE) TO THE FOSTER CITY MUNICIPAL CODE

CITY OF FOSTER CITY

WHEREAS, the State of California has enacted a minimum wage that will reach \$15.00 per hour in January of 2022; and

WHEREAS, recognizing the higher cost of living on the Peninsula and in an effort to support the stability of the community and economic security of local workers, the City Council of the City of Foster City wishes to enact a citywide minimum wage to reach no less than \$15.50 per hour starting _____, 2022, followed by \$16.00 per hour by January 1, 2023, with increases occurring on January 1 thereafter based on the Consumer Price Index; and

WHEREAS, the City of Foster City may adopt a higher minimum wage pursuant to the powers vested in the City under the laws and Constitution of the State of California including but not limited to the police powers vested in the City pursuant to Article XI, Section 7, of the California Constitution;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FOSTER CITY DOES ORDAIN AS FOLLOWS:

Section 1. Purpose and Intent. The purpose and intent of this Ordinance is to adopt a new Chapter 5.73 of the Foster City Municipal Code to provide a minimum wage of \$15.50 per hour on _____ and a minimum wage of \$16.00 per hour on January 1, 2023, and increases on January 1 thereafter based on the Consumer Price Index.

Section 2. Adding Chapter 5.73 to the Foster City Municipal Code. Chapter 5.73 "Minimum Wage" is added the Foster City Municipal Code to read as follows:

"Chapter 5.73

MINIMUM WAGE

SECTIONS

5.73.010 Definitions.

5.73.020 Minimum Wage.

5.73.030 Notice and Posting.

- 5.73.040 Implementation.
- 5.73.050 Enforcement.
- 5.73.060 Waiver through Collective Bargaining.
- 5.73.070 No Pre-Emption of Higher Standards.
- 5.73.080 Federal or State Funding.

5.73.010 **Definitions.**

As used in this Chapter, the following terms shall have the following meanings:

- A. "Calendar week" shall mean a period of seven consecutive days starting on Sunday.
- B. "City" shall mean the City of Foster City.
- C. "Employee" shall mean any person who in a Calendar Week performs at least two (2) hours of work for an Employer within the geographic boundaries of the City, and qualifies as an employee entitled to payment of a minimum wage from any Employer under the California Minimum Wage law, as provided under Section 1197 of the California Labor Code and wage orders published by the State of California Industrial Welfare Commission. Employees shall include Learners, as defined by the California Industrial Welfare Commission.
- D. "Employer" shall mean any person (including a natural person, corporation, non-profit corporation, general partnership, limited partnership, limited liability partnership, limited liability company, business trust, estate, trust, association, joint venture, agency, instrumentality, or any other legal or commercial entity, whether domestic or foreign), who receives or holds a business license from the City, and who directly or indirectly (including through the services of a temporary services or staffing agency or similar entity) employs or exercises control over the wages, hours or working conditions of any Employee.
- E. "Minimum Wage" shall have the meaning set forth in Section ## of this Chapter.

5.73.020 **Minimum Wage.**

- A. Employers shall pay Employees no less than the Minimum Wage for each hour worked within the geographic boundaries of the City.

- B. The Minimum Wage paid shall be as follows: Beginning _____, the Minimum Wage shall be an hourly rate of \$15.50 and beginning January 1, 2023, the Minimum Wage shall be an hourly rate of \$16.00.
- C. Beginning on January 1, 2024, and each January thereafter, the minimum wage shall increase by an amount corresponding to the prior year's increase, if any, in the cost of living. The prior year's increase in the cost of living shall be measured by the percentage increase, if any, as of August of the immediately preceding year of the Bay Area Consumer Price Index (Urban Wage Earners and Clerical Workers, San Francisco-Oakland-Hayward, CA for All Items) or its successor index as published by the U.S. Department of Labor or its successor agency. The change shall be calculated by using the August to August change in the CPI to calculate the annual increase, if any. A decrease in the CPI shall not result in a decrease in the minimum wage.
- D. An Employee who is a Learner, as defined by California Industrial Welfare Commission Order No. 4-2001, shall be paid no less than 85 percent of the applicable Minimum Wage for the first 160 hours of employment. Thereafter, the Employee shall be paid the applicable Minimum Wage rate.
- E. An Employer may not deduct an amount from wages due an Employee on account of any tip or gratuity, or credit the amount or any part thereof, of a tip or gratuity, against, or as a part of, the wages due the Employee from the Employer.

5.73.030 Notice and Posting.

- A. By October 15 of each year, the City shall publish and make available to Employers a bulletin announcing the adjusted Minimum Wage rate, to take effect January 1 of the following year. In conjunction with this bulletin, the City shall, by November 1 of each year, publish and make available to Employers, in English and other languages as provided in any implementing regulations, a notice suitable for posting by Employers in the workplace informing Employees of the current Minimum Wage rate and of their rights under this Chapter.
- B. Each Employer shall give written notification to each current Employee, and to each new Employee at time of hire, of his/her/their rights under this Chapter. The notification shall be in English and other languages as provided in any implementing regulations, and shall also be posted prominently in areas at the work site where it will be seen by all Employees. Every Employer shall also provide each Employee, at the time of hire, with the Employer's name, address, and telephone number in writing. Failure to post such notice shall constitute a violation of this Municipal Code. The City is authorized to prepare sample notices and Employers' use of such notices shall constitute compliance with this subsection.

5.73.040 **Implementation.**

City may promulgate regulations for the implementation and enforcement of this Chapter. Any regulation promulgated by City shall have the force and effect of law and may be relied on by Employers, Employees and other parties to determine their rights and responsibilities under this Chapter. Any regulations may establish procedures for ensuring fair, efficient and cost-effective implementation of this Chapter, including supplementary procedures for informing Employees of their rights under this Chapter, for monitoring Employer compliance with this Chapter, and for providing administrative hearings or determining whether an Employer has violated the requirements of this Chapter.

5.73.050 **Enforcement.**

- A. Enforcement by the City. City may take any enforcement action set forth in Title 1 of this Municipal Code to address violations of this Chapter. Alternatively, City may elect to contract for enforcement services with a third party. If City elects to enter into such a contract, the City shall provide public, written procedures for such enforcement and any such enforcement shall be consistent with the due process rights established by Title 1 of this Code and relevant law.
- B. Private Rights of Action. An Employee claiming harm from a violation of this Chapter may bring an action against the Employer in court to enforce the provisions of this Chapter and shall be entitled to all remedies available to correct any violation of this Chapter, including but not limited to, back pay, reinstatement, injunctive relief, or civil penalties as provided herein. An Employee who is a prevailing party in an action to enforce this Chapter is entitled to an award of reasonable attorney fees, witness fees, and costs.
- C. Remedies.
 - 1) The remedies for violation of this Chapter include but are not limited to:
 - (A) Reinstatement, the payment of back wages unlawfully withheld, and payment of an additional sum as a civil penalty in the amount of \$50 to each Employee whose rights under this Chapter were violated for each day or portion thereof that the violation occurred or continued, and fines imposed pursuant to other provisions of this Code or state law.
 - (B) Interest on all due and unpaid wages at the rate of interest specified in subdivision (b) of Section 3289 of the California Civil Code, which shall accrue from the date that the wages were due and payable as provided in Part 1 (commencing with Section 200) of Division 2 of the California Labor Code, to the date the wages are paid in full.

(C) Reimbursement of the City's administrative costs of enforcement and reasonable attorney fees.

(D) The City may require the Employer to pay an additional sum as a civil penalty in the amount of \$50 to the City for each Employee or person whose rights, under this Chapter, were violated for each day or portion thereof that the violation occurred or continued, and fines imposed pursuant to other provisions of this Code or state law, where there has been a previous violation of this Chapter.

2) The remedies, penalties and procedures provided under this Chapter are cumulative and are not intended to be exclusive of any other available remedies, penalties and procedures established by law which may be pursued to address violations of this Chapter. Actions taken pursuant to this Chapter shall not prejudice or adversely affect any other action, administrative or judicial, that may be brought to abate a violation or to seek compensation for damages suffered.

D. Retaliation Barred.

1) An Employer shall not discharge, reduce the compensation or otherwise retaliate against any Employee for making a complaint to the City, participating in any of the City's proceedings, using any civil remedies to enforce his or her rights, or otherwise asserting his or her rights under this Chapter. Within 120 days of an Employer being notified of such activity, it shall be unlawful for the Employer to discharge any Employee who engaged in such activity unless the Employer has clear and convincing evidence of just cause for such discharge.

2) No Employer may fund increases in compensation required by this Chapter, nor otherwise respond to the requirements of this Chapter, by reducing the wage rate paid to any Employee, nor by increasing charges to them for parking, meals, uniforms or other items, nor by reducing the citation or other non-wage benefits of any such Employee, except to the extent such prohibition would be pre-empted by the Federal Employee Retirement Income Security Act.

E. Retention of Records. Each Employer shall maintain for at least three years for each Employee, a record of his or her name, hours worked and pay rate. Each Employer shall provide each Employee a copy of the records relating to such Employee upon the Employee's reasonable request.

5.73.060 Waiver through Collective Bargaining.

The provisions of this Chapter may be waived in whole or in part with respect to employees covered under a collective bargaining agreement if all of the following

circumstances apply: (a) Both parties to the collective bargaining agreement agree in writing to such waiver in whole or in part; and (b) the collective bargaining agreement contains provisions which specifically allow waivers of municipal minimum wage rates in excess of the contractually required wage rates for any group or groups of covered employees.

5.73.070 No Pre-Emption of Higher Standards.

The purpose of this Chapter is to ensure minimum labor standards. This Chapter does not preempt or prevent the establishment of superior employment standards (including higher wages) or the expansion of coverage by ordinance, resolution, contract, or any other action of the City. This Chapter shall not be construed to limit a discharged Employee's right to bring a common law cause of action for wrongful termination.

5.73.080 Federal or State Funding.

This Chapter shall not be applied to the extent it will cause the loss of any federal or State funding of City activities.

Section 3. 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 4. Environmental Determination.

The Ordinance is not a project within the meaning of Section 15378 of CEQA Guidelines because it has no potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, either directly or ultimately. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility of having a significant effect on the environment..

Section 5. Publication.

This Ordinance shall be published in a newspaper of general circulation in accordance with California Government Code Section 36933, published, and circulated in the City of Foster City, and shall be in full force and effect thirty (30) days after its final passage.

Section 6. Effective Date.

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

Section 7. 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.

Section 8. Retroactivity.

The provisions of this Ordinance apply starting on _____, 2022.

This Ordinance was introduced and read on the 31st day of January, 2022, and passed and adopted on the ____ day of _____, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RICHA AWASTHI, MAYOR

ATTEST:

PRISCILLA SCHAUS, CITY CLERK



DATE: October 18, 2021

TO: Mayor and Members of the City Council

VIA: Kevin Miller, Interim City Manager

FROM: Leslie Parks, Economic Development Manager

SUBJECT: CONSIDERATION OF A MINIMUM WAGE ORDINANCE IN FOSTER CITY

RECOMMENDATION

It is recommended that the City Council, by Minute Order, receive an informational report and provide policy direction on whether staff should prepare a Minimum Wage Ordinance, which would increase the minimum wage in Foster City above \$15.00 (the State minimum for all businesses in 2023) beginning January 1, 2022.

In the event the City Council desires to proceed with preparation of a Minimum Wage Ordinance, it is further recommended that the City Council identify which implementation option it would like to pursue:

Option 1: Following State Law. Starting January 1, 2022, all employers located in and doing business in Foster City shall pay a minimum wage as required by the State of California that is phased as follows:

- a. Starting January 1, 2022, the minimum wage paid by employers with 25 or fewer employees shall be \$14.00 an hour;
- b. Starting January 1, 2022, the minimum wage paid by employers with 26 or more employees shall be \$15.00 an hour;
- c. Starting January 1, 2023, the minimum wage paid by all employers shall be at least \$15.00 an hour, with wages adjusted annually based on the national consumer price index for urban wage earners and clerical workers but capped at 3.5%.

Option 2: Starting January 1, 2022, all employers located in and doing business in Foster City shall pay a \$16.00 an hour minimum wage to any employee who works more than two hours a week, increasing annually on January 1 using the regional consumer price index.

Option 3: Starting January 1, 2022, all employers located in and doing business in Foster City shall pay a \$16.00 an hour minimum wage to any employee who works more than two hours a week, increasing annually on January 1 using the regional consumer price index *capped at 3.5%*.

EXECUTIVE SUMMARY

By Minute Order No. 1777 (Attachment 4), staff was directed to complete an analysis for a local minimum wage ordinance (including community outreach and input), that would lead to a City ordinance on a phased timeline starting at \$16.00 an hour and increasing annually based on the consumer price index. This report presents the analysis and findings for the above recommendation.

BACKGROUND

Discussion of a City minimum wage ordinance occurred at the November 18, 2019 City Council meeting (Attachment 8) after which City Council directed staff by Minute Order No. 1626 (Attachment 7) to complete further analysis on the impacts a minimum wage policy would have on Foster City. Due to the COVID-19 pandemic, the Economic Development/Sustainability Subcommittee decided to suspend further study of minimum wage. On May 25, 2021, staff presented the City Council with an update on additional tasks, research, and analysis that would need to be completed before a minimum wage ordinance could be adopted as well as a cost estimate for staff time needed to prepare sufficient information and analysis. A copy of that staff report is attached (Attachment 5).

The State of California requires a minimum hourly wage of \$15.00 for January 1, 2022, for employers that employ 26 or more workers. On January 1, 2023, all employers must pay workers at least \$15.00 an hour, and once employers are at the \$15.00 per hour threshold, increases each year thereafter are based on the consumer price index up to 3.5% per year.¹ California has the highest minimum wage in the country along with New York. The Federal minimum wage for covered nonexempt employees has been \$7.25 per hour since July 24, 2009.

¹Under State law, the wage increase schedule may be temporarily suspended by the Governor during economic downturns until the State's minimum wage reaches \$15.00 an hour.

State of California Minimum Wage		
Effective Date	Employers w/ 25 Employees or Less	Employers w/ 26 Employees or More
January 1, 2021	\$13.00	\$14.00
January 1, 2022	\$14.00	\$15.00
January 1, 2023	\$15.00	\$15.00+CPI

Under Federal and State law, local governments have the authority to adopt local wage ordinances that exceed state and federal standards.² Such ordinances can increase the minimum wage more rapidly than the statewide time frame or can increase the minimum wage beyond the level set by the State.

Foster City employers are subject to federal and state minimum labor standards. Because the State's minimum wage is higher than the federal standard, employers are required to pay the State's minimum wage. Should the City enact a minimum wage ordinance that exceeds State law standards, covered employers would be required to pay the City's minimum wage.

Ten cities in San Mateo County have passed ordinances that either speed up the timeline for scheduled minimum wage increases or create a higher minimum wage than State law requires. The table below shows the minimum wage required by these cities in 2021. Atherton, Brisbane, Colma, Hillsborough, Millbrae, Pacifica, Portola Valley, San Bruno, and Woodside follow the State's minimum wage requirements.

Table 1 – Cities with Minimum Wage Ordinances

CITY	LOCAL ORDINANCE MINIMUM WAGE	POLICY	ADMINISTRATOR	Min. Wage Jan. 1, 2022
Belmont	\$15.90	Regional CPI up to 3.5%	City of San Jose, Office of Equality Assurance	\$16.46
Burlingame	\$15.00	Regional CPI	City of San Jose, Office of Equality Assurance	\$15.56

²29 U.S.C. § 218(a), Cal. Labor Code § 1205(b).

CITY	LOCAL ORDINANCE MINIMUM WAGE	POLICY	ADMINISTRATOR	Min. Wage Jan. 1, 2022
Daly City	\$15.00	Regional CPI	City of Daly City	\$15.56
East Palo Alto	\$15.00	Regional CPI	East Palo Alto, Office of Economic Development	\$15.56
Half Moon Bay	\$15.00	Regional CPI	City of Half Moon Bay	\$15.56
Menlo Park	\$15.25	Regional CPI up to 3%	City of Menlo Park, City Manager's Office	\$15.71
Redwood City	\$15.62	Regional CPI	City of San Jose, Office of Equality Assurance	\$16.20
San Carlos	\$15.24	Regional CPI up to 3.5%	City of San Jose, Office of Equality Assurance	\$15.77
San Mateo	\$15.62	Regional CPI	City of San Jose, Office of Equality Assurance	\$16.20
South San Francisco	\$15.25	Regional CPI	City of San Jose, Office of Equality Assurance	\$15.81

All the cities use consumer price index (CPI) to adjust minimum wage for future years, but three of the ten cap CPI increases at 3% or 3.5%.³ The column on the far right of Table 1 provides an estimated minimum wage starting January 1, 2022, using current Regional CPI (as of August 2021).

Table 1 provides an estimated minimum wage starting January 1, 2022, using current Regional CPI (as of August 2021).

³The consumer price index percentage increase used is from the prior year. Indexing wit CPI is predictable for employers and workers, and it keeps pace with the rising cost of living. The CPI tracks the prices of various goods, runs them through a formula and comes up with a number to illustrate how the prices in goods have changed over time. The market analysts will use these prices to tell how many goods or services a consumer will get for a dollar. Legislators will often index minimum wage rates to maintain the purchasing power of minimum wage workers. <https://www.govdocs.com/minimum-wage-increases-planned-vs-indexed/> Adam Roberts, August 23, 2018.

ANALYSIS

This section provides a summary of research; outreach to employers; an analysis of potential minimum wage rates; a time frame for phasing implementation of a local minimum wage ordinance; possible exceptions and exemptions; options for administration and enforcement; and potential fiscal impacts for the City.

Definition of Minimum Wage

The terms “minimum wage” and “living wage” are often used interchangeably but they have different meanings. A living wage is defined as the minimum income necessary for a worker to meet their basic needs. Needs include food, housing, and clothing. The goal of a living wage is to allow a worker to afford a basic but decent standard of living through employment without government subsidies which are often substantially higher than the legal minimum wage. A minimum wage is usually set by law and is meant to standardize the lowest pay a worker can receive and is rarely sufficient to cover a worker’s basic needs.⁴ The U.S. government originally created the minimum wage with the intent to provide a living wage.

Appropriate Hourly Minimum Wage

At the May 25, 2021 City Council meeting, per Minute Order No. 1777, staff was directed to complete analysis for a local minimum wage ordinance (including community outreach and input), that would lead to a City ordinance on a phased timeline starting at \$16.00 an hour and increasing annually based on the consumer price index. Nationally, many economists see \$15.00 per hour as an amount that enables a full-time worker to earn enough to be safely out of poverty without relying upon public assistance. However, most minimum wage standards in metro areas rarely achieve this goal.

It is staff’s assessment that the amount set for the minimum wage should consider a variety of factors, including the needs of businesses and workers, and should be consistent with the hourly rate set by other cities to help lessen the pressure for hiring workers in a tight labor market. Staff’s analysis is that currently, the hourly minimum wage set by Bay Area cities is equal to or less than what most employers must currently pay to hire new workers. Below is a list of entry level and low-skilled positions in Peninsula cities that were recently advertised on Craigslist and Indeed.

⁴Sources: <https://www.govdocs.com/minimum-wage-and-its-counterparts/>; https://www.investopedia.com/terms/l/living_wage.asp

Table 2 – Recently Advertised Entry Level and Low-Skilled Positions

CITY	JOB	FULL OR PART-TIME	HOURLY WAGE
Burlingame	Delivery driver	Full-time	\$16/hour with benefits
	Personal chef for family	Part-time	Negotiable*
Daly City	Event rental consultant	Full-time	\$17 - \$20/hour
East Palo Alto	Security officer	Part-time and full-time	\$18-\$25/hour
Foster City	Sign waver	Part-time	\$20/hour
	Lifeguard	Part-time	\$17 - \$20/hour
	Hair stylist	Part-time	\$17 - \$18/hour
	House cleaner	Part-time	\$18 - \$20/hour, not including tips
	Fast food restaurant crew member	Part-time and full-time	Up to \$17/hour
	Subway Sandwich Artist	Part-time and full-time	Starting at \$14/hour
	Barista/cashier	Part-time and full-time	\$17.50/hour
Palo Alto	Front desk coordinator	Part-time	\$18/hour
Pacifica	Childcare aide	Part-time	\$15/hour with some benefits
Redwood City	Custodian and driver	Full-time	\$16/hour with benefits
San Carlos	Warehouse/driver	Full-time	\$18-22/hour with benefits
	Full-time line cook	Full-time	\$20/hour with benefits
South San Francisco	Delivery drivers		\$18/hour
	Lot attendant	Full-time	\$16 - \$18/hour
	Inspector/packer	Full-time	\$18.50/hour
San Mateo	Line cook	Part-time and full-time	\$18.50/hour
	Dishwasher	Part-time and full time	\$16.50/hour
	Server	Part-time and full-time	\$15.62/hour
	Take-out	Part-time and full-time	\$17/hour

While these hourly rates are much higher than the State and Federal minimum wage (federal minimum wage is currently \$7.25 an hour) and wages paid in many areas of the country, they have little impact given the cost of living in the Bay Area. A study by the National Low Income Housing Coalition concluded that a Bay Area renter needs to make between \$45 and \$68 an hour to afford an apartment and still have enough money for other living expenses. A minimum wage requirement is meant to set a standard for the lowest pay a worker can receive and provide legal recourse if the wage is not paid.

Time Frame for Increasing the Minimum Wage

Almost all increases in minimum wage at a state or local level were phased over three to four years. This includes California law, which increases the wage to \$15.00 over a six-year period. A phased approach provides time for businesses to adapt their operations and pricing to reflect the increase. Future increases in State and City minimum wages are tied to changes in the national or regional consumer price index. Likewise, if the City Council directs the preparation of a minimum wage ordinance, implementation can be phased, and the CPI capped.

Exceptions and Exemptions

The ordinances adopted by ten San Mateo County cities contain similar terms and language. A city minimum wage ordinance applies to any employer that employs workers within city bounds.

Several cities' ordinances included different exceptions and exemptions for entity status, business size, youth workers (training wages), and collective bargaining agreements. For example, San Mateo's ordinance allows 501(c)(3) non-profit corporations to have an additional year to comply with the increased levels. The City of Mountain View included an exemption for state, federal, and county agencies, including school districts, to authorize government agencies to not pay the local minimum wage when the work performed is related to their governmental function. San Mateo and Mountain View included waivers for collective bargaining agreements, which allow for all or any portion of the minimum wage requirements to be waived in a bona fide collective bargaining agreement, if such a waiver is part of the agreement. All local city ordinances and the state's minimum wage requirement apply to all workers—either part-time or full-time.

Estimated Impacts to Employers

To assess potential impacts of a minimum wage ordinance for employers, public outreach was conducted to receive feedback from these entities, stakeholders, and residents. Outreach efforts included the following:

- An online survey conducted in September 2021 (Attachment 3) and in February 2020 (Attachment 6).
- Two business outreach meetings including a meeting co-hosted with the Chamber of Commerce on August 19, 2021 and another facilitated public meeting held on August 26, 2021. August 19 participants were invited based on a representative sampling, so some were members of the Chamber, others were not. They represented the restaurant/hospitality industry; non-profits; food

service; education; technology; childcare; and banking. August 26 attendees included professional services; real estate; labor; and food sales. Staff presented an overview of local minimum wage ordinances at both meetings (a copy of the PowerPoint presentation is attached to this report as Attachment 2). Staff also emailed the online survey to the meeting attendees.

- Staff also received feedback from individual business owners.

A complete list of comments received at the two business outreach meetings held on August 19 and 26 is attached to this report (Attachment 1). A summary is provided below:

None of the participants in the August 19 and 26 meetings were opposed to a minimum wage ordinance if it was in line with what other cities in San Mateo County have adopted and the increases are phased over a few years. Most of the employers currently pay more than the minimum wage adopted by surrounding cities to fill positions. Paying higher hourly rates will be difficult to sustain for many small businesses that compete for labor with chain stores. Concerns were expressed about rising inflation that has increased the price of supplies and materials and could increase the wages of employees.

The responses received to the business survey conducted from September 3, 2021, to 16, 2021 are attached (Attachment 3). The survey was comprised of questions asked of participants who attended the two outreach meetings. They were not asked specifically if they supported a minimum wage ordinance or not, but comments provided included opinions of a City ordinance. The survey was emailed to approximately 2,500 recipients including those who receive City email newsletters, businesses with a business license and email address, and Chamber members. Below is a summary of the survey results:

- *The 45 respondents to the survey represented a broad group of businesses. About 50 percent of respondents to the survey were personal service and restaurant/food service businesses while professional services, manufacturing, and a small number of retail accounted for the remainder. This is consistent with the overall profile of businesses located in Foster City.*
- *58 percent of the workers employed by these businesses are not currently paid the State minimum wage. Follow-up questions about hourly wages paid pre-COVID and paid currently indicate most businesses are paying above \$16.00 an hour.*
- *Prior to the pandemic, only 13 percent were paying less than \$15.00 (as mandated by the State), while more than 50 percent were paying \$15.00 to \$16.00 an hour or more than \$16. Nine percent paid more \$18.00 an hour or*

more. These employers were likely in professional services or technical areas.

- *47 percent of respondents said they were paying more than \$16.00 an hour for entry-level jobs and the range is \$15.00 to \$21.00 an hour for new hires. Most respondents are already paying much higher than \$16.00 an hour.*
- *Most workers employed by respondents are hourly (either part-time or full-time).*
- *20 percent of respondents said a cap on CPI was necessary while 33 percent said it was not. Thirty-six percent were unsure or neutral.*

Some comments questioned why a local ordinance was necessary. Several expressed concerns about the impact of a minimum wage ordinance higher than the state on small businesses that are already facing higher prices for supplies and other operating costs. Two comments stated that government at any level should not dictate what businesses pay their employees. Also noted are the concerns of some survey respondents about a minimum wage that is higher than the state or other cities in the County. A copy of all the written comments is attached to this report (Attachment 3).

For this report, it was not possible to determine the financial impact on Foster City businesses and how many would be subject to the hourly wage increase. Wage rates paid by local businesses for either part-time or full-time employees is not information that is available to the public. Conducting a survey to collect this data would be dependent on the willingness of businesses to voluntarily provide this information.

The City's business license data (2020) shows there are 789 business license holders that maintain a fixed place of business. Most small businesses are involved in some type of services such as professional/technical; personal services; hospitality and restaurants; daycare; home maintenance, and health care. A small number of businesses sell goods. The City's business license data does not ask for the number of employees per business. However, a profile of Foster City businesses based on responses to a business survey conducted last year provided a general profile of Foster City small businesses. Most are small businesses that employ less than 20 employees on a part-time rather than full-time basis. Even though the State's minimum wage is \$13.00 an hour for employers with 25 or fewer employees, the current labor market practically requires businesses to pay above \$15.00 an hour for entry-level positions. Table 2 (Recently Advertised Entry Level and Low-skilled Positions) and responses from the survey conducted for this report (Attachment 3) support this statement.

Estimated City Impacts

The estimated fiscal impacts to the City of Foster City are provided in the tables in Attachment 9. Increasing all part-time positions to start at \$15.00 an hour or more may

cause compaction issues if the starting salaries for entry level positions within a particular job title are too close to the wages in a position that requires more skill or experience. However, it should be noted that part-time staffing can fluctuate quite a bit depending upon programming and staffing needs.

There are three City job classifications in Fiscal Year 2020-2021 that have a Step 1 starting pay lower than \$15 an hour. They are Building Services Assistant, Recreation Leader I, and Clerical Assistant. Positions that are also affected include Recreation Leader II and III, which are necessary to adjust to avoid the compaction issue. These job classifications contain forty (40) funded positions that would be affected by a minimum wage increase.

As an employer with 26 or more employees, the City currently follows the existing State minimum wage of \$14.00 an hour. Table 1 of Attachment 9 provides a table outlining the current wage rates of the City's actual entry level positions in FY 2020-2021 over the last 15 months (July 2020 through September 2021). A total cost was calculated for the forty (40) positions which include Recreation Leader I, II, and III and Building Services Assistant. Many of these employees are employed for summer recreation programs. The current total cost to the City for this 15 month period was \$200,850.

Option 1: Starting January 1, 2022, the minimum wage paid by employers shall be \$15.00 an hour per the State's requirement. Starting in 2023, the rate will be adjusted annually based on the national consumer price index, but not to exceed 3.5%.

Table 2 of Attachment 9 shows the projected cost to the City, following the State's requirement of \$15.00 an hour minimum wage beginning January 1, 2022, regardless of whether the City adopts a City minimum wage ordinance increase or not. The projected additional cost for the City would be approximately \$14,650 for the upcoming year (based on the current number of City employees and hours).

Option 2: All employers located in and doing business in Foster City shall pay a \$16.00 an hour minimum wage to any employee who works more than two hours a week starting January 1, 2022, increasing annually on January 1 using the regional consumer price index.

As reflected in Table 3 of Attachment 9, the projected additional cost for the City if minimum wage were to be increased to \$16.00 for the forty (40) existing entry level positions would be approximately \$28,950 for the upcoming year. CPI is not fixed and therefore may increase in following years.⁵

⁵Note: Because future regional CPI is unknown, the table does not reflect calculation of costs with regional CPI.

Option 3: All employers located in and doing business in Foster City shall pay a \$16 an hourly minimum wage to any employee who works more than two hours a week starting January 1, 2022, increasing annually on January 1 using the Regional Consumer Price Index capped at 3.5%.

As reflected in Table 4 of Attachment 9, the projected additional cost for the City if minimum wage were to be increased to \$16.00 + CPI capped at 3.5% (effective year 2 the ordinance is in effect) for the forty (40) existing entry level positions would be approximately \$37,050.

Options Two and Three require development of a City ordinance which can be completed to accommodate a January 1, 2022, start date. Similar to other local ordinances and State law, any ordinance option should apply to all part-time and full-time employees and all employers located in and doing business in Foster City. However, so long as the wage rate is in alignment with the State's schedule, an exemption for part time City and business/non-profit workers would be permissible if the justification has a rational basis (e.g., some evidence that would support the exemption). But distinctions based on industry category or entity status would be more likely to garner a legal challenge. Instead, any exemption should be based on the size of the employer in line with State law.

Minimum Wage Ordinance Enforcement

Establishing appropriate enforcement provisions is a key component of a minimum wage ordinance. As part of adopting a local minimum wage ordinance, the City will need to implement a process and identify staff to administer and enforce the ordinance. Several cities with existing minimum wage ordinances in Santa Clara County and the City of San Mateo have contracted with the City of San Jose Office of Equality Assurance (OEA) for enforcement services using a complaint-driven model that can require significant time and paperwork. OEA services range from answering written and telephone inquiries to conducting complaint intake of complaints that includes preparing, documenting, and serving a written notice of complaint that is sent to employers if warranted. OEA will visit the employer as part of the investigative process and interview the complainant and any current or former employees that may be involved but services do not include an enforcement action.

Even though most cities contracting with OEA have had few complaints, investigation of one complaint can take several months. The outcome and resolution of one complaint can involve many former employees and result in restitution of a significant amount of money on the part of the business although this is a rare occurrence. Depending on the date the ordinance goes into effect, the "look-back" period for investigating a complaint is typically three to four years. Ordinances typically require employers to keep payroll records for a similar period of time.

The cost for OEA's services is \$45,000 for a three-year term. If the complaint results in legal enforcement or an appeal, there may be additional costs for the City.

POLICY OPTIONS

There are three policy options for the City Council to consider.

Option 1: Do not adopt a local ordinance and follow State law, which means that the minimum wage in Foster City will increase to \$14.00 by January 1, 2022 for all employers with 25 or fewer employees and \$15.00 an hour for all employers with greater than 26 employees. Starting January 1, 2023, for all employers, the minimum wage would be at least \$15.00 an hour (with employers having 26 or more employees paying \$15.00 plus the CPI increase). On January 1, 2024, for employees with fewer than 26 employees, the rate will be adjusted annually based on the national CPI for urban wage earners and clerical workers and will be capped at 3.5%. For employers with 26 or more employees, the rate would also be adjusted annually based on the CPI, and would be capped at 3.5%.

Option 2: Adopt an ordinance that requires employers located in and doing business in Foster City to pay a \$16.00 an hour minimum wage to any employee who works more than two hours a week starting January 1, 2022, increasing annually on January 1 using the regional consumer price index.

Option 3: Adopt an ordinance that requires employers located in and doing business in Foster City to pay a \$16.00 an hour minimum wage to any employee who works more than two hours a week starting January 1, 2022, increasing annually on January 1 using the regional consumer price index *capped at 3.5%*.

CONCLUSION

The results of research and findings from the business outreach meetings and surveys confirm that most businesses are already paying more than \$16.00 an hour and as much as \$17.00 to \$20.00 for entry-level jobs. Food service and other small service businesses are still having trouble finding workers and many are limiting operating hours. A minimum wage ordinance may not have much impact in the current labor market, but it does ensure that workers will be paid a base wage and provides legal recourse if they are not. If given a choice, many small businesses would prefer to pay no more than the current State minimum wage or less, but they also recognize they are competing for workers in a tight labor market.

Comments received in the business outreach meetings were supportive of a local minimum wage ordinance, but noted it was important that the City's minimum wage was

aligned with other cities in San Mateo County and implementation should be phased to give businesses time to adjust. Comments received in the latest survey were not as supportive of a local ordinance and expressed concerns about increasing operating costs for local small businesses.

If the City Council approves either Option Two or Three, an ordinance can be prepared and implemented by January 1, 2022. Staff will need to develop a communications plan to notify employers about the date of implementation and requirements. The City Council is strongly urged to consider contracting the City of San Jose's Office of Equality Assurance for administration of the ordinance.

Staff extends appreciation and thanks to the Foster City Chamber of Commerce for their assistance with outreach to local businesses and providing important feedback.

FISCAL IMPACT

Any costs to the City for adjusting hourly wages for part-time or full-time employees during the current fiscal year will necessitate a budget augmentation approval by the City Council. Fiscal impacts in subsequent fiscal years for the total cost of the higher wages will be captured as part of the annual budget process.

If the City chooses to outsource enforcement of a minimum wage ordinance, the cost for a three-year agreement with the City of San Jose is currently \$45,000.⁶ If City staff administers the program, a tracking system for complaints and follow-up actions will need to be developed along with staff time for monitoring and enforcement. An estimated 40-50 hours for program start-up and a minimum of 12 hours a week for responding to and following up on complaints is anticipated (staff time will likely involve more than one City department, including the City Attorney). Formal investigation of a complaint can require a significant number of hours over several months. An outside consultant may be needed to assist with developing a tracking system for complaints. Overall, most cities do not receive many complaints, but a single complaint can require several months of investigation.

ENVIRONMENTAL REVIEW

This activity is not a project under CEQA as defined in CEQA Guidelines, Section 15378, because it has no potential for resulting in either a direct or a foreseeable physical change in the environment.

⁶City of San Jose OEA indicated it would be interested in providing services for administration of the City's minimum wage ordinance.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREAS

As part of the City Council's Vision and Mission, it desires to take actions that deliver equity and foster a vibrant economy. This item is in alignment with the "Public Safety and Social Equity" Value/Priority Area in that it serves to support a thriving economy and seeks to allow community members to enhance their quality of life.

Attachments:

- Attachment 1 - Comments from Business Outreach Meetings (August 19 and 26, 2021)
- Attachment 2 - PowerPoint Presentation from Business Outreach Meetings
- Attachment 3 - Responses from Survey (Conducted September 3 to 16, 2021)
- Attachment 4 - Minute Order No. 1777
- Attachment 5 - City Council Staff Report (dated May 25, 2021)
- Attachment 6 - Findings from Business Survey (Conducted February 2020)
- Attachment 7 - Minute Order No. 1626
- Attachment 8 - City Council Staff Report (dated November 18, 2019)
- Attachment 9 - Estimated City Impacts (Detailed by Existing Positions)

MINUTE ORDER

No. 1813

OFFICE OF THE CITY CLERK
FOSTER CITY, CALIFORNIA

Date: October 19, 2021

Attention: City Council/EMID Board
Kevin Miller, Interim City/District Manager
Leslie Parks, Economic Development Manager

City Council/EMID Board of Directors Meeting Date: October 18, 2021

Subject: Consideration of a Minimum Wage Ordinance in Foster City

Motion by Vice Mayor Awasthi, seconded by Councilmember Hindi, and carried, 2-1-0, Councilmember Froomin voted "no", IT WAS ORDERED to direct staff to:

1. Prepare an ordinance modifying option 2 to the following: Starting January 1, 2022, all employers located in and doing business in Foster City shall pay \$15.50 an hour, and starting January 1, 2023, \$16.00 an hour minimum wage to any employee who works more than two hours a week, increasing annually on January 1 using the regional consumer price index; and
2. Seek outside sources to administer the program.

DocuSigned by:

Priscilla Schaus

8131F59EA33B4AB

CITY CLERK/DISTRICT SECRETARY

*Councilmember Hindi, Councilmember Sullivan, and Mayor Gehani stated that they had a conflict of interest because they own a business within Foster City. Under the provision of the Government Code for Exercising the Rule of Necessity, based on a previous random selection drawing, Councilmember Hindi participated in the discussion, and Councilmember Sullivan and Mayor Gehani recused themselves due to a conflict of interest.

ATTACHMENT 4**Estimated City Impacts (Detailed by Existing Positions)****Table 1 – Current Cost to the City of Entry Level Positions**

FY 20-21 POSITIONS	Employee # (emp.)	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Recreation Leader I	28	\$14.00 (26 emp.)	\$14.49 (1 emp.)	\$15.00 (1 emp.)	\$15.52 (0 emp.)	\$16.07 (0 emp.)
Recreation Leader II	1	\$15.00 (0 emp.)	\$15.52 (0 emp.)	\$16.07 (0 emp.)	\$16.63 (0 emp.)	\$17.21 (1 emp.)
Recreation Leader III	6	\$16.00 (5 emp.)	\$16.40 (1 emp.)	\$17.10 (0 emp.)	\$17.90 (0 emp.)	\$18.30 (0 emp.)
Building Service Assistant	5	\$14.00 (4 emp.)	\$14.49 (0 emp.)	\$15.00 (1 emp.)	\$15.52 (0 emp.)	\$16.07 (0 emp.)
TOTAL	40					
Current Cost (15 Month Period; July 2020 through August 2021): \$200,850						

**Table 2 – Estimated Rate Increase and Cost to the City by
Raising Minimum Wage to \$15.50 an Hour**

FY 20-21 POSITIONS	Employee # (emp.)	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Recreation Leader I	28	\$15.50 (26 emp.)	\$16.04 (1 emp.)	\$16.60 (1 emp.)	\$17.19 (0 emp.)	\$17.79 (0 emp.)
Recreation Leader II	1	\$16.57 (0 emp.)	\$17.15 (0 emp.)	\$17.75 (0 emp.)	\$18.37 (0 emp.)	\$19.01 (1 emp.)
Recreation Leader III	6	\$17.71 (5 emp.)	\$18.33 (1 emp.)	\$18.97 (0 emp.)	\$19.64 (0 emp.)	\$20.32 (0 emp.)
Building Service Assistant	5	\$15.50 (4 emp.)	\$16.04 (0 emp.)	\$16.60 (1 emp.)	\$17.19 (0 emp.)	\$17.79 (0 emp.)
TOTAL	40					
15 Month Cost: \$222,400						
Increase from Current: \$21,500						

**Table 3 – Estimated Rate Increase and Cost to the City by
Raising Minimum Wage to \$16.00 an Hour**

FY 20-21 POSITIONS	Employee # (emp.)	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Recreation Leader I	28	\$16.00 (26 emp.)	\$16.56 (1 emp.)	\$17.14 (1 emp.)	\$17.74 (0 emp.)	\$18.36 (0 emp.)
Recreation Leader II	1	\$17.14 (0 emp.)	\$17.74 (0 emp.)	\$18.36 (0 emp.)	\$19.00 (0 emp.)	\$19.67 (1 emp.)
Recreation Leader III	6	\$18.36 (5 emp.)	\$19.00 (1 emp.)	\$19.67 (0 emp.)	\$20.36 (0 emp.)	\$21.07 (0 emp.)
Building Service Assistant	5	\$16.00 (4 emp.)	\$16.56 (0 emp.)	\$17.14 (1 emp.)	\$17.74 (0 emp.)	\$18.36 (0 emp.)
TOTAL	40					
15 Month Cost: \$229,800						
Increase from Current: \$28,975						



DATE: January 31, 2022

TO: Mayor and Members of the City Council

FROM: Kevin Miller, Interim City Manager
Jennifer Phan, Interim Deputy City Manager

SUBJECT: 2022 CITY COUNCIL VISION & POLICY SUMMIT - COMMON
THEMES AND KEY POLICY TAKEAWAYS

RECOMMENDATION

It is recommended that the City Council, by Minute Order, receive and accept the report summarizing the Common Themes and Key Policy Takeaways (Attachment 1) from the 2022 City Council Vision & Policy Summit.

EXECUTIVE SUMMARY

Following this year's Vision & Policy Summit, City staff has developed an overview document that summarizes the common themes from that day's discussion, as well as the key policy items for City staff to prioritize and build into its work plan. This summary is provided for City Council consideration in order to bring clarity and ensure alignment on which items are the most critical, and to better balance future priorities against the City's current resources.

BACKGROUND/ANALYSIS

Every year, the City Council holds a Vision & Policy Summit to identify, discuss, and prioritize work projects and initiatives that will be addressed over the course of the following year. A vast majority of City resources are used to deliver core governmental services and these operations continue to stand independent of those that may result from a Vision & Policy Summit. With that said, the primary objective of a priority-setting session is to provide focus and

align the City's financial and staff resources to that of the City Council's and community's goals. This process is important as it establishes a clear set of goals and expectations to which City staff and limited financial resources may be dedicated.

This year's Vision & Policy Summit was held on January 12, 2022. The City Council, via Minute Order No. 1825, reconfirmed and adopted its Vision and Mission, along with its Strategic Value/Priority Areas as established in the previous year. The intent of the Vision Statement is to provide directional guidance on the higher order perspective of the City Council's policy intent, while the Mission Statement is to guide the City's day-to-day work and serve to align staff work with current priorities. These statements together help communicate the purpose and principles of the organization and will facilitate more positive relationships between the City and the community in which we serve.

During the full-day session, City Council covered broad topics that included: managed growth/land use, viable retail/economic development, sustainable revenue options, building business relationships, and areas for regional influence (such as transportation, education, water, legislative advocacy, etc.). In facilitating the session, the Mayor and City Manager posed questions for City Council consideration that allowed a high-level discussion on these topics. City staff has developed a summary document that provides an overview of the common themes from that day's discussion, as well as the key policy items for City staff to prioritize and build into its work plan. This is attached to the report as Attachment 1.

In observing the City Council's comments related to quality of life and quality of place, City staff has drafted a "Community Character" statement to help illustrate the elements that distinguish and define Foster City. While this description is not based on a planning perspective, it encapsulates the community values, characteristics, and general identity of Foster City. It is also consistent with the City Council's Vision and Mission Statements.

City staff also summarized the major themes and principles that arose throughout City Council's discussion. This is followed by a list of policy items that City staff understood to be of primary significance in the coming year. It is important to note that City staff recognizes there are action items to follow with each of the policy items identified. There are some that are already underway and others that are pending. For example:

- Land Use – Several land use-related topics are scheduled for the February and March meetings, including a joint City Council and Planning Commission meeting that is being planned for March.
- Economic Development – City staff is currently outlining its proposed approach, reevaluating how to best utilize the existing economic development services in the coming months, meanwhile, also reengaging the Chamber of Commerce.
- Revenues – Initial direction on the Reserve Policy will be sought at an upcoming Budget Study Session. City staff is also exploring the pros and cons of a biennial budget for the next budget cycle (FY 2023/2024).
- Legislative Advocacy – An amendment to the agreement with the City’s existing legislative advocacy consultants is being prepared and will be brought to City Council for consideration in February.

The overview document is not meant to be all inclusive or to exclude work that does not fall directly in the topic areas. Rather, the overview document is meant to keep the organization focused and outcomes based. On occasion, new projects/initiatives may emerge, and City Council may direct or ask City staff to consider adding to its work plan as certain items may result in a greater benefit to the City. Consistent with past practice, the City Manager will prioritize based on City and staff resources, coordinating realignment of priorities as necessary to advance any particular items.

FISCAL IMPACT

There is no fiscal impact associated with this item.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREA

This item is overarching and directly addresses the Vision, Mission, and Strategic Priorities set forth by the City Council as a whole.

Attachments:

- Attachment 1 – 2022 City Council Vision & Policy Summit - Common Themes and Key Policy Takeaways
- Attachment 2 – Minute Order No. 1825 & Strategic Priorities



CITY COUNCIL VISION & POLICY SUMMIT

COMMON THEMES AND KEY POLICY TAKEAWAYS FOR 2022

OUR COMMUNITY CHARACTER

Foster City is a purposefully, planned community that strikes a unique balance of residential, family-oriented neighborhoods comprised of a variety of housing types to suit all needs, while being home to major commercial and research & development sites. The City prides itself on the wealth of recreational amenities and activities it provides to the community, including its healthy waterways and vibrant parks/open spaces. The City emphasizes public safety and proactively works toward strengthening relationships with the community. Foster City also has a long-standing commitment to fiscal prudence & responsibility, with a keen ability to prioritize its infrastructure needs. All-encompassing, sustainability is what defines Foster City. It holds progressive principles as an environmental leader in combating sea level rise and addressing climate change. It values diversity and strives to bring equal opportunity and foster civic pride & engagement. It recognizes and is dedicated to revitalization of the local economy as well as driving economic vitality.

COMMON THEMES

- Quality of life may have different meanings to each individual, but the City plays a vital role in defining, maintaining, and enhancing the quality of place.
- The Master Plan serves as a foundational, guiding document. There has been a long-standing interest by City leadership (past & current) to preserve critical elements of the community, while looking forward and incorporating changes that enhance and build upon what Foster City has to offer.
- Community engagement & public participation is a cornerstone to good governance, and can help achieve more equitable and effective public decision-making. The City continues to seek more efficient and effective ways in which it can better provide information to residents.
- Foster City has the opportunity to be recognized as a destination and no longer be a hidden gem, by using its unique attributes and strengths to attract businesses that complement the City.
- Foster City can strengthen its regional influence and needs to continue to build relationships with the community, its neighboring colleagues, and local, County, and State representatives.

POLICY TAKEAWAYS

Land Use	<ul style="list-style-type: none"> • Approach zoning changes/requests on a case-by-case basis through considerate and thorough evaluation • Discuss and provide thoughtful analysis of housing topics, including Affordable Housing Overlay zone, Inclusionary Ordinance, Housing Element, RHNA • Understand the implications of SB 9, SB 10, and other housing legislation that impacts the City and evaluate opportunities to minimize those impacts and maintain local control
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	<ul style="list-style-type: none"> Consider how to use imagery to provide a visual representation of sites and what is being proposed to increase densities
Economic Development	<p><u>Commercial and Retail Vacancies</u></p> <ul style="list-style-type: none"> Consider policy or ordinance to prevent property blight and address “no use” situations and unoccupied areas/parcels Engage property owners and business owners to gain perspective on reasons for vacancies and challenges for restaurants/retailers <p><u>Business Community Relationships</u></p> <ul style="list-style-type: none"> Reopen discussions with property owners to discuss zoning possibilities Identify ways the City can work with property owners to provide a financial benefit/incentive in order to reinvest and rebuild Prioritize establishment of strategic alliances and public-private partnerships, whether with community organizations, business community, or leading employers Strengthen relationship with Chamber of Commerce and pursue areas for collaboration, namely in Economic Development and Sustainability, and define roles <p><u>Other</u></p> <ul style="list-style-type: none"> Explore opportunities to activate or reenergize areas such as Mariners Point, Leo J. Ryan Park/Recreation Center, former OSH site, Costco Reopen discussions on Sea Cloud Park II and how to reclaim land/property rights Develop Economic Development Strategic Plan that seeks to revitalize the local economy, demonstrate Foster City as a business-friendly community, and emphasizes strategic partnerships
Revenues	<ul style="list-style-type: none"> Revisit Reserve Policy and consider if it should be revised, as well as possibly the Capital Asset & Acquisition Fund and how/when it should be used as it relates to purchasing power Discuss ARPA funds and best use of it (restoring lost revenue or reinvesting in community) Consider revenue generation ideas, such as using property in proximity to SR 92 with easy access and level of pass through traffic for an electronic billboard Identify how technology can be applied or leveraged to reduce costs; for example, Objective Design and Development Standards Evaluate pros and cons of a two-year budget approach
Regional Influence	<p><u>Transportation</u></p> <ul style="list-style-type: none"> Advocate for regional transportation solutions to address areas of concern such as highway conditions, regional bicycle & pedestrian system (Bayshore/Bay Area Bay Trail), etc. Seek grants and encourage other municipalities to apply for regional infrastructure improvements

	<ul style="list-style-type: none"> • Find solutions to improve public transit system to make it more accessible and efficient <p><u>Education</u></p> <ul style="list-style-type: none"> • Engage and build relationships between the City school districts, including strengthening the one between the Foster City Police Department and youth • Explore potential partnership opportunities as it relates to the Recreation Center and programming/offerings, such as preschools and ceramics <p><u>Water/Sea Level Rise</u></p> <ul style="list-style-type: none"> • Stay abreast of regional/local water supply and needs, specifically impacts of drought and declared water shortage • Advocate for Foster City’s proactive investment to address sea level rise early on via its Levee Project • Gain better understanding of OneShoreline’s role and how proposed countywide tax may negatively impact Foster City <p><u>Legislative Advocacy</u></p> <ul style="list-style-type: none"> • Continue relationship with legislative advocacy firm • Continue efforts to work with state-level elected officials to advocate on behalf of issues that impact the City/region • Stay abreast of and respond to pieces of State legislation that are part of the City’s priorities
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MINUTE ORDER

No. 1825

OFFICE OF THE CITY CLERK
FOSTER CITY, CALIFORNIA

Date: January 13, 2022

Attention: City Council/EMID Board
Kevin Miller, Interim City/District Manager
Jennifer Phan, Interim Deputy City Manager

City Council/EMID Board of Directors Meeting Date: January 12, 2022

Subject: Reconfirm and Adopt City Council Mission & Vision and Strategic Priorities for
2022

Motion by Vice Mayor Froomin, seconded by Councilmember Gehani and carried
unanimously by roll call vote, 5-0-0, IT WAS ORDERED to reconfirm and adopt City Council
Mission & Vision and Strategic Priorities for 2022 (attached).

DocuSigned by:
Priscilla Schaus
0191E50FA39941B...
CITY CLERK/DISTRICT SECRETARY

2022 STRATEGIC PRIORITIES

VISION:

Create a sustainable Foster City through smart, inclusive, and efficient actions to enhance our quality of place for current and future generations.

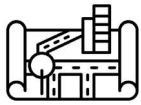
MISSION:

The mission of the City of Foster City is to deliver equitable services that are customer-focused with an emphasis on public safety, neighborhood livability, smart planning, a vibrant economy, infrastructure improvements, innovation, and a sustainable environment. In pursuit of this mission, we use community engagement and data to make decisions and measure progress based on economic, social, and environmental factors.



FACILITIES AND INFRASTRUCTURE:

Maintain a standard of excellence with regards to infrastructure, including streets, lagoon, levee, parks, water supply system, wastewater system, storm water collection system, and City facilities to preserve and enhance quality of life for future generations.



SMART PLANNING, DEVELOPMENT, AND THE LOCAL ECONOMY:

Create a long-term vision that protects, maintains, and enhances our community character through thoughtful planning and economic development policies.



CITY COUNCIL OPERATIONS AND IMPROVED COMMUNITY ENGAGEMENT:

The City Council operates at the highest level of civil discourse, encouraging resident engagement and full transparency.



INNOVATION AND SUSTAINABILITY:

Continue to lead in employing modern solutions to current day problems with a focus on and consideration of climate change.



PUBLIC SAFETY AND SOCIAL EQUITY:

Continue to promote diversity and inclusive policies within the City organization and seek social equity in all City policies including public safety.



STAFF EMPOWERMENT AND OPERATIONAL EXCELLENCE:

The staff of Foster City is committed to and takes pride in proactively providing exceptional service to our community.





DATE: January 31, 2022

TO: Mayor and Members of the City Council

VIA: Kevin Miller, Interim City Manager

FROM: Jennifer Phan, Interim Deputy City Manager
Louis Sun, Public Works Director
Edmund Suen, Finance Director
Tiffany Oren, Recreation Manager
Julie Paping, Interim Principal Management Analyst

SUBJECT: RECREATION CENTER PROJECT UPDATE – COMMUNITY
SURVEY, DESIGN OPTIONS, AND FUNDING OPTIONS

RECOMMENDATION

It is recommended that the City Council, by Minute Order, provide City staff direction regarding the Recreation Center Project in relation to the community survey, design options, and funding options.

Staff is seeking direction from the City Council on the following policy questions:

1. Does the City Council accept the Recreation Center and Parks System Survey results and has staff satisfied City Council's interest in validating programming and usage assumptions?
2. Does the City Council have a preferred project design option of those previously presented by Burks Toma Architects (Concept 1, 2, or 3) or does the City Council wish to explore an alternative "build-to-budget" option by identifying a not-to-exceed amount for the project? Is there

some other alternative for which City Council wants to provide direction?

3. Which funding sources, how much from each, and what voter approved tax measures are the City Council willing to consider for this project? The funding options, including Reserves, are outlined in Attachment 5 – Funding Options Spreadsheet.

EXECUTIVE SUMMARY

On June 7, 2021, the City Council directed staff to validate assumptions related to Recreation Center programming and usage and to validate financing options for rebuilding the Recreation Center. This report is intended to present the results of the Recreation Center and Parks System Survey and update the City Council on funding options. Additionally, information has been included on the build process and design options. Estimated costs for a Recreation Center rebuild have increased to \$89.1 million since the project was last brought before City Council, and as such, City Council may want to consider an alternative "build-to-budget" option by identifying a not-to-exceed amount for the project. Should the City Council provide direction to move forward with the alternative "build-to-budget" option and a not-to-exceed amount, staff will move forward with a design-bid-build process which would entail preparing requests for proposals (RFPs) for a designer, project and construction manager, construction inspection services, and materials testing for City Council consideration. Regardless of the direction provided by City Council, staff will continue to update the City Council through study sessions and remain engaged with the community throughout the process.

Staff recognizes tonight's meeting is the initial step in revisiting the Recreation Center Project and that additional information may need to be brought back for City Council consideration. The Recreation Center Project is being considered separate from the Parks Master Plan, which is being evaluated through the City's Capital Improvement Program.

BACKGROUND

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

The current Recreation Center consists of the original building that was built

in 1974 and two expansion wings that were constructed in the 1990s. The current structure contains approximately 18,500 square feet of meeting room/user space in the 36,000 square foot building, with the remaining space allocated to lobbies, storage, mechanical rooms and long hallways to access the phased additions. Because the building was originally three separate structures that were all combined into one building with one roof in 1997, multiple roof penetrations were added to install HVAC equipment and aesthetic screens on the flat deck of the roof. Due to the construction history, a number of structural issues are known or anticipated related to water intrusion. The age of the building and the piecemeal way in which it was constructed contribute to a current need for a total roof replacement and structural assessment for emergency shelter readiness.

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 City demographics and trends in recreation.

On October 17, 2016, the City Council approved a comprehensive outreach plan to engage the community on the Recreation Center Master Plan Project. Between October 2016 and January 2017, a variety of methods, including one-on-one meetings, focus groups, public meetings, and an online and paper survey, were used to engage a wide variety of stakeholders and collect diverse viewpoints and opinions.

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.

Burks Toma Architects developed three alternative conceptual design plans to help focus the options and opportunities for the facility. 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.

On January 22, 2019, the City Council adopted Minute Order No. 1585, indicating a preference for Conceptual Design 3 and providing direction to include funding of \$7,000,000 to \$10,000,000 for Architectural Design and Pre-Construction Activities in the Five-Year Capital Improvement Program in the Fiscal Year 2019-2020 budget.

Concept 3 gave the City Council a conceptual “starting point” of \$45,000,000 for construction of a 51,000 square foot facility (50% larger than the current facility, with more than 50% more useable space) plus \$10,000,000 for design and soft costs and \$16,000,000 for proposed outdoor park space improvements.

On April 29, 2019, the City Council altered its direction when it passed Minute Order No. 1601. Where the previous direction had been to proceed with budgeting for architectural services based upon Conceptual Design 3, Minute Order No. 1601 indicated a new preference for a “build-to-budget” option with a cost not to exceed \$40 million in 2022 dollars for design, construction, and community engagement and excluding park improvements from the Recreation Center Master Plan in favor of including the park improvements within the Capital Improvement Plan. Minute Order No. 1601 further directed staff to prepare a report on Recreation Center Master Plan Funding Alternatives.

The Recreation Center Master Plan Funding Alternatives report was brought to the City Council in August 2019. Upon review, the City Council passed Minute Order No. 1613, tabling further discussion of funding for the project until more information was known about the costs of the Levee project. Without a funding source, the project was effectively paused.

As part of the City Council 2021 Strategic Priorities Implementation Plan, the City Council requested staff to “revisit the Recreation Center Master Plan in light of a post-COVID-19 world and explore both programming and financing options for construction and operation with respect to all the other priorities the City is facing.”

On June 7, 2021, the City Council received a report on the status of the Recreation Center Master Plan and recommended next steps during its

regular meeting. The City Council directed staff to validate assumptions related to programming and usage and to validate financing options. By way of Minute Order no. 1781, City Council supported staff's recommendation to continue to patch the Recreation Center roof as needed.

At the August 2, 2021, regular meeting of the City Council, staff provided a report on the engagement process for the Recreation Center replacement plan, including a draft Recreation Center and Parks System Survey. Following that meeting, staff worked with Zencity to finalize the community survey to validate programming and use options, and how those may have changed as a result of the COVID-19 pandemic. The Recreation Center and Parks System Survey launched on November 23, 2021 and was open through December 17, 2021.

ANALYSIS

Community Survey

Extensive community outreach efforts took place in 2016 and 2017. The findings of those efforts were presented to City Council on February 21, 2017 by way of the Foster City Recreation Center Needs Assessment and Master Plan prepared by RJM Design Group, Inc:

<https://www.fostercity.org/RecCenterNeedsAssessmentandMasterPlan>. The report identified 7 key themes related to the Recreation Center Master Plan:

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

In June 2021, the City Council directed staff to validate assumptions related to programming and usage based on previous outreach efforts, and in August 2021 the City Council had the opportunity to review a draft Recreation Center and Parks System Survey. The survey was then finalized and open from November 23 through December 17, 2021. In addition to standard outreach methods, survey kiosks were set up at City Hall and the Recreation Center, Parks and Recreation Committee members tabled at the Winter Wonderland and Tree Lighting events and at Leo J. Ryan Park and the dog park, and direct outreach was made to community groups and anyone who has rented a facility or participated in a recreation class.

The survey generated 927 responses that were weighted to accurately represent Foster City demographics per Census Bureau data. 91% of respondents agreed that is important or very important for the City to look forward in a way that ensures our parks and recreation facilities remain relevant and attractive to the community for the next 50 years.

While the recent community survey did not go into the same level of detail as the previous outreach efforts, the survey results validate the related themes listed above. Recreation Staff noted that the desire for life-long learning programs and general outdoor programming, specifically interactive water features, appeared to be a higher priority than gleaned from previous outreach efforts.

When asked the main reasons for using Foster City parks, including the Recreation Center, respondents mostly answered exercise, attend events, and relax. 43% of respondents use the Recreation Center once to a few times per year, and 15% use the Recreation Center once per week or more. Of the respondents who participate in Recreation Center classes or programs, 78% said that they are usually available. Of the respondents who use Recreation Center meeting rooms, 86% said that they are usually available. There is some opportunity to improve availability by adding space for multi-purpose rooms. It should be noted that previous outreach efforts found that the building design did not allow for efficient use of the space. The usable and rentable spaces make up only roughly 50% of the building's gross footprint.

In an open-ended question, those respondents who use recreation facilities in other communities were asked why. Some common responses were senior center and programs for seniors, more sports courts (pickleball and tennis), and a wider variety of classes of all sorts for all ages. This suggests the opportunity in a new recreation center to expand dedicated senior programming space and multi-purpose space to accommodate expanded programming for all ages. We heard from the community through the previous outreach efforts on the need for expanded senior programming space and the importance of the relationship between the Recreation Center and existing amphitheater, bocce ball courts, and other nearby amenities.

Similar amounts, about one-third each, of survey respondents stated that their use of Foster City parks and the Recreation Center has increased, decreased, or remained the same since the Covid-19 pandemic began. It is important to note that those who reported a decrease in use specifically noted a decrease in use of the Recreation Center, and those who reported an increase specifically noted an increase in use of Foster City parks. This aligns with what has been observed by Parks and Recreation staff and the fact that the Recreation Center was closed to the general public for a period of time.

More information on the Recreation Center and Parks System Survey results can be found in the Zencity Executive Summary and Zencity presentation (Attachments 1 & 2).

Policy Question:

- Does the City Council accept the Recreation Center and Parks System Survey results and has staff satisfied City Council's interest in validating programming and usage assumptions?

Design Options

Burks Toma Architects developed three (3) alternative Conceptual Design Plans to help focus the options and opportunities for the facility. 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.

The three (3) concept designs are summarized in Figure 1 below. Detailed

information on the concept design options can be found in the Concept Alternative Summary Report (Attachment 3).

Figure 1: Burks Toma Concept Alternative Summary Matrix

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

A Planning Level Construction Cost Estimate (in 2022 dollars) was provided in the Concept Alternative Summary Report by Burks Toma Architects (see Figure 2 below). It is essential to note that this Planning Level Construction Cost Estimate was prepared well before the current COVID pandemic began. COVID has created volatility and cost spikes associated with

construction market demands as well as supply chain disruption. For this reason, the Planning Level Construction Estimate should be considered preliminary, and a further refinement would be desirable as the project progresses, with an eye toward how the construction market is stabilizing.

Figure 2: Burks Toma Planning Level Construction Cost Estimate (2022 Dollars)

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.

In January 2019, the City Council indicated a preference for Concept 3, the “Outdoor Activity Complex” theme, which would provide a Recreation Center 50% larger than the current facility, with more than 50% more useable space. However, in April 2019, City Council altered its direction and indicated a new preference for a “build-to-budget” option with a cost not-to-exceed \$40 million in 2022 dollars. The “build-to-budget” option was to include design, construction, and community engagement, and it was to exclude park improvements that would instead be included within the Capital Improvement Plan. The project was then essentially placed on hold in August 2019.

Public Works Department Staff has prepared an updated cost estimate based on Concept 3 to capture anticipated increases related to the COVID-19 pandemic, inflation, and anticipated cost increases for supplies and labor (see Figure 3 below). This preliminary estimate brings total construction costs for Concept 3 to \$89,103,700.00.

Figure 3: 2022 Public Works Estimated Construction Cost

Costruction Cost (2018)			\$50,100,000
Costruction Cost (2022 cost projected at 2018)			\$62,300,000
Costruction Cost (2022 cost adjustment)	10% increase adjustment (COVID & Supply Chain issues)	10%	\$6,230,000
Costruction Cost (2022)			\$68,530,000
Costruction Contingencies (2022)		10%	\$6,853,000
Design Cost	+10%-12% of total construction cost	11%	\$7,538,300
PM/CM Cost	+7-10% of total construction cost	8%	\$5,482,400
Inspection/Testing Services Cost	+1% of total construction cost	1%	\$700,000
Total Costruction Cost			\$89,103,700
Other Cost			
Rec Program Relocation Cost	0.5% of the total project cost.		\$445,000

Due to the increased costs associated with the project, staff does not believe Concept 3 is a feasible option. Alternatively, City Council could identify a new not-to-exceed amount for a scaled down version of the project to exist within the same building footprint. Staff proposes working with a designer to identify a base design to include key amenities, such as multipurpose spaces, large event space, staff offices, etc. Once a base design is identified, we would then identify other add-on options, such as dance/movement space, ceramics and art space, preschool space, etc. A final bid package would include the base design and add-on options, and City Council would have the flexibility to include or remove add-on options depending on the final bid price. Staff would require the designer to provide updates to the City Council at several stages during the design process, allowing City Council the opportunity to provide feedback and direction.

The City of Burlingame, for example, is currently building a new Community Center that will be approximately 35,700SF in size and cost approximately \$52.3 million. The size of Burlingame's new building will be similar in size to Foster City's existing Recreation Center. As noted earlier in this report, the current layout of the Recreation Center is inefficient with only roughly 50% usable space. A new Recreation Center that is not expanded but built within the same building footprint could still produce a more efficient layout and increased usable space. It is important to note that the construction contract for the Burlingame project was awarded in April of 2020 and that a project of similar size in Foster City would likely have a higher price tag. In

consideration of the cost of the Burlingame Project along with rising costs associated with supplies and labor, staff suggests a not-to-exceed amount of \$55 million as a starting point.

Should the City Council identify a not-to-exceed amount and provide direction to move forward with the “build-to-budget” project, staff is recommending that a standard Design/Bid/Build construction delivery method be used. Under this model the Public Works Department would provide direct support and create RFPs for design and documentation phases which includes a designer, project and construction manager, construction inspection services, and materials testing. Public Works staff recommends initiating the RFPs concurrently and within a four-month timeframe, once approved by City Council.

Public Works staff prepared an estimated project schedule, shown below in Figure 4. This schedule is for illustrative purposes and does not represent actual project start and end dates.

Figure 4: Public Works Department Recreation Center Projected Schedule

Recreation Center Projected Schedule	Project Start		Project End
	1/1/2023		11/1/2026
Phase Description	Start Date	Duration (Days)	End Date
Pre-Design Phase: RFP-Designer	1/1/2023	120	5/1/2023
Pre-Design Phase: RFP-PM/CM	1/1/2023	120	5/1/2023
Pre-Design Phase: RFP-Inspection Services	1/1/2023	120	5/1/2023
Pre-Design Phase: RFP-Materials Testing	1/1/2023	120	5/1/2023
Pre-Design Phase: Award of Contracts	5/1/2023	30	5/31/2023
Design Phase: Design	5/31/2023	365	5/30/2024
Design Phase: Plans Check	5/30/2024	60	7/29/2024
Bidding Phase: Bidding	7/29/2024	50	9/17/2024
Bidding Phase: Award of Const. Contract	9/17/2024	35	10/22/2024
Construction Phase	11/1/2024	730	11/1/2026

If City Council no longer wants to consider rebuilding the Recreation Center, it may instead consider repairing the roof as needed, renovating the roof, or replacing the roof. Repairing or renovating the roof are short-term solutions and not recommended by staff. Replacing the roof was previously estimated to cost \$3,000,000 to \$4,000,000 or more; however, an updated inspection

and estimate would be needed given increased costs and the unknown extent of residual damage related to water leaks. Replacing the roof would likely extend the roof life by 15 years or more; however, it does not address the building inefficiencies, nor does it meet the current and future recreation needs as expressed by the community.

Policy Question:

- Does the City Council have a preferred project design option of those previously presented by Burks Toma Architects (Concept 1, 2, or 3) or does City Council wish to explore an alternative "build-to-budget" option by identifying a not-to-exceed amount for the project? Is there some other alternative for which City Council wants to provide direction?

Funding Options

At the March 27, 2017 Special Meeting, City Council received a report from Kitahata & Company and William Euphrat Municipal Finance Inc. (Kitahata report) (Attachment 4) outlining financing alternatives for the City's three largest projects, including the Recreation Center Master Plan. The report considered cash and debt options, including Assessment District Bonds, Mello-Roos Community Facility District Bonds (M-R bonds), General Obligation Bonds (G.O. bonds), and General Fund Lease Revenue Bonds.

The report advised either citywide M-R or G.O. bonds can be used for recreation centers. However, both financing options would require two-thirds voter approval for a project that does not have the public safety benefits or the essentiality such as that of the Levee Protection Planning and Improvements Project. This would suggest a lower likelihood of getting two-thirds voter approval for either G.O. or M-R bonds.

An Assessment District would not be appropriate. This would require a special benefit finding for each property within the assessment district. Developing an assessment formulation impervious to legal challenge would be very difficult for this type of improvement. Further, general benefits must be paid by the City, not by assessees.

As a means of overcoming the difficulties with obtaining voter approval or making a finding special benefit to properties, the City may consider General

Fund lease revenue bonds, which do not require voter approval, only majority approval of the City Council. However, the downside is that the City's General Fund must pay for annual debt service without any dedicated new source of revenue to pay for debt service, unlike the other forms of financing just described above, each of which has both an authority to issue debt and a new source of revenue to pay debt service. Lease payments would put additional pressure on the General Fund to maintain a balanced budget on an annual basis for the duration of the 30-year bond term.

Alternatively, the City may consider using Reserves for this project. Using Reserves to cash-fund all or a portion of this project would not directly impact the City's taxpayers as taxes would be unaffected by using cash resources, but using Reserves for this purpose would deplete cash resources that might be applied to other or more essential projects.

The Kitahata report concludes:

The Recreation Center project is not a candidate for financing based on user charges or property but could be funded with the proceeds of General Fund lease revenue bonds. Because this would burden the General Fund with annual debt service for the life of the bond issue, using cash reserves in place of debt would directly benefit the General Fund and therefore, indirectly, the City's taxpayers. If the City is considering using City cash reserves for any capital project, the Recreation Center should be the primary candidate.

Expanding on the information included in the Kitahata report, the Finance Director has prepared a spreadsheet summarizing funding options, including current reserve amounts and sources. The spreadsheet also presents 4 scenarios, each considering different debt amounts (\$15 million, \$20 million, \$25 million, and \$30 million) and the corresponding General Fund annual debt service. New General Fund revenues in the form of voter approved tax measures will be needed to support the increase in annual General Fund expenditures. The spreadsheet is attached for City Council consideration (Attachment 5).

City Council has previously expressed interest in public/private partnerships, partnering with the school districts, and grant funding opportunities. Staff will continue to explore those and any potential funding options as the project progresses; however, those options should be considered supplemental to the funding sources noted above.

Policy Question

- Which funding sources, how much from each, and what voter approved tax measures are the City Council willing to consider for this project? The funding options, including Reserves, are outlined in Attachment 5 – Funding Options Spreadsheet.

Other Considerations

If the Recreation Center is to be rebuilt, the City will be without a recreation center during construction of the new building. The project may require staging space including the parking lot, impacting parking for The VIBE, other Leo J. Ryan Park amenities, and City events including summer concerts and the Fourth of July celebration. Any restrictions placed on project activities, such as barring use of the parking lot for staging, could extend the project timeline.

If recreation activities are scaled back during construction, there may be a need to temporarily reduce staffing levels. The lack of a recreation center could also necessitate alternative spaces (such as modular buildings, other City facilities, or use of multipurpose rooms through partnership with the School District) for Recreation staff workspace and hosting recreation classes and programming. A relocation plan will need to be developed prior to the start of construction.

The temporary loss of a recreation center will impact recreation programming and City events, and in turn, could negatively impact revenue generated through the Recreation Division. Also, a larger facility could lead to a larger subsidy for programming costs from the General Fund in the long-term.

The City Council is not being asked to provide direction on these matters at this time. More information on these matters would be brought for City Council consideration later in the project process, should direction be given to proceed.

FISCAL IMPACT

The cost for the project will ultimately depend upon the City Council's direction regarding the project design and funding options as outlined above.

CONCLUSION

In consideration of the information provided above, staff is seeking City Council direction on the following policy questions:

1. Does the City Council accept the Recreation Center and Parks System Survey results and has staff satisfied City Council's interest in validating programming and usage assumptions?
2. Does the City Council have a preferred project design option of those previously presented by Burks Toma Architects (Concept 1, 2, or 3) or does City Council wish to explore an alternative "build-to-budget" option by identifying a not-to-exceed amount for the project? Is there some other alternative for which City Council wants to provide direction?
3. Which funding sources, how much from each, and what voter approved tax measures are the City Council willing to consider for this project? The funding options, including Reserves, are outlined in Attachment 5 – Funding Options Spreadsheet.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREAS

This item directly aligns with the City Council's *Facilities and Infrastructure* priority area which prioritizes maintaining, "a standard of excellence with regards to infrastructure, including... City facilities to preserve and enhance quality of life for future generations."

Attachments:

- Attachment 1 – Zencity Executive Summary
- Attachment 2 – Zencity Presentation
- Attachment 3 – Burks Toma Architects Concept Alternative Summary Report

- Attachment 4 – Kitahata & Company and William Euphrat Municipal Finance Inc. Report
- Attachment 5 – Funding Options Spreadsheet dated 1/20/2022

ZENCITY EXECUTIVE SUMMARY

Parks and Recreation Evaluation Foster City, CA

December 2021



Powered by
zencity

Executive Summary

This report summarizes the results of a representative survey conducted for Foster City to understand how residents use city parks and the recreation center and get residents' feedback on how to improve them.

927 respondents were recruited online between November 23rd and December 17th using targeted ads on various platforms (e.g., social media, apps for android and apple, local websites) as well as online survey panels and different city channels. Using data from the Census Bureau, this survey employed quotas to match the distributions of race, ethnicity, age, and gender in Foster City.

Since the responses recruited via unaffiliated platforms are more representative and less susceptible to sampling bias, we limited the influence of the city channel responses to 30%. Weighting was used to balance out any remaining differences between the makeup of the survey respondents and the community to ensure representativeness.

There were three parts to the survey:

1. Use of city parks and the recreation center: respondents were asked how often they used parks and the recreation center in Foster City and what their main uses were.
2. Residents' preferences and suggestions: respondents were asked what they would like to see improved in city parks and the recreation center.
3. Breakdown by group characteristics (for details please see full report)

Key findings:

1. Use of city parks and the recreation center

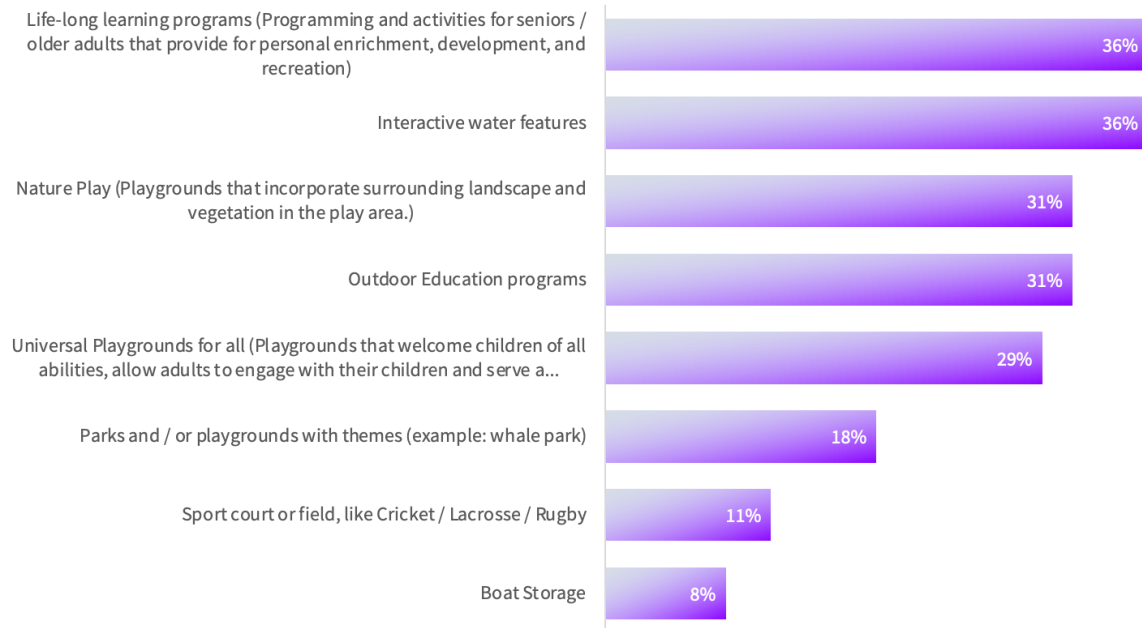
- a. 71% of respondents visit Foster City parks at least once a week, with 43% visiting them every day.
- b. 46% of respondents use the city recreation center once or a few times a year, and 23% never use it.
- c. Respondents mainly use city parks and the recreation center to exercise (59%), attend events (51%), and for picnics and leisure (50%).
- d. Over 50% of respondents use the picnic tables (70%), athletic facilities (60%), and the outdoor amphitheater (58%).

- e. Over 70% of respondents say that almost all amenities are available when they want them. The least available amenity is the pickleball courts, which are only used by 25% of respondents, but they claim that it is available only 56% of the time.
- f. Similar amounts of respondents used parks and the recreation center more(36%), used them less (32%) or didn't change how much they used them (31%). Of those who stated less use, many specifically used the recreation center less, and of those that stated more use, many specifically used parks more. Many of those who used parks and the recreation center the same amount changed how they used them to fit with COVID-19 protocols.
- g. Many respondents don't use the lake at all. The primary uses for the lagoon are kayaking (36% of all respondents) and boating (31% of all respondents). Respondents also mentioned that they enjoy walking around the lake (94 mentions) and enjoying the view (91 mentions).

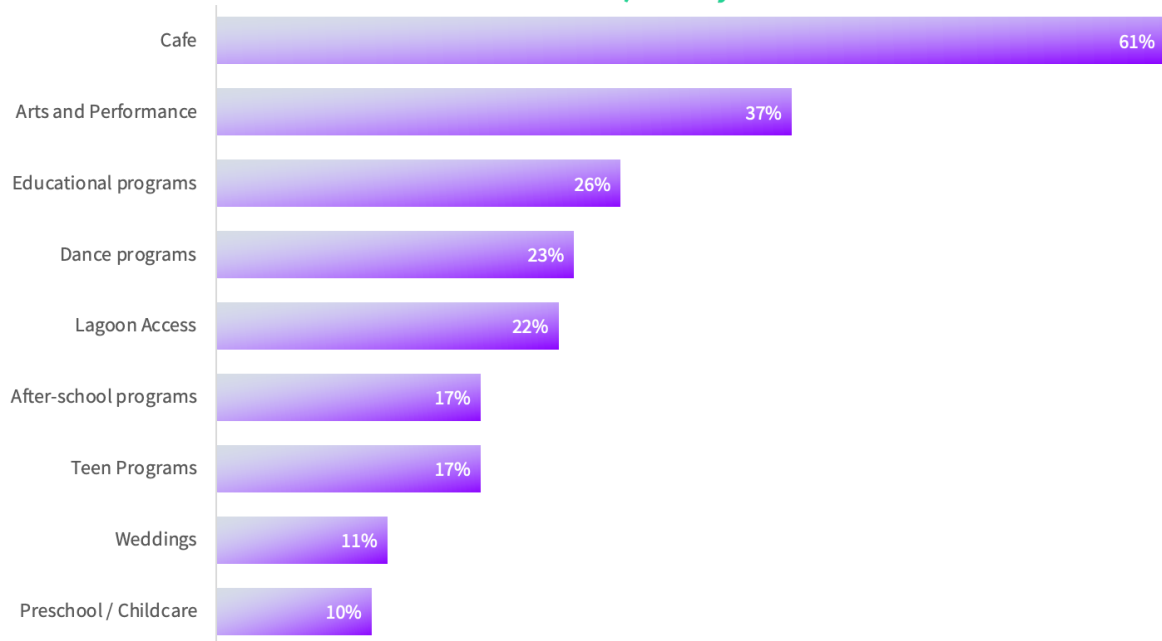
2. Residents' preferences and suggestions:

- a. Most respondents don't often visit parks and recreation centers in other cities, but 41% do. The groups most likely to visit other cities' parks and recreation centers are parents of children in elementary school (60%) and respondents aged 35-54 (55%).
- b. Respondents say they use parks and recreation centers in other cities mainly due to the fact that they are located conveniently near other destinations (49%). When asked what amenities other cities have that Foster City does not, respondents mentioned things such as swimming pools, better programs for seniors, more sports courts (specifically tennis and pickleball), and better dog parks.
- c. The thing that most limits respondents' ability to use parks and the recreation center in Foster City is lack of time (36%), but some also mentioned a lack of facilities or programs that they desire (21%).
- d. Respondents would most like to see additional amenities such as lifelong learning programs (36%) and interactive water features (36%) in Foster City parks.
- e. Respondents would most like the recreation center to offer a cafe (61%) or arts and performances programs (37%).
- f. Respondents would most like to see a restaurant or a cafe (36%) or an outdoor seating area (29%) added to the recreation center facilities.

Question: Are there park amenities that are not currently offered that you would like to see?



Question: Which Recreation Center programs or amenities that are not currently offered (or offered on a limited basis) would you like to see?





Recreation Center & Parks System Survey Evaluation - Foster City, CA

December 2021

The structure of the report

01. Methodology

The sample, distribution method, and the research tools

02. Current status

How do residents use Foster City parks and the recreation center today?

03. Preferences and suggestions

What do Foster City residents want to see in city parks and the recreation center?

04. Group characteristics

How do different groups in the city use parks and the recreation center

Summary



01

Methodology

Methodology



927 sample survey
of Foster City
adults, 18+



Respondents
recruited
via Internet and
client distribution



Fielded November
23rd – December
17th, 2021

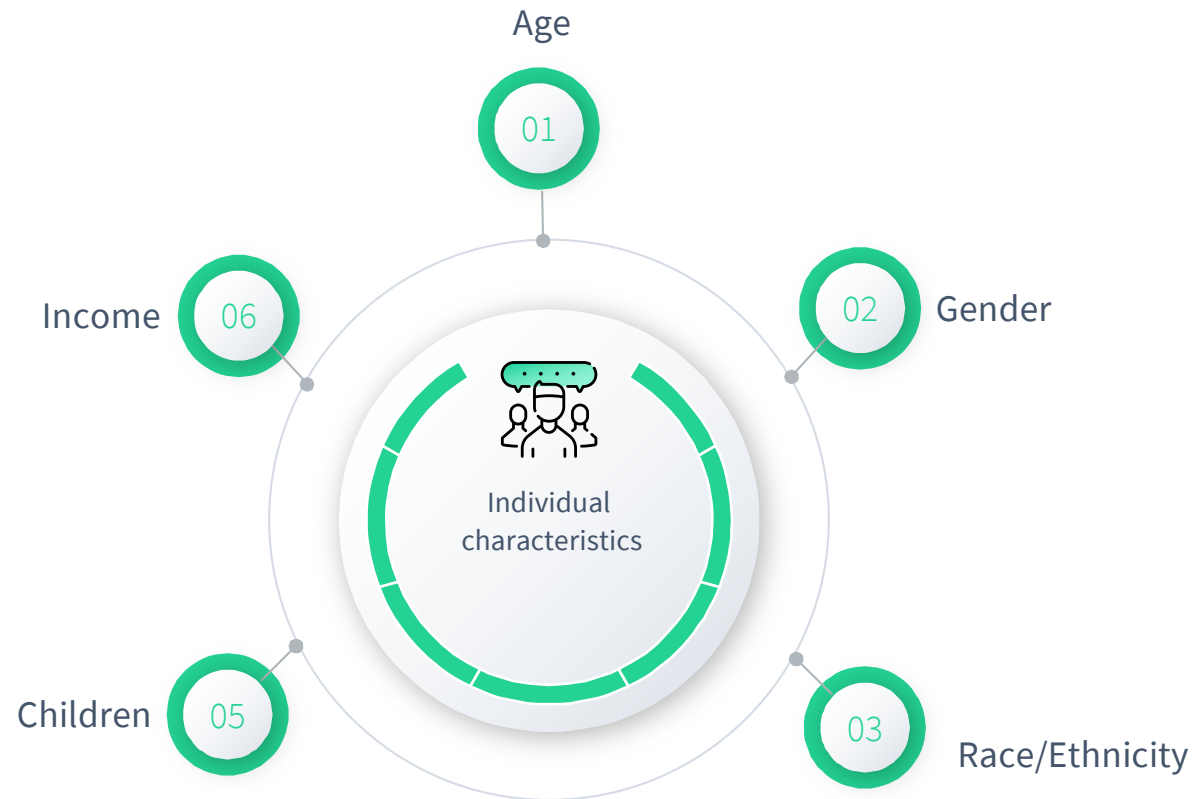


Data was weighted
to represent the
population in Foster
City

Methodology – how we ensure the sample is statistically valid

- 927 respondents were recruited online using targeted ads on various platforms (e.g., social media, apps for android and apple, local websites) as well as online survey panels and different city channels
- Using data from the Census Bureau, this survey employed quotas to match the distributions of race, ethnicity, age, and gender in Foster City, ensuring that the sample is representative of the entire city.
- Since the responses recruited via unaffiliated platforms are more representative and less susceptible to sampling bias, we limited the influence of the city channel responses to 30%.
- To make sure our sample is representative, a technique called rake-weighting was used to balance out any remaining differences between the makeup of the survey respondents and the community. This process serves as a statistical safeguard against any demographic group being overrepresented or underrepresented in the final score calculations by giving overrepresented groups a lower weight and underrepresented groups a higher weight in the analysis.

Demographics factors: The following characteristics were included in the analysis



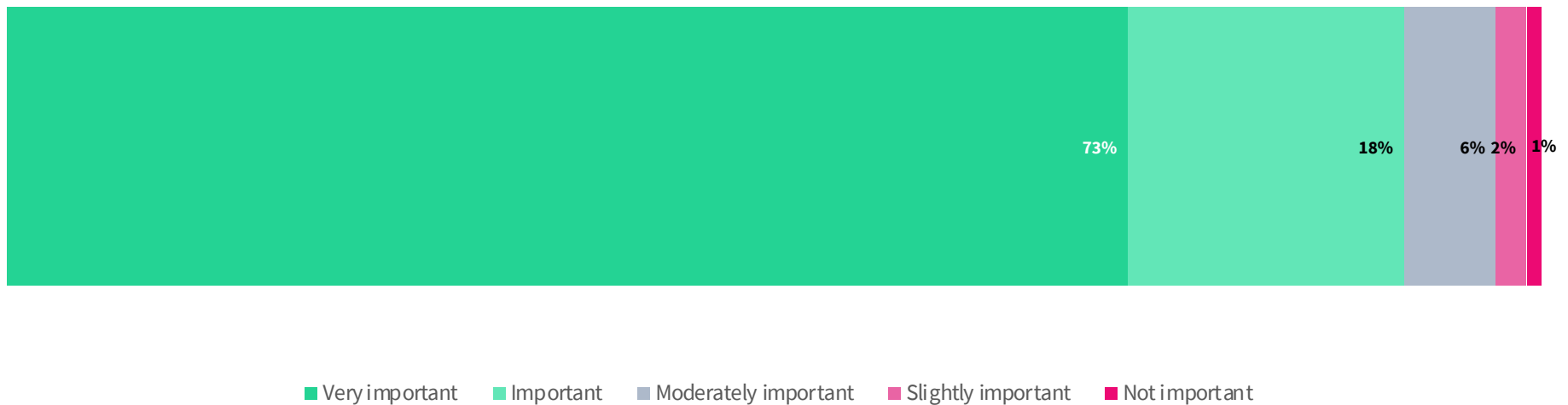


02

How do residents use Foster City parks and the recreation center today?

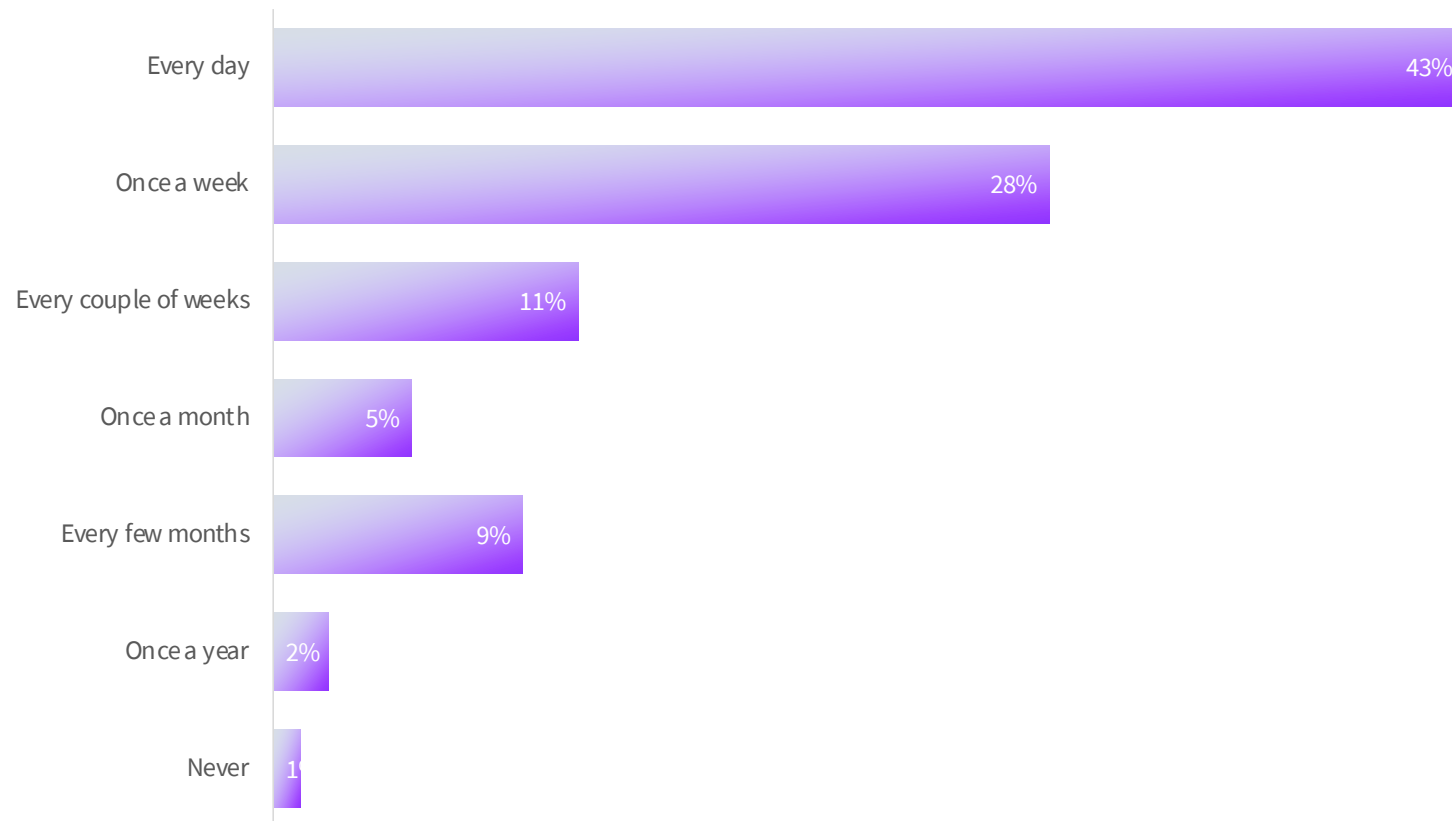
Importance of looking forward: Almost all respondents (91%) think that it's important or very important for the city to be looking forward and making sure the parks and recreations facilities stay relevant.

Question: Foster City wants to make a comprehensive study of our parks and recreation facilities in order to make sure that they will remain relevant and attractive to the community for the next 50 years. How important is it to you that the City looks forward in this way?



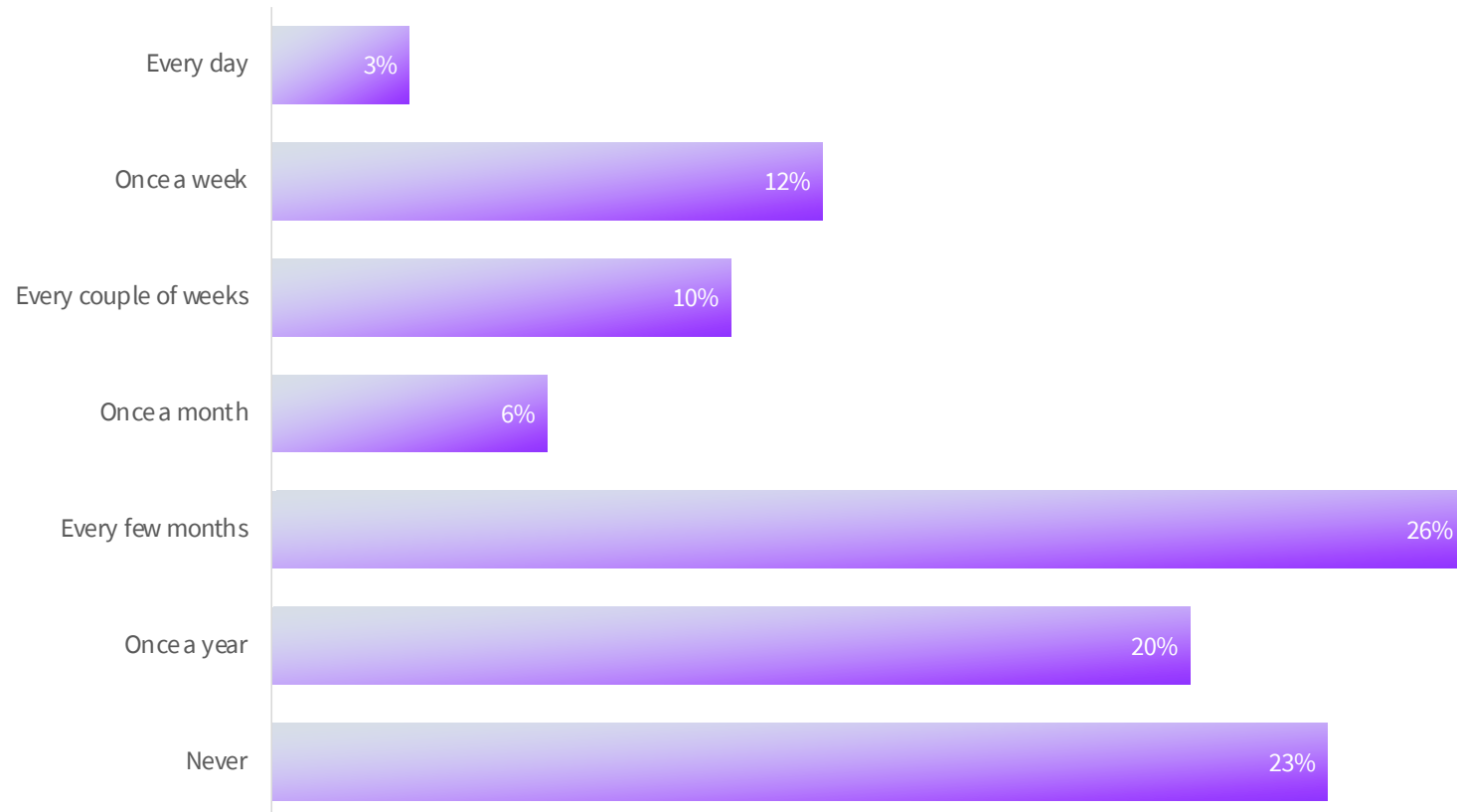
Current use of parks: 71% of respondents visit Foster City parks at least once a week, with 43% visiting them every day.

Question: How often do you use the parks in Foster City?



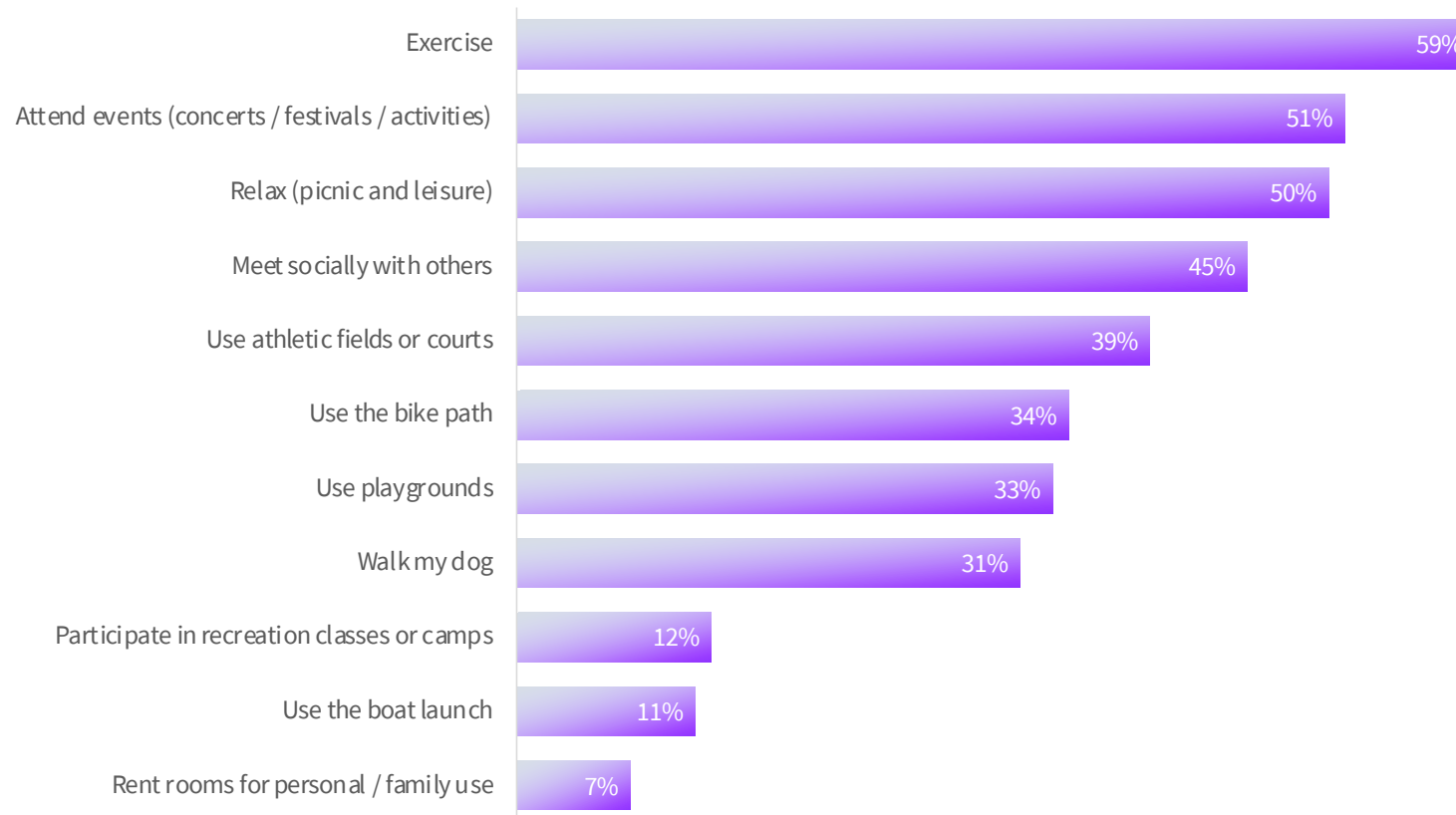
Current use of recreation center: Nearly half of respondents use the recreation center once to a few times a year.

Question: How often do you use the Recreation Center in Foster City?



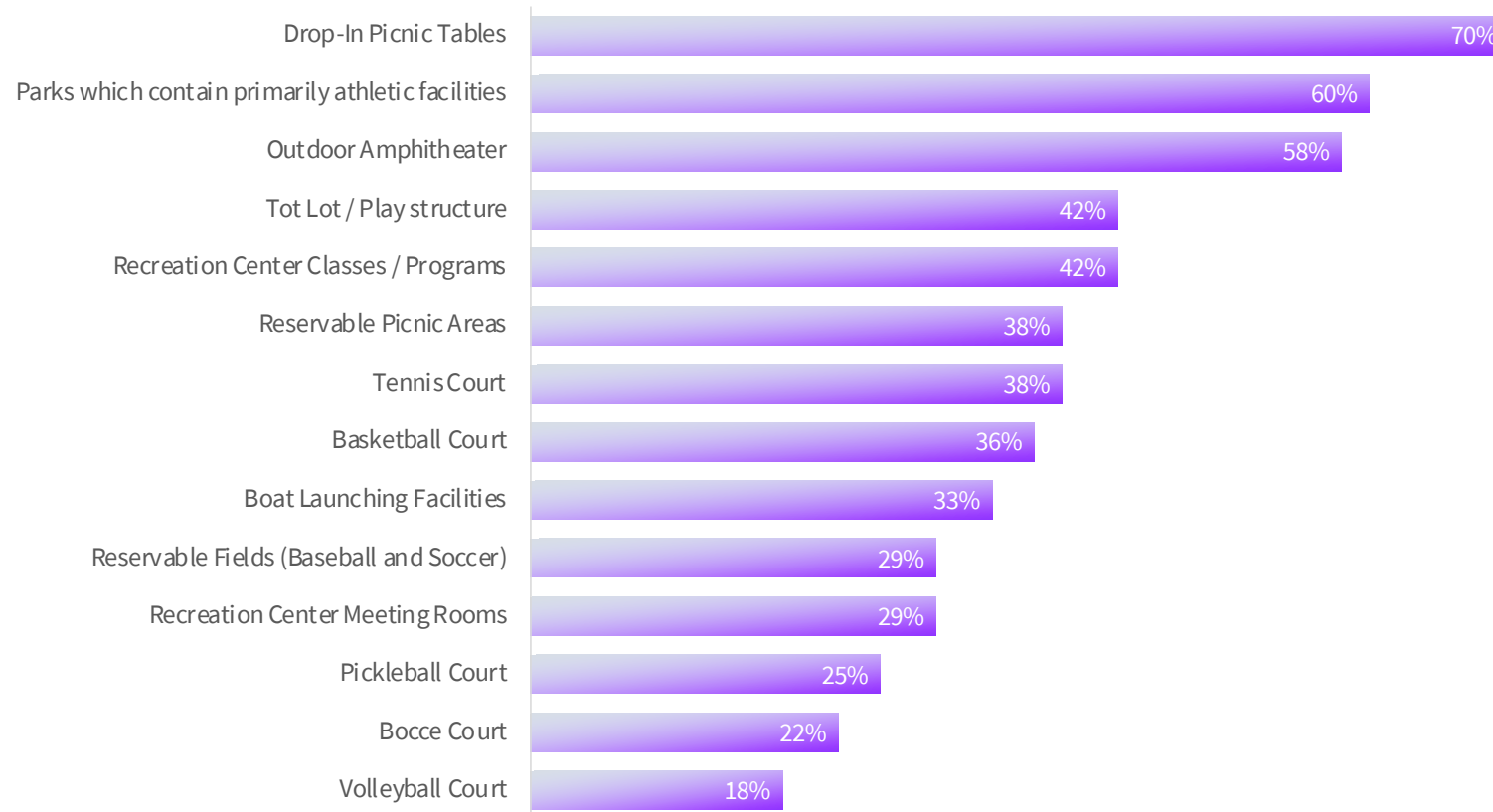
Main use for parks and the recreation center: Residents mostly use Foster City parks and the recreation center to exercise, attend events, and relax.

Question: What are the main reasons you visit Foster City Parks, including the Recreation Center?



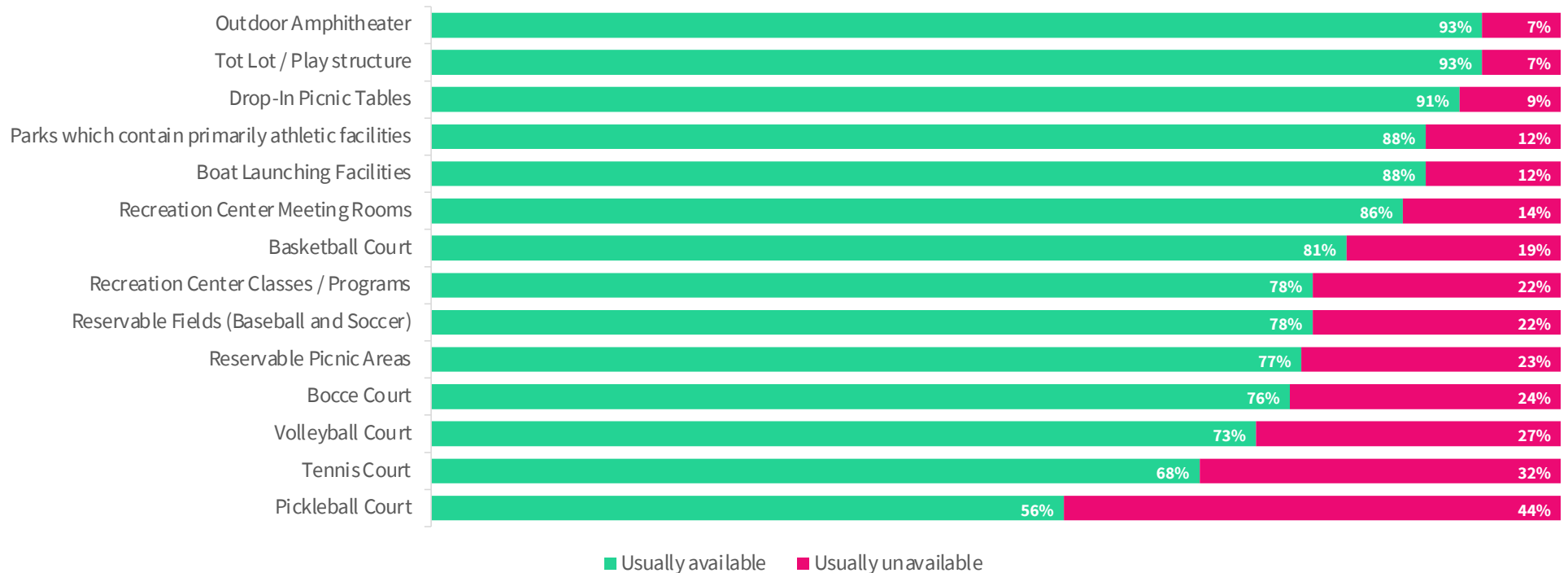
Use of amenities: Over 50% of respondents use the picnic tables, athletic facilities, and the outdoor amphitheater. The most popular amenity is the picnic tables.

Question: Are Foster City park amenities usually available when you want to use them?
(Percentage that didn't mark "not relevant")



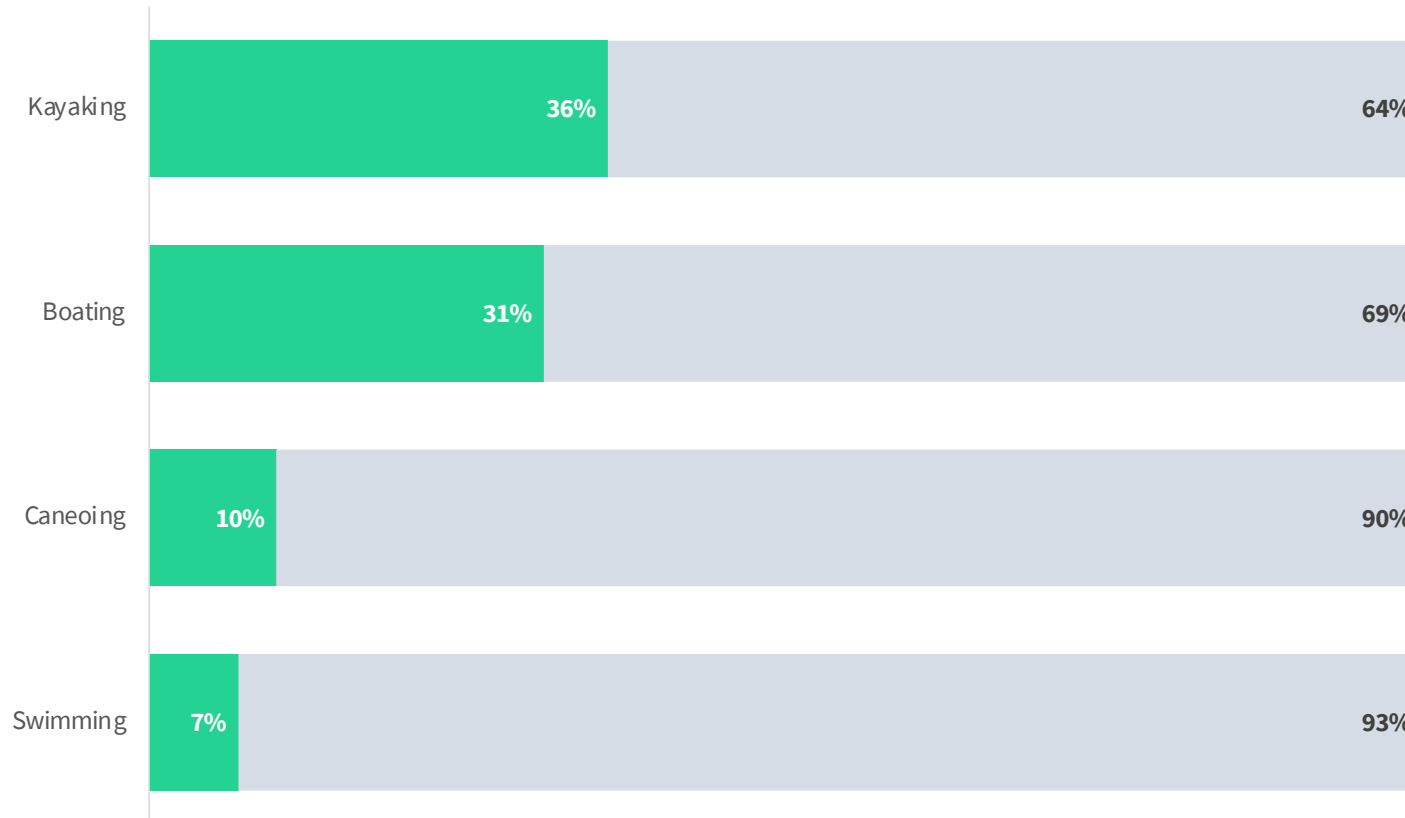
Availability of amenities: Almost all amenities are available over 70% of the time. The three most popular amenities (picnic tables, parks with athletic fields and outdoor amphitheater) are also available 88-93% of the time. The amenity that is least available is the pickleball courts, which are only used by 25% of respondents.

Question: Are Foster City park amenities usually available when you want to use them?
(Percentage does not include those who marked “not relevant”)



Current use of lagoon: Many respondents don't use the lagoon. Those who do use it mostly for kayaking and boating.

Question: How do you use the Foster City Lagoon?



Additional uses

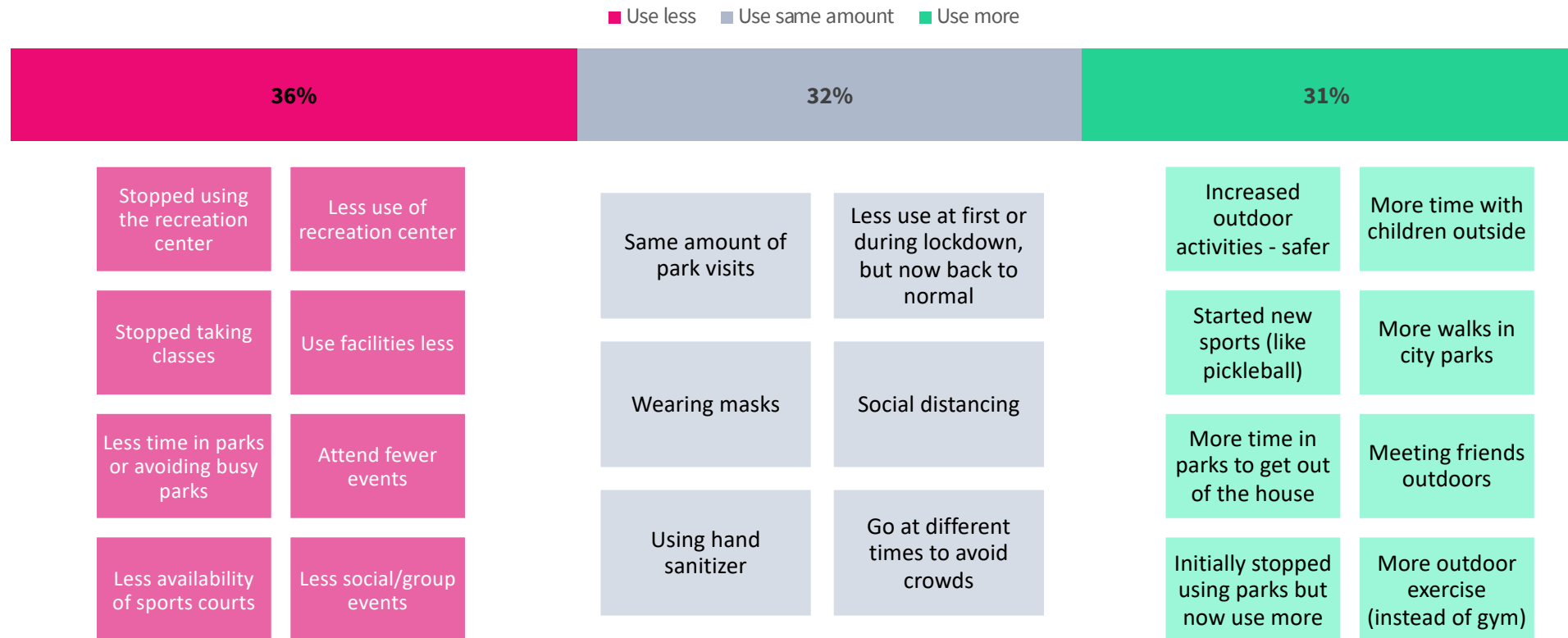
Walking around the lagoon (94 mentions)

Sightseeing and enjoying the view (90 mentions)

Paddle boarding (21 mentions)

Open ended responses – COVID changes: Similar amounts of respondents used parks and the recreation center more, used them less or didn't change how much they used them. Of those who stated less use, many specifically used the recreation center less, and of those that stated more use, many specifically used parks more. Many of those who used parks and the recreation center the same amount changed how they used them to fit with COVID-19 protocols.

Question: How has your use of Foster City parks and the Recreation Center changed since the COVID-19 pandemic?



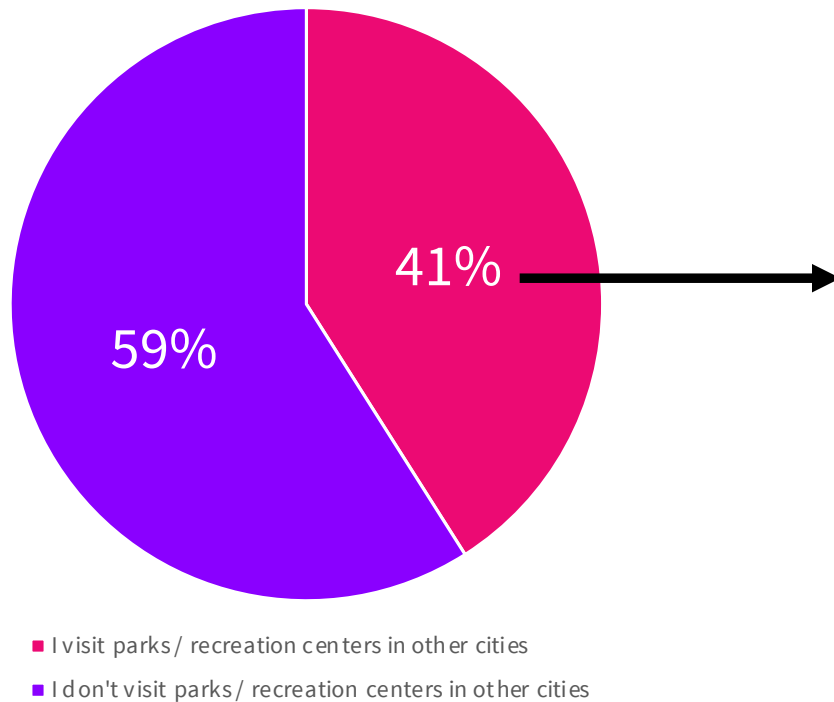


03

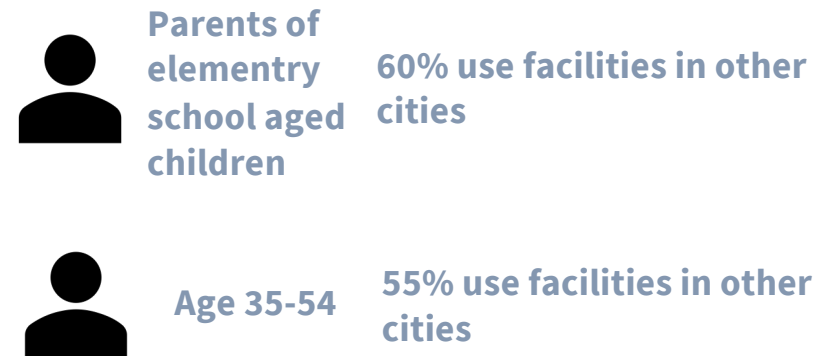
What do Foster City residents want to see in city parks and the recreation center?

Do respondents visit parks and recreation centers in other cities? Less than half of respondents visit parks and / or recreation centers in nearby cities. The groups that are most likely to do so are residents with elementary school aged children and residents aged 35-54.

Question: Do you visit parks and / or recreation centers in nearby cities?

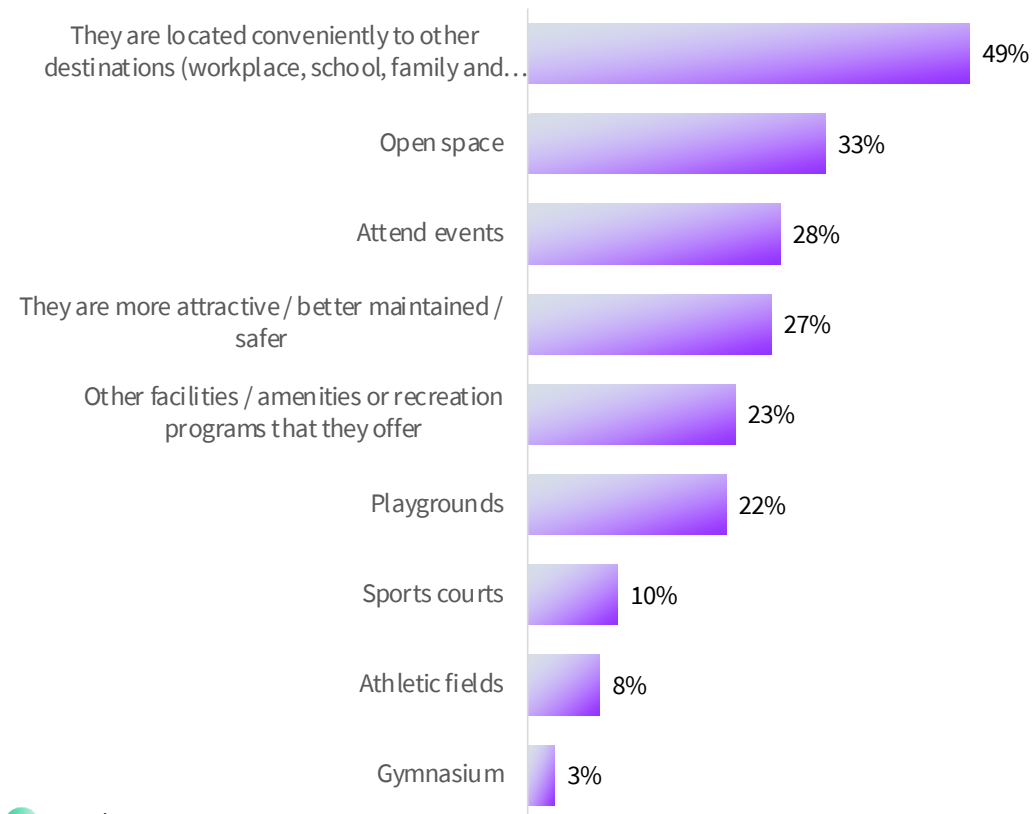


Which groups visit parks and recreation center in other cities the most?



Reasons for using parks and recreation centers in other cities: Respondents visit parks and recreation centers in other cities mainly because they are located conveniently near other destinations. Respondents mentioned a few amenities that aren't found in Foster City.

Question: What are the reasons you are using parks and / or recreation centers in nearby cities?

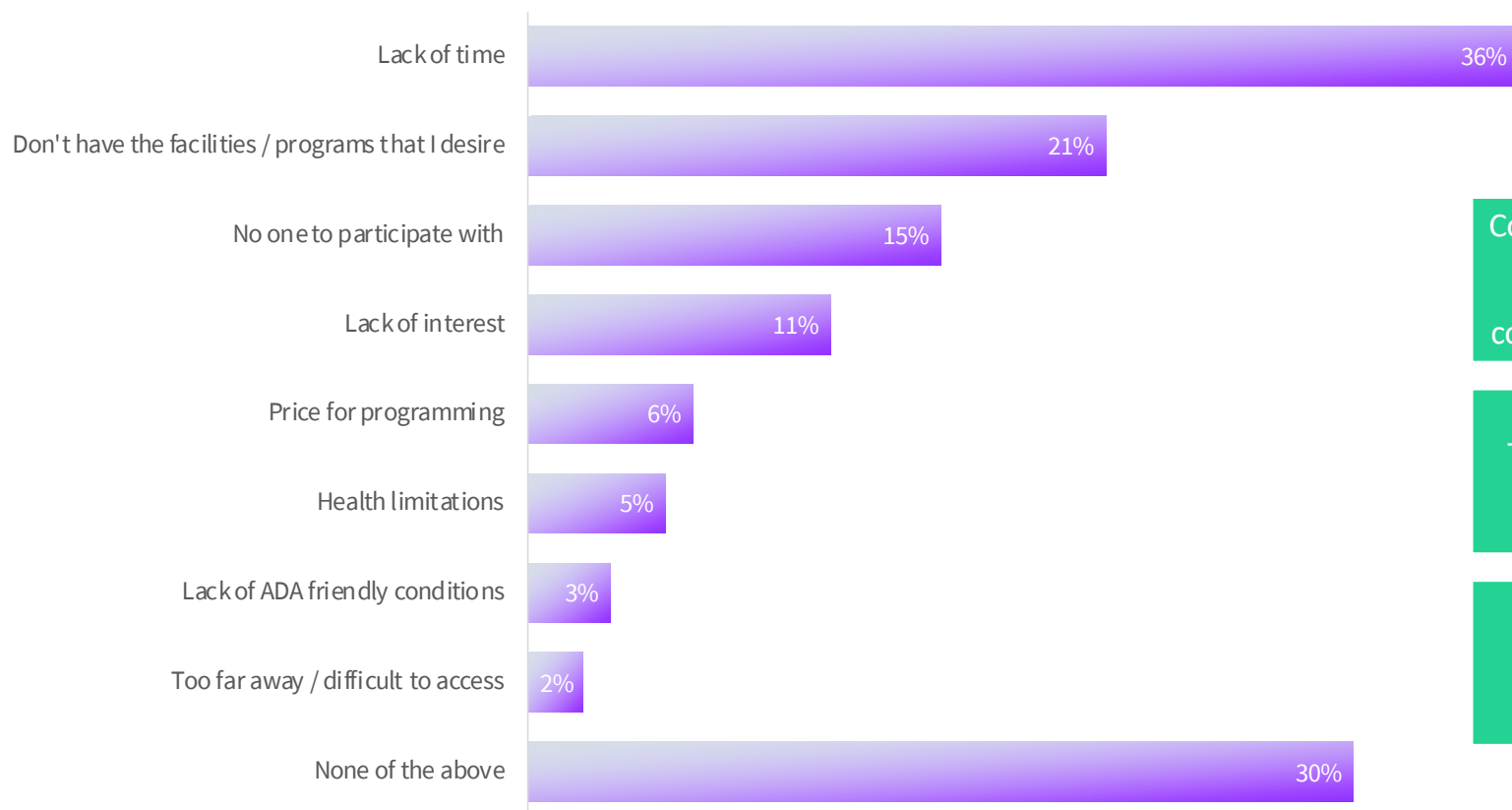


Question: What other facilities/amenities or recreation programs do they offer that are not available in Foster City? (open ended)

Swimming pool	Senior center and programs for seniors
More sports courts (pickleball and tennis)	Dog parks
Ice skating	Hiking, outdoor trails or bike paths
A wider variety of classes of all sorts for all ages	Waterplay elements

What limits respondent's ability to use parks and the recreation center in the city? Lack of time is the biggest issue that keeps respondents from using city parks and the recreation center, though lack of facilities and programs is also a leading issue.

Question: What limits your ability to use City parks and the Recreation Center?



Additional reasons

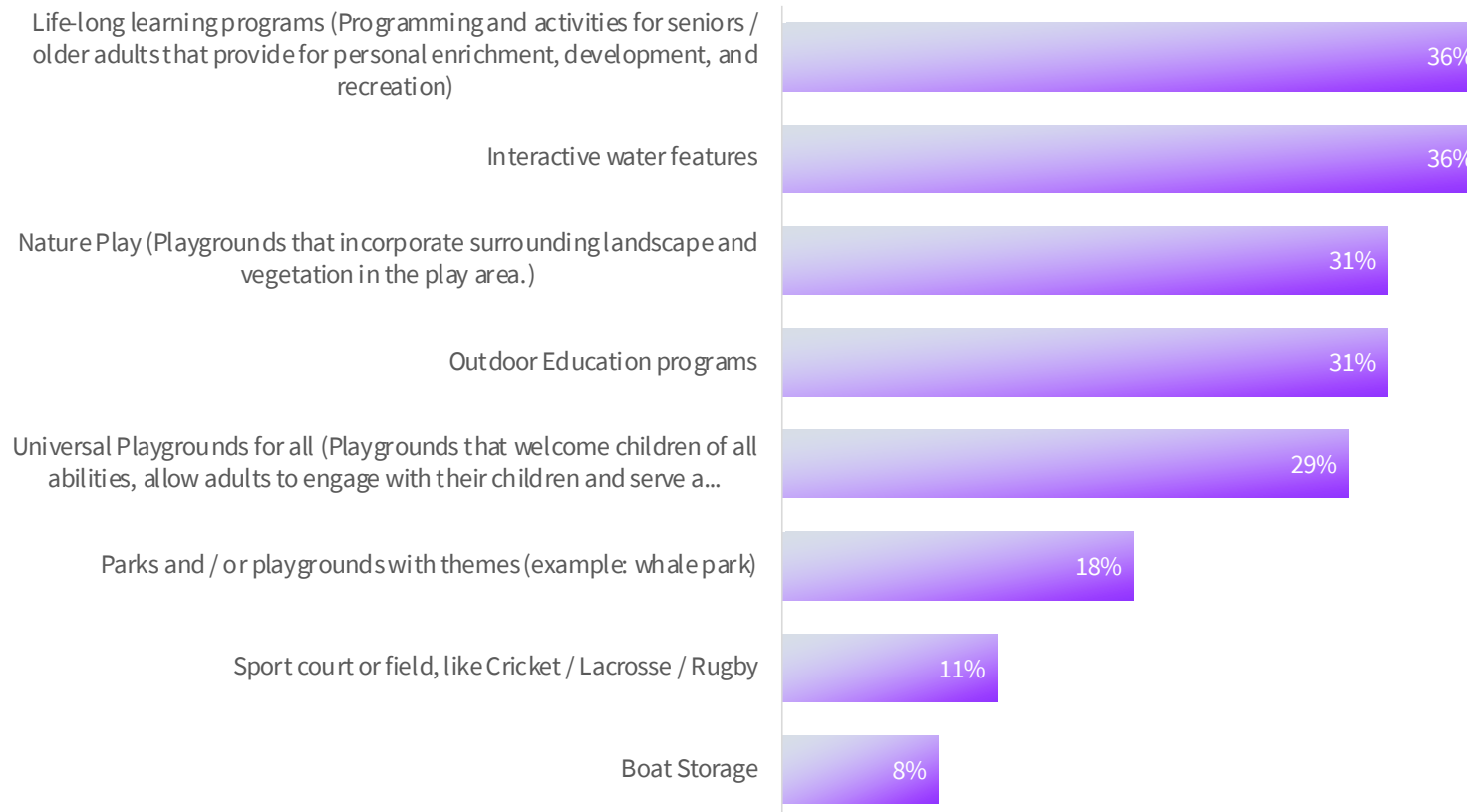
Courts aren't available or are hard to book (especially pickleball courts and tennis courts)

The geese – droppings and violent geese

COVID-19

Additional things respondents would like to see in parks: The leading amenities that respondents would like to see in city parks are programs for seniors and interactive water features. Nature play, outdoor education programs and universal playgroups were also rated highly.

Question: Are there park amenities that are not currently offered that you would like to see?



Additional suggestions

Swimming pool

Pickleball courts

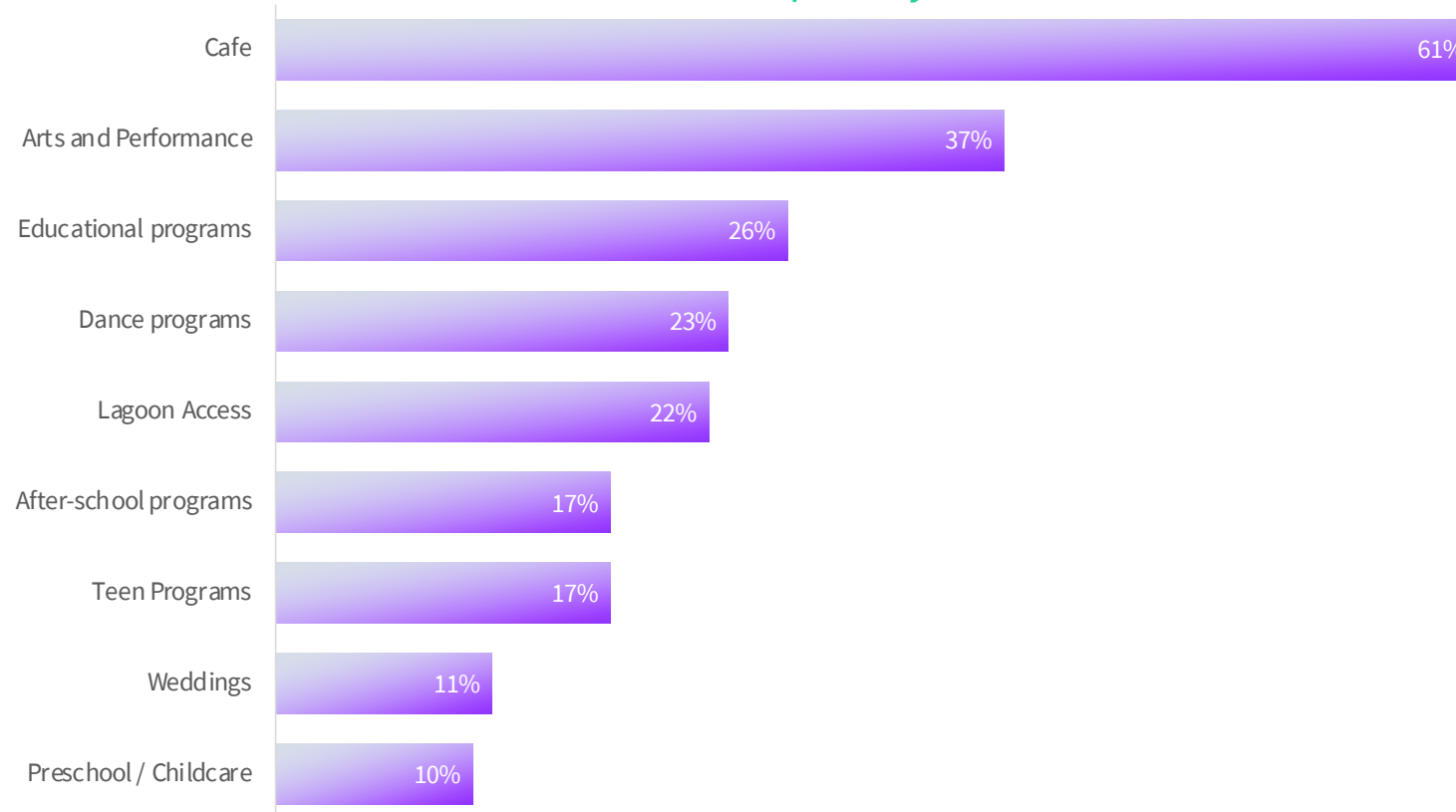
Varied activities for adults

Dog park

Food (trucks, stands, cafe)

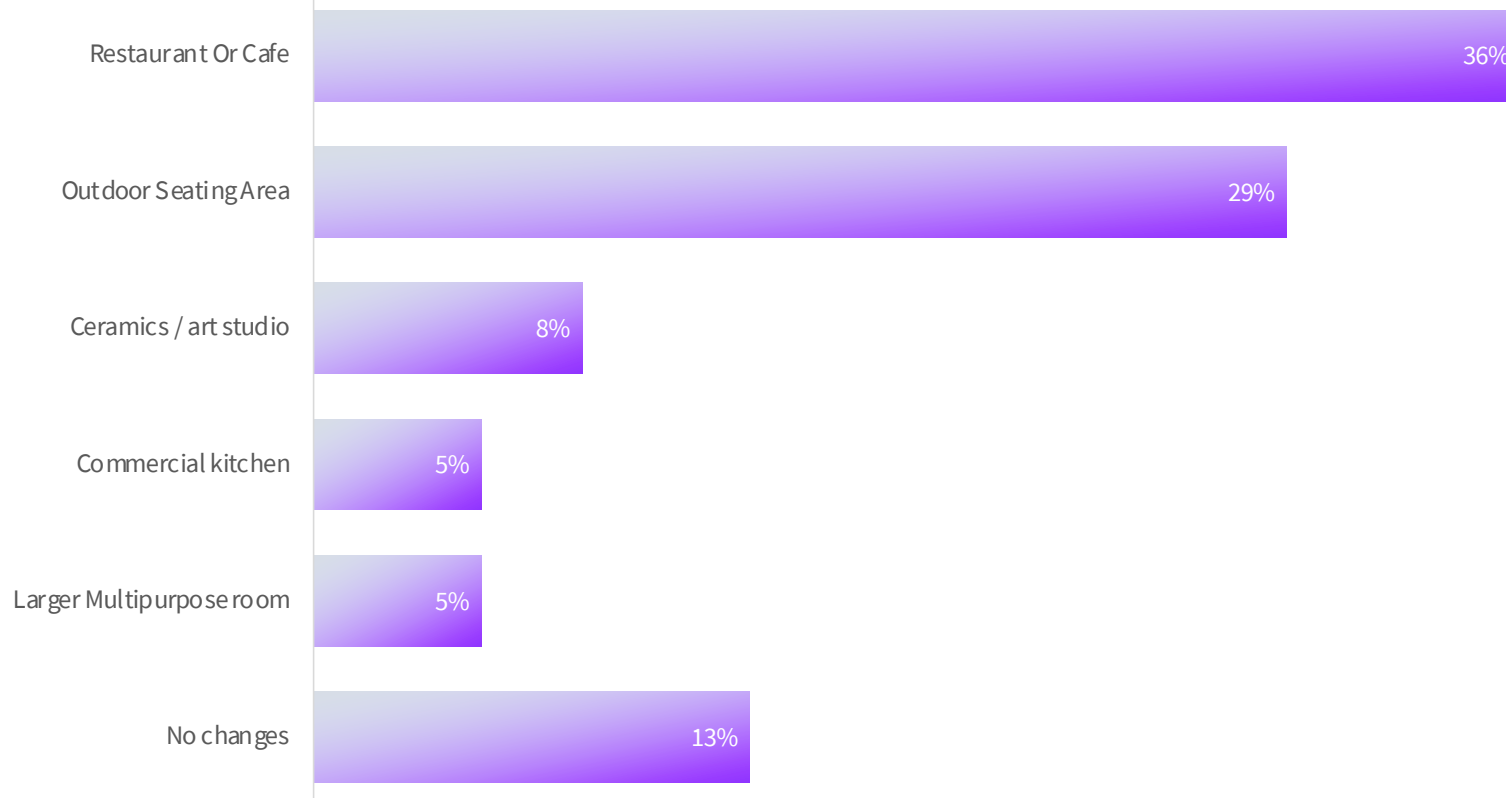
Additional things respondents would like to see in recreation center: Respondents would most like to see a café and arts and performance programs added to the recreation center.

Question: Which Recreation Center programs or amenities that are not currently offered (or offered on a limited basis) would you like to see?



One thing to add to recreation center: Respondents think that a restaurant or a café and an outdoor seating area would be great additions to the Foster City Recreation Center.

Question: What is one feature, element, or design concept that you would suggest for the upgrade, expansion or rebuilding of the current Foster City Recreation Center?



Open ended responses – accessibility: Respondents had a number of suggestion for how to improve accessibility for parks and recreation facilities, such as improving handicap access and adding restrooms, all inclusive playgrounds and sports courts.

Question: Are there any accessibility needs we should consider in improving our parks and recreation facilities?

Improve handicap accessibility	More restrooms (including accessible restrooms)	More all-inclusive playgrounds (like magic bridge)	More sports courts (pickleball and tennis)	More parking spaces (including handicap parking)
Clean geese droppings	Accessibility and activities for seniors	More lighting	Get rid of woodchips	Handrails
	Ramps on the curb	Braille signs	More wheelchair accessible paths	

Open ended responses – one thing to improve: Respondents had a number of suggestions for improving city parks and the recreation center, such as improved geese control and more programs and classes.

Question: What is the one thing that you would change to improve your experience with Foster City parks or the Recreation Center?










Improve geese control (55 mentions)	More programs and classes (47 mentions)	More courts (mainly pickleball courts) (33 mentions)	More activities for kids and teens (27 mentions)	More playgrounds (like magic bridge) (27 mentions)
More dog parks and enforce unleashed dogs (22 mentions)	Online reservations for courts (18 mentions)	More restrooms (17 mentions)	More activities for seniors (17 mentions)	Renovate the recreation center (17 mentions)
More outdoor seating and shade (16 mentions)	More free events and programs (15 mentions)	More lighting (14 mentions)	Update the recreation center website (12 mentions)	Improve park maintenance (10 mentions)



03







How do groups in the city use parks and the recreation center

Age

	How many visit parks at least once a week	How many visit the RC at least once a year	What do they mainly use parks and RC for?	What limits their ability to go to parks and the RC (other than lack of time)	What do they think is most missing in city parks
18-34	74%	62%	Relax (picnic and leisure)  70%	Lack of interest  22%	Interactive water features  49%
35-54	83%	82%	Exercise  60%	Don't have the facilities or programs that interest them  26%	Interactive water features  45%
55+	64%	82%	Attend events  58%	Don't have the facilities or programs that interest them  17%	Life-long learning programs  51%










*Differences that deviated from the mean percentage by more than 10% are colored in green (higher than average) or red (lower than average)

Gender

	How many visit parks at least once a week	How many visit the RC at least once a year?	What do they mainly use parks and RC for?	What limits their ability to go to parks and the RC (other than lack of time)	What do they think is most missing in city parks
Women	67%	77%	Exercise  57%	Don't have the facilities or programs that interest them  20%	Life-long learning programs  47%
Men	75%	79%	Exercise  59%	Don't have the facilities or programs that interest them  18%	Interactive water features  36%







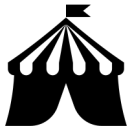


*Differences that deviated from the mean percentage by more than 10% are colored in green (higher than average) or red (lower than average)

Ethnicity

	How many visit parks at least once a week	How many visit the RC at least once a year?	What do they mainly use parks and RC for?	What limits their ability to go to parks and the RC (other than lack of time)	What do they think is most missing in city parks
White	62%	76%	Attend events  59%	Don't have the facilities or programs that interest them  16%	Life-long learning programs  42%
Asian	75%	72%	Relax (picnic and leisure)  61%	Don't have the facilities or programs that interest them  24%	Nature Play  45%
Hispanic	71%	80%	Exercise  60%	Don't have the facilities or programs that interest them  23%	Interactive water features  43%

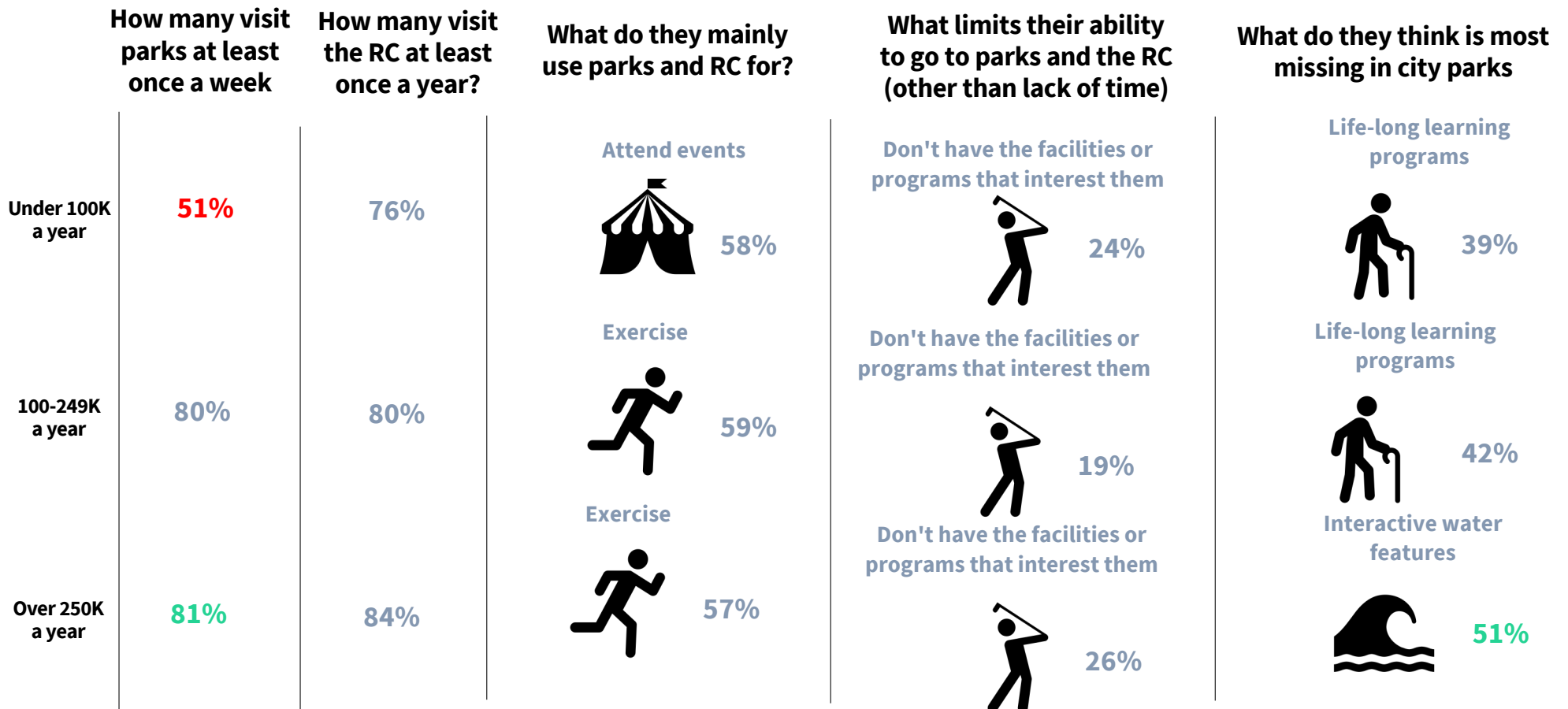
*Differences that deviated from the mean percentage by more than 10% are colored in green (higher than average) or red (lower than average)

Children

	How many visit parks at least once a week	How many visit the RC at least once a year?	What do they mainly use parks and RC for?	What limits their ability to go to parks and the RC (other than lack of time)	What do they think is most missing in city parks
No children	65%	68%	Exercise  60%	No one to participate with  22%	Interactive water features  43%
Children in Elementary	93%	90%	Use playgrounds  82%	Don't have the facilities or programs that interest them  30%	Nature Play  54%
Children in middle/ high school	73%	81%	Attend events  59%	Don't have the facilities or programs that interest them  23%	Interactive water features  44%

*Differences that deviated from the mean percentage by more than 10% are colored in green (higher than average) or red (lower than average)

Income level



*Differences that deviated from the mean percentage by more than 10% are colored in green (higher than average) or red (lower than average)



05

Summary

Summary

How often are parks and the RC visited?

Parks – 71% visit every week



RC – 46% use it only a few times a year



What do residents use city parks and the RC center for?

Exercise



Attend events

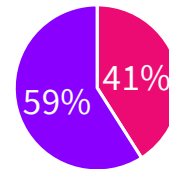


Relax (picnic and leisure)



Use of parks in other cities

Most don't go to other cities



■ I visit parks / recreation centers in other cities
■ I don't visit parks / recreation centers in other cities

Main reason to go – convenient location to other things

What's missing?

Parks



Lifelong learning programs



Interactive water feature

RC



Café

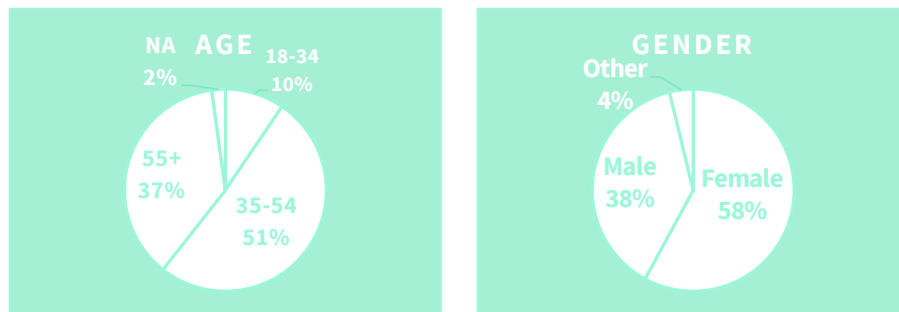


Arts

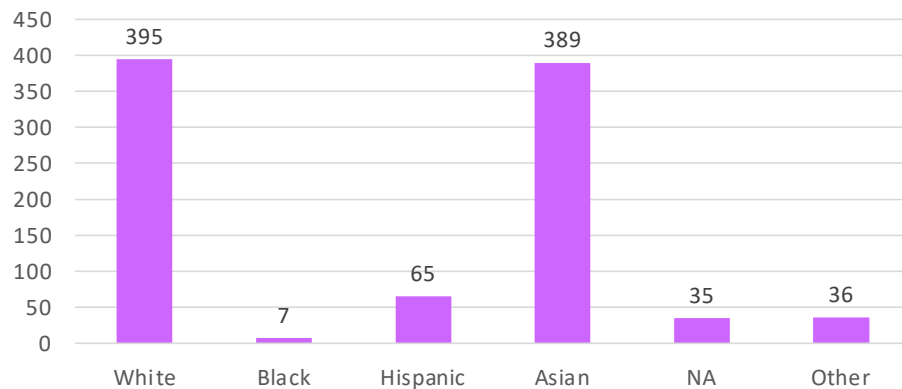
Thank You!

Survey respondents demographics – age, gender, ethnicity

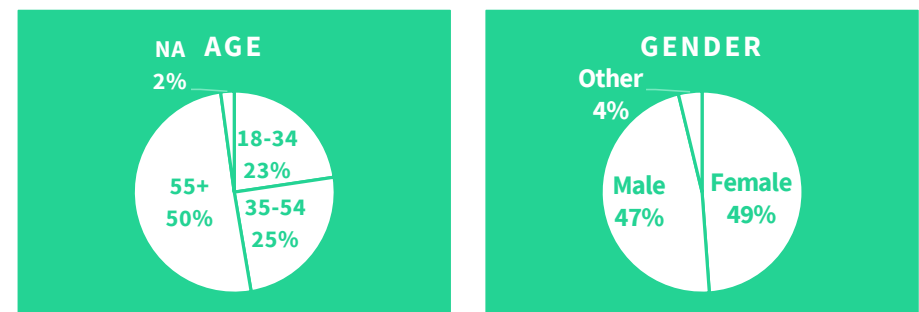
Unweighted demographics – the original sample



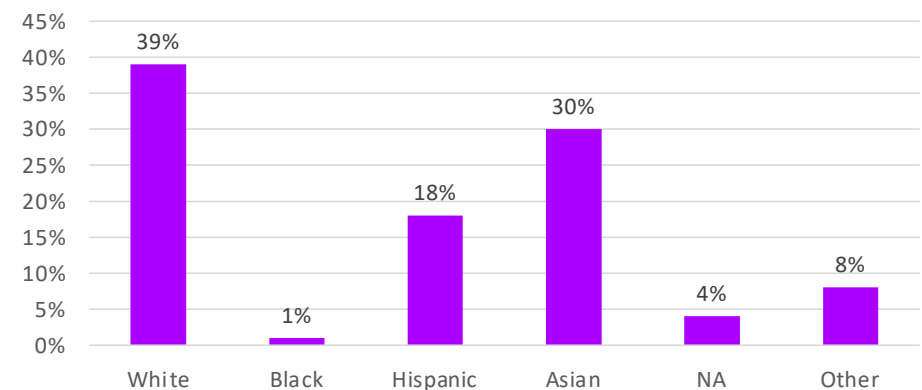
Ethnicity



Weighted demographics – representative of the population



Ethnicity



Concept Alternative Summary Report

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CONCEPT ALTERNATIVE SUMMARY REPORT

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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

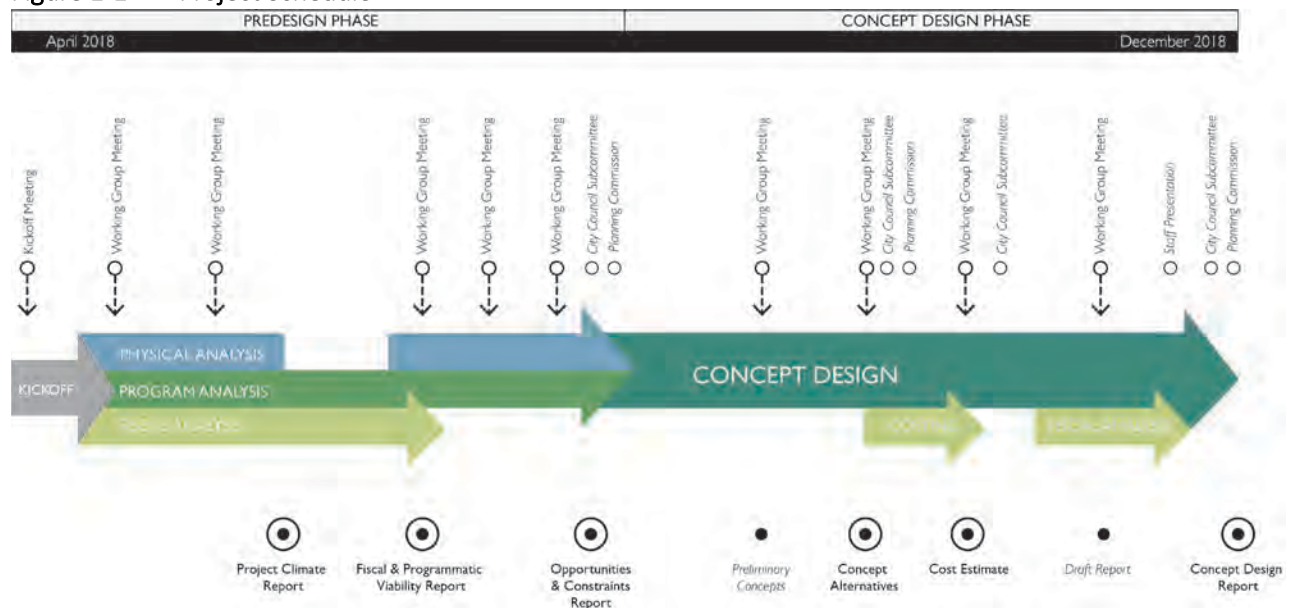
While earlier community outreach and staff review efforts had established a clear desire for updated programs and spaces, there was no clear consensus on their nature, quantity, and configuration. A key goal of the Concept Design Process was to synthesize many of these desires and to establish baselines 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.

CONCEPT ALTERNATIVE SUMMARY REPORT

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.

CONCEPT ALTERNATIVE SUMMARY REPORT

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

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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

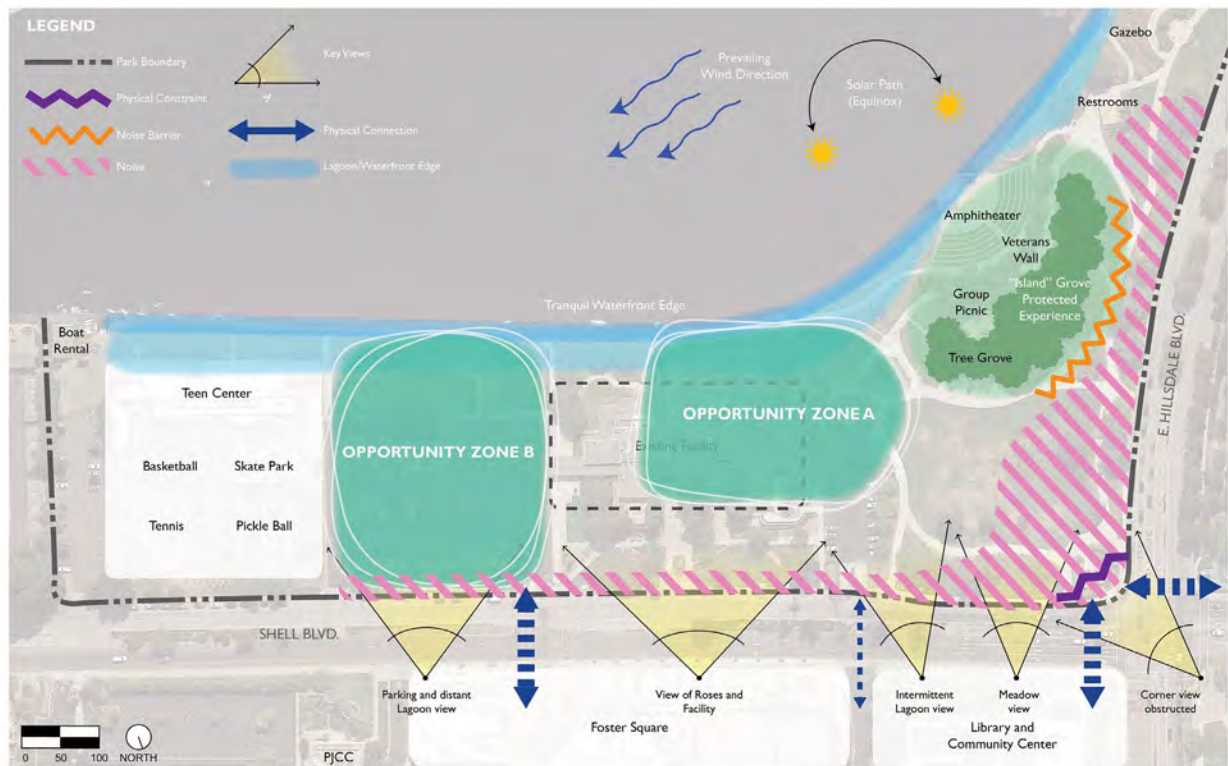


Figure 2 - Opportunity Zones

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

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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

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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

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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

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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.

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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

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Figure 2.2 Concept 1 Plan Diagram- First Floor



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



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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



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Figure 2.4 Concept 1 Site Plan



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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/movable 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	1800SF 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	900	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
Grossing Factor 30% est.			11,753	9,968
TOTAL BUILDING AREA (GROSS)			50,928	43,193

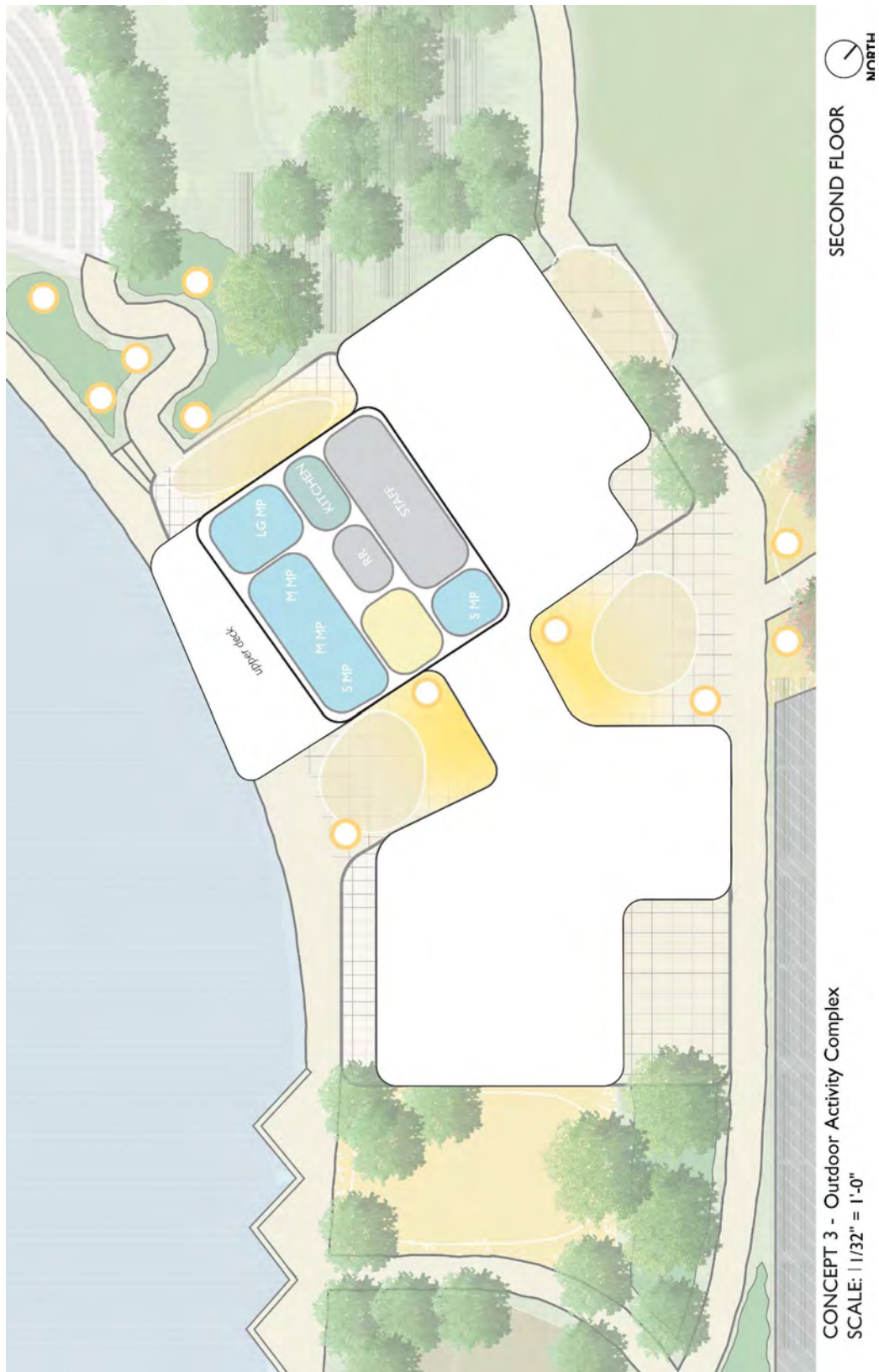
CONCEPT ALTERNATIVE SUMMARY REPORT

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

Financing Alternatives for Wastewater Treatment Plant, Levee Improvements and Recreation Center Master Plan

Introduction

The City of Foster City ("City") is considering a potential capital project for approximately \$30 million to construct a new Recreation Center for the City. At the same time, the City is undertaking two other capital projects: \$119.6 million in improvements to the wastewater treatment plant ("WWTP") jointly owned with the City of San Mateo and approximately \$75 million for City-wide levee improvements. This is an unprecedented time for the City to be dealing with so many significant capital projects with such a large aggregate total dollar cost. This report will suggest how to best finance a new Recreation Center in the context of the other two major capital projects.

Background

The City has considerable cash reserves that can be contributed to these projects. In addition, the City has available to it a variety of borrowing alternatives that will allow it to achieve its objectives. From a public policy and public financing perspective, it would be best to consider all three capital projects at once and in the context of the various forms of financing available to the City.

Besides paying cash for a project, the City has access to at least four forms of debt financing for capital projects. The main distinction between the forms of financing is the basis for debt repayment, meaning the source of funds budgeted annually to pay debt service for the full term of the financing (which is usually for 30 years for a major capital project), whether a vote of the electorate is required, and whether the funds used to pay debt service are generated by new resources or from existing monies. Each tool is discussed below.

Cash: The City has accumulated cash balances in its Wastewater Enterprise Fund, in its General Fund and in its Capital Preservation Fund. While cash in the Wastewater Enterprise Fund is restricted for application to wastewater projects, cash in the General Fund and Capital Preservation Fund can be used for any capital project. The question is how much of the cash in each fund should be expended on these projects, and to which projects should the cash in each fund be applied, if at all. Rationales for the use of cash to fund large public projects are varied and often come down to availability more than anything else. Some reasons include:

- Reserves are available and there are no major competing capital uses;
- The demand on future budgetary resources for services and salaries/benefits is expected to consume all available revenues, leaving no room for future debt service payments;
- The stability of future revenues is uncertain, making the assumption of debt that is not supported by dedicated taxes or revenues too risky to the financial health of the public agency; and

- The project is not of uniform benefit to residents, or could be controversial, making the success of a voter-approved bond issue unlikely or highly uncertain.

Debt: There are various types of debt that a California city can issue for projects like these. Debt is frequently used when the cost of a project exceeds available current resources, and although it includes the extra cost of interest, it allows a public agency to theoretically avoid over-collecting revenues (such as taxes where jurisdictions can set their own tax rates) from residents who are not yet enjoying the benefit of the asset in order collect sufficient reserves to build an asset that will also benefit future residents. Using debt allows a public agency to better align financial responsibility with benefit.

The City has at its disposal both voter-approved and non-voter-approved debt alternatives. In general, any debt that is secured directly by new taxes to pay debt service requires 2/3rds voter approval. Enterprise debt that is secured by rates or fees does not require voter approval, but any increase in fees or rates that is necessary to secure the debt generally requires a majority protest approval process, and debt secured by assessments against property requires majority protest approval. Debt that requires neither a new tax, assessment, nor rate increase do not require voter approval. The various types of debt available to the City that can be used to finance these projects is discussed in brief below. Also see Exhibit A at the end of this analysis for a table that compares the four types of debt financing alternatives using different characteristics.

- a. **Enterprise Revenue Bonds:** An enterprise fund is self-sustaining from revenues generated by that enterprise and is not supported by the City's General Fund. The Estero Municipal Improvement District ("District") is essentially an enterprise of the City that can issue wastewater revenue bonds secured solely by ratepayer fees and not by other, non-enterprise resources. These revenue bonds are independent of the General Fund, are secured solely by the enterprise's revenues and do not require voter approval. Any increase in wastewater rates (which would be necessary to secure bonds) would require majority protest approval.
- b. **Assessment District Bonds:** These bonds are secured by assessments on real property and can be used to finance public improvements such as roads, parks and levees where specific benefit can be demonstrated to those within the district boundaries. The amount assessed against each property is based on benefit received, and the City must pay for all benefits determined to be of a general nature. No voter approval is needed, but bonds for the project to be financed are subject to a landowner majority protest procedure. Votes are weighted by the amount of the assessment ascribed to each property.
- c. **Mello-Roos Community Facility District/General Obligation Bonds:** Both types of bonds are also secured by real property tax payments to finance a broad variety of public infrastructure projects. Mello-Roos bonds are a more flexible form of assessment district financing, with special taxes that must be approved by 2/3rds of voters within the district if there are more than 12 registered voters. Unlike assessment districts, where the cost must be allocated based on special benefit received, the special taxes

can be levied on any reasonable basis, except *ad valorem*. G.O. bonds must also be approved by 2/3rds of voters within the City and are the most highly-rated form of bond financing because voters approve an unlimited *ad valorem* property tax on all real property within the City to secure the bonds. The tax rate is initially set at a level that pays for debt service, but adjusts downward as the City's assessed valuation ("AV") base grows (or could go up if AV drops in a severe recession). The tax rate is the same for all properties, so a property owner's tax bill is entirely dependent on the total assessed valuation of the property. The owner of a commercial property usually pays more in total dollars than a homeowner, but voter approval is based on registered voters and not landowners.

- d. **General Fund Lease Revenue Bonds:** Whereas the other types of bonds described have debt service paid by enterprise revenues or new tax or assessment payments, General Fund lease revenue bonds are paid through a lease agreement with the City's General Fund where payments must be budgeted annually from available City financial resources. A public agency should not take on future lease payment obligations unless it has room in future budgets to appropriate payments out of current revenues. Absent the provision of new revenues, the issuance of General Fund lease revenue bonds means a reduction of General Fund financial resources available for other City purposes in the amount of debt service on the lease revenue bonds for the term of the financing.

While lease revenue bonds do not require voter approval, if they are combined with a general tax increase, the general tax increase requires majority voter approval. A general tax increase (such as a transient occupancy tax, a sales tax, a utility user's tax, or a parcel tax) is one that raises new revenue for any General Fund purpose. Lease revenue bonds can also be combined with a special tax increase; however, special taxes require a two-thirds voter approval. The same types of taxes, e.g., transient occupancy tax, , sales, utility user's, or parcel, can be imposed for restricted uses, in which case they would qualify as special taxes. Some cities restrict the use of such taxes to make them more palatable to voters, who might otherwise be reluctant to extend "blank check" spending to a city council.

Analysis

City staff and the City's municipal advisors have been working for some time on how the City will pay for its share of the WWTP capital improvement program and for the City-wide levee improvements, as separate capital projects. The current plan of finance for those two projects is described below, followed by options for the Recreation Center.

WWTP: The City is planning to issue wastewater revenue bonds to finance its share of WWTP capital costs and has already established a joint powers financing authority with the City of San Mateo to potentially issue such debt. These bonds would be secured solely by revenues collected from the City's wastewater ratepayers, based on predominately fixed charges and multi-year rate increases, and the two cities' respective debt burdens would be separate and distinct. Using General Fund and Capital Preservation Fund reserves to pay for WWTP costs would not be recommended in this case, given that there is a ratepayer structure in place to

have users pay for WWTP improvements over time. Wastewater enterprise reserves, in conjunction with wastewater enterprise debt, would be used to finance WWTP capital costs. Wastewater rate increases necessary to pay for bond debt service will be subject to majority protest procedures.

Public utility projects are well suited to debt financing with repayment from direct users of the project because use and benefit can be directly tied. Using the City's General Fund to finance or cash-fund the WWTP would be technically possible, but the competing demands of the levee improvements and the recreation project, neither of which has a ready source of revenues to pay debt service, on the General Fund and the Capital Preservation Fund, make it compelling to use only wastewater enterprise cash balances and wastewater enterprise revenue bonds for WWTP capital projects. To the greatest extent possible, the City will use low-cost loans issued by the State Water Resources Control Board via its Clean Water State Revolving Fund ("SRF") program in place of wastewater revenue bonds to finance WWTP costs. Like wastewater revenue bonds, SRF loans would be secured solely by ratepayer fees. However, access to the SRF program is not guaranteed and it is recommended that wastewater rates be established high enough to allow the financing of WWTP costs solely through more expensive wastewater revenue bonds.

Levee Improvements: City staff and consultants are currently evaluating the use of either assessment bonds or G.O. bonds to finance levee improvements. General Fund lease revenue bonds could technically be used for levee improvements, but the other forms of financing are property-related and levee improvements can be directly beneficial to the property being assessed or taxed to pay the related debt service. So General Fund lease revenue bonds are not under consideration for levee improvements because of there are financing alternatives available that would not burden the General Fund.

G.O. bonds would be the most cost-efficient form of financing for a City-wide capital improvement of this type because they are the most secure and highly-rated form of municipal bond financing, based on an unlimited authority to levy an ad valorem property tax on all AV in the City. The higher the bond rating, the lower the interest rate, and therefore the lower the cost of debt service. Absent construction of the levee improvements, the entire City will be placed in a FEMA high risk flood zone, which will require any lender that is federally regulated or insured to require flood insurance on mortgages that it issues. The cost of such insurance in a high risk area could run into the thousands of dollars. Because the levee improvements will remove the City from the FEMA high risk flood zone, it will provide homeowners considerable savings if they are not required to pay high risk zone rates on flood insurance premiums and this should help to garner the 2/3rds voter approval needed to issue G.O. bonds. To enhance the argument in favor of issuing bonds for this project, it may be prudent for the City to apply some cash reserves to pay for public properties that will benefit by these improvements, but the levee project is an ideal candidate for G.O. bond financing because of the project's essentiality and high potential for voter approval. This is a situation where the application of City reserves would lower the burden to the individual taxpayer, but the impact would be relatively marginal in dollar terms.

For example, assume the City issues \$75 million of G.O. bonds with a final maturity of 30 years at current

interest rates plus a cushion to be conservative¹, with annual debt service sloping upwards at a rate of 2% to match the same assumed growth rate for the City's total AV to keep the projected tax levy as level as possible (the City's actual annual growth rate for the last 10 years through FY15-16 is 4.6%). The annual tax levy for this bond issue given these assumptions would be about \$40 per \$100,000 AV, while a homeowner's tax bill would be based on that owner's actual taxable AV (for example, a home with a taxable assessed value of \$500,000 would see a total tax bill of \$200 for that year, given all these assumptions). This projected tax levy is a good-faith estimate that the City has to provide to voters at the election authorizing the G.O. bonds, but the ballot measure would authorize a maximum par amount of bonds to be sold and would not set a tax rate. If the bonds are issued, the City Council would be authorized to set the annual tax rate at the amount required to pay annual debt service for the next year. The tax rate could go up or down, depending upon the City's total AV.

Now assume the City Council decided to allocate \$10 million in City reserves to this project, reducing the debt need by 13.3%. The tax rate reduction would also be by 13.3%, meaning \$5.32 per \$100,000 or a reduction of \$26.60 to \$173.40 from the prior annual tax bill for \$200 if the homeowner's taxable AV was \$500,000. Halving or doubling the City reserves allocated for this project would proportionately affect the tax levy in the same way, meaning reducing the City contribution to \$5 million would reduce the tax rate by \$2.66 per \$100,000 and doubling the contribution to \$20 million would double the tax rate reduction to \$10.64 per \$100,000. The actual tax levies would not be set until the pricing of the G.O. bonds, so the \$40 per \$100,000 tax rate is approximate and subject to market risk. But the formulas just described would remain the same. The impact of allocating City reserves to a Mello-Roos or special assessment bond financing would work the same way, but the parcel tax or assessment would be calculated differently than a G.O. ad valorem tax levy.

G.O. bonds are recommended for the levee improvements rather than Mello-Roos bonds because while both require two-thirds voter approval, G.O. bonds are usually more highly-rated than Mello-Roos and therefore would be priced at a lower interest rate and have lower debt service than Mello-Roos bonds for the same purpose. Assessment district bonds don't require voter approval, but are subject to majority protest and would also be rated lower than G.O. bonds. A full rating category difference (say between "AA" and "A") could mean a difference of 38 basis points (.38%) in today's market². For the \$75 million G.O. bond scenario

¹ Current interest rates means an assumed AA-rated scale as of 2/17/17 plus a spread of 50 basis points (.50%) per maturity to account for future higher interest rates, resulting in a true interest cost of 4.22% (including the 50 basis point cushion). Costs of issuance would have to come out of bond proceeds, but for simplicity the bond sizing here is just assumed to be \$75 million.

² The Municipal Market Data ("MMD") index is a national measure of G.O. yields from 1-30 years, updated every business day. MMD is used to estimate interest rate levels in the municipal market, but the City's actual interest rates in any pricing will depend on the details of that issuance's rating and characteristics. The MMD 30-year "AA" yield on 2/17/17 was 3.37%, compared to 3.75% for the "A" yield. This is a spread (difference) of 38 basis points, or .38%. The 30-year yield is assumed to be a proxy for the entire scale, although spreads tend to be a bit narrower in the early part of the scale (first 10 years, from 2018-27. This example assumes a difference of a full rating category, between the mid-level "AA" and mid-level "A", but there are two rating "notches"

discussed earlier in this section, 38 basis points more in interest cost across the scale increases debt service by 5%, resulting in a tax levy of \$42 per \$100,000 instead of \$40.

Recreation Center: This project may generate some user fee revenues, but not enough to pay for any significant portion of debt service and would more appropriately be used for operating expenses. The project could be financed through the issuance of City-wide Mello-Roos Community Facility Special Tax bonds or G.O. bonds, but both financing vehicles would require 2/3rds voter approval for a project that does not have the public safety benefits or the essentiality of levee improvements project. This would indicate a lower likelihood of getting 2/3rds voter approval for either G.O. or Mello-Roos bonds. An assessment district could be drawn to support construction of a recreation center and would be subject to a majority-protest procedure rather than direct voter approval, but this would require a special benefit finding and assessments based on this special benefit – assessments cannot support a general enhancement. General benefits must be paid by the City, not by assesses, which could be done through either cash reserves upfront or General Fund lease revenue bond debt over time.

Recreation centers are typically financed by cities through the issuance of General Fund lease revenue bonds rather than the other forms of financing described earlier, because of the difficulties with getting voter approval or finding special benefit. General Fund lease revenue bonds do not require voter approval, just majority approval of the City Council, but the downside is that the City's General Fund must pay for annual debt service without any dedicated new source of revenue to pay for debt service, unlike the other forms of financing just described. Nevertheless, the City could pay cash for a portion of this project using some of the balance in its Capital Asset Preservation Fund or unassigned General Fund reserve, and use a General Fund lease for the balance. If the financing is combined with a general use tax increase to provide a new source of revenue to pay debt service, the voter approval hurdle would be lowered to only 50 percent.

Using City reserves to cash-fund all or a portion of this project would not directly impact the City's taxpayers in the form of lower taxes if new taxes or assessments are not imposed to support a debt financing (taxes would be unaffected by using cash resources), but using reserves for this purpose would deplete cash resources that might be applied to other or more essential projects.

If the City were to issue \$30 million of General Fund lease revenue bonds for the Recreation for a final maturity of 30 years³, the annual debt service would be about \$1,760,000. This means the City Council would have to annually budget \$1.76 million in the General Fund for 30 years, paying over \$52.7 million over 30 years to pay off a \$30 million Recreation Center. The debt service costs are roughly proportional if City

between these levels ("AA-" and "A+" on S&P's scale, "Aa3" and "A1" on Moody's scale). Each rating notch would mean a proportionate pricing change and therefore difference in debt service.

³ This scenario is a simplified version that assumes no issuance costs or debt service reserve fund and an average coupon of 4.11%, which is 100 basis points over the 30-year MMD yield of 3.11% as of 2/17/17. Taking into account the positive yield curve, this means a cushion of about 50 basis points over the current market.

reserves were used in place of debt: for example, using \$10 million of City reserves would mean issuing \$20 million in General Fund lease revenue bonds, reducing the annual debt service by one-third.⁴

Conclusion

WTPP improvements are most appropriately financed with user charges through wastewater revenue bonds or SRF loans. The levee project is an ideal candidate for a property-based financing like G.O. bonds because of the type and scale of direct benefit to both private and public properties. While public funds may be appropriate (and even necessary) to pay for the public benefits of the levee project, a property-based bond financing technique assigns the cost of the assets directly to those who benefit in the future. G.O. bonds should have a high probability of success at the ballot, and are the most highly-rated and cost-efficient form of such financing.

The Recreation Center project is not a candidate for financing based on user charges or property, but could be funded with the proceeds of General Fund lease revenue bonds. Because this would burden the General Fund with annual debt service for the life of the bond issue, using cash reserves in place of debt would directly benefit the General Fund and therefore, indirectly, the City's taxpayers. If the City is considering using City cash reserves for any capital project, the Recreation Center should be the primary candidate.

⁴ Technically there are economies of scale in debt issuance and costs of issuance are relatively fixed, so downsizing the issue doesn't save exactly on a perfectly proportionate basis.

Exhibit A: Debt Financing Alternatives

Type of Bond Financing: Most-Likely Project Application	Enterprise Revenue: WWTP	Assessment District: Levee Improvements	Mello-Roos and General Obligation: Levee Improvements	General Fund Lease Revenue: Recreation Center
What Can Be Financed	Enterprise capital projects wastewater related to that enterprise	Public improvements such as roads, parks, levees, but not O&M and equipment.	Public infrastructure and capital projects. G.O. bonds can't pay O&M.	Public infrastructure and capital projects.
Voter Approval	No voter approval needed. Any increase in enterprise rates subject to majority protest approval.	No voter approval needed. Subject to majority landowner protest procedure.	Mello-Roos (M-R) with >12 voters and all G.O. bonds require 2/3rds voter approval.	No voter approval needed.
Rate, Assessment, Special Tax or G.O. Levy Used to Pay Debt Service	Enterprise rate increases usually required for new debt, rates paid by utility users (water, wastewater, power).	Static lien, fixed at time of issuance, assessments collected by County on tax bill, must be proportional to "special benefit"	Dynamic lien, can change, special tax just needs to be "reasonable". G.O. levy can change over time, based % of total City AV.	Can be issued with no new source of tax revenue, but then General Fund must pay debt service out of existing resources
District Boundaries	Enterprise service area can be larger than City, may involve outside parties.	AD must demonstrate special benefit, cannot be general enhancement.	CFD can be flexible in borders/benefits/taxes. G.O. tax is on entire City.	City General Fund is the borrower, although project can benefit subset of City.
Credit Rating	For essential utility can be rated just below G.O. and more attractive to buyers.	Often unrated, depends on district size and rating characteristics.	City-wide M-R can be rated almost as high as G.O., which is highest.	Usually rated one or two notches below City's G.O. bonds.
Issuance Process	3-4 months to complete financing, assuming rate increases already set and CIP established.	Engineering study required first, then 6-7 months for Council resolution, public hearing, 30-day challenge period, bond documents, pricing and closing.	M-R needs engineering and special tax reports, then about 9 months for same process as AD. G.O. requires same time, but after election survey work.	3-4 months to complete financing, assuming any pledged revenues already set and CIP established.
Pros	No voter approval required. Enterprise is self-supporting and does not rely on City General Fund for support.	No voter approval, but can be majority protest. Property owners who benefit directly pay costs. District borders can be drawn specifically. New revenue to pay bonds.	M-R special tax can be tailored, as can district boundaries. G.O. bonds are lowest-cost form of bond financing. Both provide new revenue.	No voter approval needed and not subject to Prop 218 process. Fastest issuing process compared to other options.
Cons	Utility rate increases usually required on multi-year basis. If variable rate (based on usage), then rate increases may not result in projected revenue increases if usage decreases.	Costs must be allocated based on special benefit received. One tax rate that applies to all. Subject to Prop 218 weighted majority protest ballot process. General benefits must be paid by City, not assessees.	City-wide M-R and G.O. bonds both need 2/3rds voter approval. One G.O. ad valorem tax rate applies City-wide, can't be tailored.	Requires City to budget annual debt service from General Fund. Unless dedicated new revenues can be used, General Fund must pay from existing resources.

FUNDING OPTIONS FOR RECREATION CENTER - WORKING DRAFT
COST OF PROJECT TO INCLUDE PUBLIC WORKS PROJECT ESTIMATES, INCLUDING COMPLETION TIMELINE AND ANCILLARY COSTS FROM RECREATION SUCH AS THE RECREATION PROGRAMMING MODEL DURING CONSTRUCTION AND THE CORRESPONDING INCREASE IN GENERAL FUND SUBSIDY. PROFORMA FINANCIAL PERFORMANCE IS ALSO NEEDED FOR THE NEW FACILITY TO DETERMINE THE ANNUAL SUBSIDY REQUIREMENTS FROM THE GENERAL FUND.
SUBJECT TO REVISIONS BASED ON DIRECTION FROM THE CITY COUNCIL AND RE-ENGAGEMENT WITH MUNICIPAL ADVISORS AND BOND COUNSEL
PREPARED: 1/20/22

Source	Money We Have (as of 6/30/21 unless otherwise indicated)	Potential Sources Voter Approved New Money (annual)	Financing Options				Notes/Comments
			Scenario 1 Debt of \$15M Annual/Total Debt Service over 30 years	Scenario 2 Debt of \$20M Annual/Total Debt Service over 30 years	Scenario 3 Debt of \$25M Annual/Total Debt Service over 30 years	Scenario 4 Debt of \$30M Annual/Total Debt Service over 30 years	
Available Reserves:							
Projected General Fund Balance at 6/30/21 (after setting aside for reserves @ 50% of FYE 22 operating expenditures)	\$24,326,500						Additional reserves may be available from annual General Fund operating surpluses (if any) in subsequent fiscal years
Community Benefit Fund 005	\$389,000						After encumbrances and designations identified by the City Manager's Office
Facilities Replacement Fund 011	\$2,392,000						
City CIP Fund 301	\$10,000,000						This is a "soft" hold for cost overruns for the Levee Project if the project would exceed the GO Bond authorization of \$90M. Otherwise, the \$10M is available for any City CIP project including the rebuild of the Recreation Center
Capital Asset Acquisition and Replacement Fund 326	\$36,500,000						Balance reduced by \$7 million placeholder for Pilgrim Triton Phase C project - FC workforce housing; 4/5 vote needed for use of this Fund. Annual PJCC payment is approx. \$1.1 million. PJCC final payment in 2038.
Construction and Demolition Forfeitures Fund 129	\$742,000						May be utilized to pay for energy efficiency items. Annual transfers of \$50,000 to the Foster City Sustainability Fund 012
Total Reserves Available	\$74,349,500						
Financing Options							
Assessment District Bond							Not recommended as it requires "specific benefit" findings by an assessment engineer. Assessment must be proportional to "special benefit". Weighted majority protest procedure.
General Fund Lease Revenue Bonds / Certificates of Participation			\$868,401/ \$26,052,041	\$1,154,088/ \$34,622,640	\$1,439,774/ \$43,193,220	\$1,725,460/ \$51,763,800	Not subject to voter approval; however, requires sufficient General Fund resources for debt service payments.
Total interest cost to General Fund for Lease Revenue Bond/Certificates of Participation			11,052,041	14,622,630	18,193,220	21,763,810	Total interest paid in 30 years from the General Fund
GO Bonds (least expensive debt financing option, but requires 2/3 voter approval and therefore unlikely to succeed for this type of project)							Ballot measure to be placed at a San Mateo County election cycle; 2/3 voter approval. Not likely suitable for this type of project because of the super majority voter approval requirement
Other potential sources of funds:							
Corporate sponsorship							
Development Impact fees							
Grants							
Loans							
School District partnership							
Other							
Revenue Measures to Support General Fund expenditures, including payment of Debt Service							
Business License Tax - increase current maximum gross receipts and maximum BLT from \$35.98 million and \$26,985 to \$200 million and \$150,000 respective. This increase in BLT is anticipated to impact our 20 largest taxpayers.		Each \$10 M increase in maximum Gross Receipts = \$7,500	Increase maximum gross receipts to \$200M = \$1,165,000				Simple voter majority and at the time of a City Council election if General Tax. If dedicated for Recreation Center purpose only, 2/3 voter approval is needed.
Transient Occupancy Tax Increase (each 1%); Current rate is 12% (assumes new Hotel on SW corner of Metro Center has opened)		each 1% = approx. \$313,000	2% increase in TOT rate = \$626,000				
Sales/Use Tax (District Add On Tax) Increase (each 1/4%)		each 1/4% = approx. \$750,000	1/2% add on sales/use tax = \$1,500,000				